

RETURN TO: City of Shelby  
112 1<sup>st</sup> St S  
Shelby MT 59474

### RESOLUTION NO. 2068

A RESOLUTION TO PLACE A LIEN UPON PROPERTY WITHIN THE MUNICIPAL LIMITS OF THE CITY OF SHELBY, ON WHICH THE CITY HAS REMOVED NOXIOUS WEEDS, BUT DESPITE DEMAND HAS NOT BEEN REIMBURSED FOR SAID WEED REMOVAL BY THE RESPECTIVE PROPERTY OWNERS

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHELBY, MONTANA:

That the Toole County Treasurer shall place a lien upon and against the lots or parcels of land listed below and the Toole County Treasurer shall collect the amounts listed below in the same manner as other taxes; pursuant to Shelby Municipal Code 4-4-4.

<u>Legal Description</u>	<u>Owner Name/Property Address</u>	<u>Amount of Lien</u>
Tax ID #503959	Barry Beaudoin	209.00
Shelby Heights, B=67, L=19&20	Ash Ave	
Tax ID #503974	Melissa Jackson	308.00
Shelby Heights, B=70, L=3&4	711 Cedar Ave	
Tax ID #504373	Rawlin Zell	192.50
Shelby Heights, B=85, L=11	Cedar Ave	
TOTAL LIENS		\$709.50

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF SHELBY, MONTANA, AND APPROVED BY THE MAYOR THIS 17TH DAY OF JULY, 2023.

\_\_\_\_\_  
GARY MCDERMOTT, Mayor

ATTEST:

\_\_\_\_\_  
JADE GOROSKI, Finance Officer

AGREEMENT  
Between The  
NORTH CENTRAL MONTANA REGIONAL WATER AUTHORITY  
And  
CITY OF SHELBY  
For The  
TRANSFER OF FUNDS

RECITALS

Whereas, legislation authorizing the construction of the Rocky Boy's / North Central Montana Regional Water System (*see* Public Law Number 107-331) was signed into law in December 2002.

Whereas, Title VI of the Social Security Act (42 § U.S.C. 801 et seq.) (the Act) was amended by section 9901 of the American Rescue Plan Act (ARPA), Pub. L. No. 117-2 (March 11, 2021), to add section 602, which authorizes the United States Department of Treasury ("Treasury") to make payments to certain subrecipients from the Coronavirus State Fiscal Recovery Fund ("ARPA funds"). House Bill 632 governs the State's appropriation. The State of Montana received the funds on May 24, 2021.

Whereas, the State of Montana through its Department of Natural Resources and Conservation (hereinafter "DNRC") has agreed to grant up to Two Hundred Fifty Thousand Dollars (\$250,000.00) for the purpose of City of Shelby Well Field Hydrologic Study RW-23-079A. The grant as administered by DNRC has been awarded to the Authority for purposes of the Authority conveying the grant monies to the City of Shelby.

Now therefore, the Authority and the City of Shelby agree that the Authority will utilize the Funds to reimburse the City for funds expended within the allowable amount for the purpose set forth herein.

1. DEFINITIONS. The following definitions apply to this Agreement:

"Contract" shall mean the Regional Water System Program Contract (Contract No. RW-23-079A entered into between the Authority and DNRC on June 28, 2023, which grants funds to the Authority for the development of the North Central Montana Regional Water System. The Contract is included as Attachment A to this Agreement.

"Funds" shall mean the funds available (\$250,000) for the well field hydrologic study pursuant to the Regional Water System Program Contract (Contract No. RW-23-079A).

"Project" shall mean the well field well field hydrologic study as identified in the scope of work for Contract No. RW-23-079A.

2. PURPOSE. The purpose of this Agreement is to establish mutually agreeable terms and conditions, specifications, and requirements to govern the reimbursement of the City for qualified expenditures as provided both herein and in Contract No. RW-23-079A, the terms and conditions of which are hereby incorporated into this Agreement.

3. TERM. The Authority and City shall have until December 31, 2025, to complete the project described in Section 4, Project Scope. This agreement remains in effect until all reporting requirements as described in SECTION 8. REPORTS have been received by DNRC.

4. PROJECT SCOPE. The City of Shelby has made recent improvements to its existing wellfield to increase capacity, to meet the needs of the City, and to accommodate some of the increased demand placed on or proposed for the wellfield, to serve member entities of the North Central Montana Regional Water Authority, namely the City of Cut Bank, Nine Mile County Water District (CWD), and Oilmont CWD. Due to rising costs of pipeline installation on the regional system, the Authority is requesting that Shelby provide additional production capacity, in order to serve more water districts and communities on an ongoing, interim basis.

There have been several hydrologic and hydrogeologic investigations and related activities carried out during the past decade or more, in attempts to more conclusively characterize the potential capacity of the wellfield and the aquifer from which the water is produced. These estimates are necessary for Shelby, the Authority, and their consultants to meet the requirements that the Montana Department of Environmental Quality would need to evaluate, so as to approve the proposed expanded uses of water produced from the wellfield.

Scope of Work: The proposed solution is to gather and evaluate detailed knowledge, including:

- previous hydrologic studies and data;
- wellfield configuration and operations;
- the utility of existing numeric groundwater model(s); and
- other available data and information which may affect the desired outcome.

The proposed work will provide estimates of wellfield yield with optimized existing wellfield configuration, and estimates of wellfield yield from existing, optimized wellfield structures plus any new well(s) which are needed.

The City shall use the Funds exclusively for this scope.

5. PROJECT BUDGET. Funds are allocated as follows:

Task	DNRC Funds	Match Funds	Total
Administration – Project Initiation	\$15,000	\$0	\$15,000
<b>Professional/Technical</b>			
Data Gap Analysis	\$30,000	\$0	\$30,000
Wellfield Production Verification	\$75,000	\$0	\$75,000
Associated Wellfield Drilling/Testing	\$100,000	\$0	\$100,000
Aquifer Yield Analysis & Final Report	\$30,000	\$0	\$30,000
<b>Total</b>	<b>\$250,000</b>	<b>\$0</b>	<b>\$250,000</b>

All transfers of funds between budget categories require written notification and approval from the DNRC liaison.

6. AVAILABILITY OF FUNDS. The City understands and agrees that the funds disbursed under this agreement may only be used in compliance with section 602 of the Act, as amended by ARPA, and Treasury's regulations implementing that section and guidance. The City will determine prior to engaging in any project using this assistance that it has the institutional, managerial, and financial capability to ensure proper planning, management, and completion of such project. Pre-award costs, as defined in 2 C.F.R. § 200.458, may not be paid with funding from this award. The City may use funds provided under this award to cover direct administrative costs. Direct costs are those that are identified specifically as costs of implementing the Treasury's Federal Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program objectives, such as contract support, materials, and supplies for a project. The City may not use funds to cover indirect administrative costs. Indirect costs are general overhead costs of an organization where a portion of such costs are allocable to the SLFRF award such as the cost of facilities or administrative functions like a director's office.

7. DISBURSEMENTS. Prior to receiving any reimbursement, the City shall:

Submit documented claims for reimbursement Funds to the Authority. Such claims shall consist of receipts, vendor invoices, inspection certificates and other documentation of costs incurred. Funds shall be provided to the City for reimbursement of claims provided Funds have been approved by and made available to the Authority from DNRC. In the event DNRC does not approve or release Funds, the Authority shall have no liability or obligation for the release of Funds to the City.

Reimbursements will only be made for expenses included in the Budget provided for in Section 5, above, that are clearly and accurately supported by the City's records. The City hereby acknowledges that ten percent (10%) of the Funds may be withheld by DNRC from being released to the Authority until all tasks in Section 4 and Final Report required by Section 8 are completed and approved by DNRC. Accordingly, the City

acknowledges that the amount reimbursed by the Authority may be decreased by any amount withheld by DNRC. Total reimbursement for all purposes under this Agreement shall not exceed \$250,000.

8. REPORTS. Quarterly progress reports shall be submitted to the Authority for submittal to DNRC by April 10<sup>th</sup>, July 10<sup>th</sup>, October 10<sup>th</sup>, and January 10<sup>th</sup> during the term of the Contract. Reports will provide status information as required in Attachment C to the Authority's Grant Agreement #RW-23-079A with DNRC.

The City is required to submit a final report upon project completion. The reports must include the information included in Attachment C to the Authority's Grant Agreement #RW-23-079A with DNRC. Final disbursement of grant funds is contingent upon DNRC receipt and approval of a report. Final reports must be submitted to the Authority within 75 days after the Agreement termination date.

9. RECORDS AND AUDITS. The City shall maintain records and financial documents sufficient to evidence compliance with section 602(c) of the Act and Treasury's regulations implementing that section and guidance regarding the eligible uses of funds. The Authority, DNRC, the Montana legislative auditor, the Treasury Office of Inspector General and the Government Accountability Office, or their authorized representatives, shall have the right of access to records (electronic and otherwise) of the City in order to conduct audits or other investigations. Records shall be maintained by the City for a period of five years after all funds have been expended or returned to Treasury, whichever is later.

Should the City expend more than \$750,000.00 in Federal awards during their fiscal year the City will be subject to an audit under the Single Audit Act and its implementing regulation at 2 C.F.R. Part 200, Subpart F regarding audit requirements and the Montana Single Audit Act (Title 2, chapter 7, MCA).

The City shall maintain for the purposes of this Agreement an accounting system of procedures and practices that conforms to Generally Accepted Accounting Principles ("GAAP"). As defined by 2 C.F.R. § 200.49, GAAP "has the meaning specified in accounting standards issued by the Government Accounting Standards Board and the Financial Accounting Standards Board."

10. PROJECT MONITORING AND ACCESS FOR INSPECTION AND MONITORING. DNRC, or its agents, may monitor and inspect all phases and aspects of the City's performance to determine compliance with this Agreement, including the adequacy of records and accounts. This grant is publicly funded and requires the City to accommodate all requests for public access to the site and the project records with due consideration for safety, private property rights, and convenience for all parties.

11. REIMBURSEMENT. Acceptance of this agreement creates a legal responsibility on the part of the City to use the Funds and property provided in accordance with the terms and conditions of the Contract and this Agreement. The method of payment shall be reimbursement.

12. COMPLIANCE WITH APPLICABLE LAWS. All work must be in accordance with all federal, state and local laws, statutes, rules and ordinances. It shall be the City's responsibility to obtain all permits, licenses or authorizations that might be required from government authorities for completion of the Project. Procurement of labor, services, supplies, materials and equipment shall be conducted according to applicable federal, state and local statutes.

15. MONTANA LAW AND VENUE. Any action or judicial proceeding for enforcement of the terms of this Agreement shall be instituted only in the courts of the State of Montana and shall be governed by the laws of Montana. Venue shall be in the Twelfth Judicial District, Choteau, Hill, and Liberty Counties, Montana.

\_\_\_\_\_  
Larry Bonderud  
North Central Montana Regional Water Authority

\_\_\_\_\_  
Date

\_\_\_\_\_  
Gary McDermott  
Mayor, City of Shelby

\_\_\_\_\_  
Date

Attachment A  
DNRC Contract #RW-23-079A

DRAFT

DEPARTMENT OF NATURAL RESOURCES  
AND CONSERVATION

Conservation and Resource Development Division



GREG GIANFORTE, GOVERNOR

1539 ELEVENTH AVENUE

STATE OF MONTANA

DIRECTOR'S OFFICE: (406) 444-2074  
FAX: (406) 444-2684

PO BOX 201601  
HELENA, MONTANA 59620-1601

May 5, 2023

Larry Bonderud, President  
North Central Montana Regional Water Authority  
P.O. Box 2456  
Havre, MT 59501

Re: City of Shelby Wellfield Hydrologic Study Analysis

Dear President Bonderud:

Please find enclosed American Rescue Plan Act (ARPA) Water & Sewer sub-award through House Bill 11 for the project. These funds are a sub-award of the ARPA funding provided to the State of Montana under Assistance Listing Number (ALN) (formerly known as CFDA) 21.027 and are contingent upon activities within the project meeting ARPA eligibility and all applicable guidance as well as conditional on funding availability from the federal Department of Treasury.

Projects such as yours provide the necessary investments in water and sewer infrastructure Montanans need as part of our state's economic recovery.

This award will be subject to the federal Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. Part 200, other than such provisions as Treasury may determine are inapplicable to this Award and subject to such exceptions as may be otherwise provided by Treasury. The Audit Requirements of the Uniform Guidance, including implementing the Single Audit Act, shall apply to this award. Please see Treasury's guidance [<https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf>] for more detailed information on reporting and auditing requirements. Please note that cost overruns beyond the award will be the responsibility of the subrecipient.

Please sign both copies of the sub-award and return. Following signature from DNRC, we will return an executed copy for your records. If you have any questions, please contact: Rick Duncan, Regional Water Systems Coordinator, Department of Natural Resources and Conservation, (406)444-1879 or [rduncan@mt.gov](mailto:rduncan@mt.gov).

Again, congratulations and good luck on the successful completion of your project.

Sincerely,

Rick Duncan  
Grant Manager

**AMERICAN RESCUE PLAN ACT (ARPA)**  
**GRANT AGREEMENT**  
**CONSERVATION AND RESOURCE DEVELOPMENT DIVISION**  
**MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION**

Recipient: North Central Montana Regional Water Authority

Project Name: City of Shelby Wellfield Hydrologic Analysis

Grant Number: RW-23-079A

Submission ID: 22168162(?)

**Declarations**

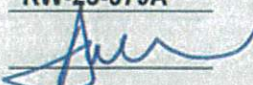
- Section 1. Purpose
- Section 2. Term
- Section 3. DNRC's Role
- Section 4. Project Scope
- Section 5. Project Budget
- Section 6. Availability of Funds
- Section 7. Disbursement
- Section 8. Reports
- Section 9. Records and Audits
- Section 10. Project Monitoring and Access for Inspection and Monitoring
- Section 11. Employment Status and Workers' Compensation
- Section 12. Equal Employment
- Section 13. Indemnity and Liability
- Section 14. Compliance with Applicable Laws
- Section 15. Copyright - Government Right to Use
- Section 16. Acknowledgement of Support
- Section 17. Conflicts of Interest.
- Section 18. Remedial Actions
- Section 19. Hatch Act
- Section 20. False Statements
- Section 21. Debts Owed to the Federal Government
- Section 22. Disclaimer
- Section 23. Protections for Whistleblowers
- Section 24. Increasing Seat Belt Use in the United States


- Section 25. Reducing Text Messaging While Driving
- Section 26. Failure to Comply
- Section 27. Assignment and Amendment
- Section 28. Montana Law and Venue
- Section 29. Waiver
- Section 30. Entire Agreement
- Attachment A – Scope of Work
- Attachment B – Budget
- Attachment C – Reporting Requirements
- Attachment D – Assurance of Compliance with Civil Rights Requirements


FOR DNRC USE ONLY		
<b>Maximum Amount under this Grant:</b> <b>\$250,000</b>		
Source of Funds		
<b>Fund Name</b>	<b>Fund No.</b>	
ARPA State Recovery Section 602	03920	
<b>ALN#</b>	<b>FAIN #</b>	
21.027	SLFRP1747	
<b>Subclass</b>	<b>Org. No.</b>	<b>Amount</b>
54047	3417NC	\$250,000
<b>Appropriation Authority:</b> 67 <sup>th</sup> Legislature HB 632/HB 11		


**Approved**

**No.** RW-23-079A

**Division** 

**F.S.O.** 

**Legal.** 



**GRANT AGREEMENT BETWEEN THE MONTANA DEPARTMENT OF NATURAL RESOURCES AND  
CONSERVATION AND NORTH CENTRAL MONTANA REGIONAL WATER AUTHORITY**

**THIS SUBAWARD** (also referenced as "Grant Agreement" or "Agreement"), is administered by the Montana Department of Natural Resources and Conservation (DNRC) by the Resource Development Bureau (Program) and is accepted by **North Central Montana Regional Water Authority**, hereinafter referred to as the Subrecipient and represented by Larry Bonderud, Board President, P.O. Box 2456, Havre MT 59501. 1-406-450-3331 [mayorlar@gamil.com](mailto:mayorlar@gamil.com), and successors. Both parties agree to the following terms and conditions:

**SECTION 1. PURPOSE.** Title VI of the Social Security Act (42 § U.S.C. 801 et seq.) (the Act) was amended by section 9901 of the American Rescue Plan Act (ARPA), Pub. L. No. 117-2 (March 11, 2021), to add section 602, which authorizes the United States Department of Treasury ("Treasury") to make payments to certain subrecipients from the Coronavirus State Fiscal Recovery Fund ("ARPA funds"). House Bill 632 governs the State's appropriation. The State of Montana received the funds on May 24, 2021. The purpose of this Grant Agreement ("Agreement") is to establish mutually agreeable terms and conditions, specifications, and requirements to grant ARPA funds to the Subrecipient for **City of Shelby Wellfield Hydrologic Study Analysis**.

**SECTION 2. TERM.** The effective date of this Agreement is the date of last signing and ends **December 31, 2025**. As set forth in the Treasury's Federal Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Interim Final Rule 86 Fed. Reg. 26786 ("Rule") and associated guidance issued on May 10, 2021, Subrecipient may use award funds to cover eligible costs incurred during the period that began on March 3, 2021, and ends on December 31, 2026. This agreement remains in effect until all reporting requirements as described in **SECTION 8. REPORTS** have been received by DNRC.

**SECTION 3. DNRC's ROLE.** DNRC is administering funds awarded by the Legislature to ensure that the funds are used according to the intent of the Legislature and the purposes, objectives, and procedures of the Program. DNRC will monitor project expenditures to assure payment eligibility. DNRC assumes no responsibility for the Subrecipient's obligation to faithfully perform the tasks and activities necessary to implement and complete a project.

The DNRC liaison for this Agreement is Rick Duncan at 1-406-444-1879, [rduncan@mt.gov](mailto:rduncan@mt.gov), DNRC/CARDD, P.O. Box 201601, Helena, MT 59620-1601. All requests for information and assistance, claims for grant funds, and reports shall be submitted to the DNRC liaison.

**SECTION 4. PROJECT SCOPE.** The scope of work for this project is described in Attachment A and incorporated herein by this reference. Supporting documents and attachments from the Uniform Application dated **March 13, 2023**, are also incorporated herein by this reference. In the event content in the application differs from or conflicts with terms presented elsewhere in this Agreement, this Agreement text takes precedence.

**4.1** Plans and specifications for this project shall be prepared by a registered professional engineer licensed to practice in his or her areas of competence in the State of Montana. Plans and specifications shall be submitted to the Montana Department of Environmental Quality (DEQ) for review and approval prior to construction. Construction shall be in strict accordance with DEQ approved plans and specifications.

**4.2** N/A

**SECTION 5. PROJECT BUDGET.** A project budget showing anticipated expenditures is provided in Attachment B and incorporated herein by this reference. All transfers of funds between budget categories require written notification and approval from the DNRC liaison.

**SECTION 6. AVAILABILITY OF FUNDS.** Subrecipient understands and agrees that the funds disbursed under this award may only be used in compliance with section 602 of the Act, as amended by ARPA, and Treasury's regulations implementing that section and guidance. Subrecipient will determine prior to engaging in any project using this assistance that it has the institutional, managerial, and financial capability to ensure proper planning, management, and completion of such project. Pre-award costs, as defined in 2 C.F.R. § 200.458, may not be paid with funding from this award. Subrecipient may use funds provided under this award to cover direct administrative costs. Direct costs are those that are identified specifically as costs of implementing the SLFRF program objectives, such as contract support, materials, and supplies for a project. Subrecipient may not use funds to cover indirect administrative costs. Indirect costs are general overhead costs of an organization where a portion of such costs are allocable to the SLFRF award such as the cost of facilities or administrative functions like a director's office.

Subrecipient may not use funds for pensions or to offset revenue resulting from a tax cut enacted since March 3, 2021. This award shall be subject to recoupment as may be required by applicable laws or if any of the expenses incurred through this agreement are found to be ineligible. If a project is unable to secure necessary match funding as required by HB 632, DNRC may recoup ARPA funding. This section shall survive termination of this Agreement.

**6.1** A final Montana Environmental Policy Act (MEPA) (§75-1-101 et seq., MCA; 36.2.503 ARM) decision notice must be approved by the DNRC before going to bid or proceeding with activities that have environmental impacts. Reimbursement will be declined for activities not approved under the MEPA decision notice.

**6.2** The DNRC must by law terminate this Agreement if funds are not appropriated or otherwise made available to support the DNRC's continuation of performance of this Agreement in a subsequent fiscal period (§18-4-313(4), MCA). If state or federal government funds are not appropriated or otherwise made available through the state budgeting process to support continued performance of this Agreement (whether at an initial payment level or any increases to that initial level) in subsequent fiscal periods, the DNRC shall terminate this Agreement as required by law. The DNRC shall provide the Subrecipient with the date the State's termination shall take effect. The DNRC shall not be liable to the Subrecipient for any payment that would have been payable had the Agreement not been terminated under this provision. The DNRC shall be liable to the Subrecipient only for the payment, or prorated portion of that payment, owed to the Subrecipient up to the date the DNRC's termination takes effect. This is the Subrecipient's sole remedy. The DNRC shall not be liable to the Subrecipient for any other payments or damages arising from termination under this section, including but not limited to general, special, or consequential damages such as lost profits or revenues.

**SECTION 7. DISBURSEMENTS.** The Subrecipient must submit claims for funds to DNRC. Funds can only be expended for work described in SECTION 4. SCOPE OF WORK. In order to receive payment, the Subrecipient shall submit a project progress report described in SECTION 8. REPORTS, along with an itemized accounting of grant expenses incurred. Receipts, vendor invoices, inspection certificates, in-kind labor, and other documentation of costs incurred shall be submitted with the claims. DNRC will verify the claims and check them against the reports required in SECTION 8. REPORTS and the budget provided in SECTION 5. PROJECT BUDGET. DNRC will disburse grant funds to the Subrecipient upon approval and to the extent available. Reimbursement of Subrecipient expenditures will only be made for expenses included in the budget provided in SECTION 5. PROJECT BUDGET and that are clearly and accurately supported by the Subrecipient's reports to DNRC. Total payment for all purposes under this Agreement shall not exceed **\$250,000**.

7.1 Reimbursement requests for work performed during the term of this Agreement must be submitted to the DNRC liaison within 90 calendar days after the expiration of this Agreement to receive payment.

7.2 DNRC may withhold 10 percent of the total authorized grant amount until all the tasks outlined in SECTION 4. PROJECT SCOPE and the final report required by SECTION 8. REPORTS are completed and approved by DNRC.

**SECTION 8. REPORTS.** The Subrecipient is responsible for submitting project updates, a final report and a signed Certificate of Compliance to DNRC at project completion in accordance with all requirements stated in Attachment C. Pictures of the project site before, during, and after construction will be provided to the DNRC liaison with reports or upon request. Because images may be used for publicity as well as project documentation, the Subrecipient must acquire any release(s) necessary for the government's right to use as provided in SECTION 15. COPYRIGHT - GOVERNMENT RIGHT TO USE.

8.1 Quarterly progress reports for the periods ending each March, June, September, and December shall be submitted to the DNRC liaison during the term of this Agreement. The Subrecipient must submit a project progress report with each reimbursement request at a minimum on a quarterly basis. Reports must include the information included in Attachment C. Quarterly reports must be submitted to the DNRC liaison within 15 calendar days following the close of the quarterly period. No claims for disbursements will be honored if the quarterly report has not been approved or if there is a delinquent report.

8.2 The Subrecipient is required to submit a final report upon project completion. Reports must include the information included in Attachment C. Failure to provide the reports as required is cause for termination of this Agreement or withholding of future grant payments. Final disbursement of grant funds is contingent upon DNRC receipt and approval of a report that meets requirements described in Attachment C and signed statements of completion (if applicable) and statement of compliance. Final reports must be submitted to DNRC within 90 days after the Agreement termination date.

8.3 N/A

8.4 N/A

8.5 Recipient agrees to comply with any additional reporting obligations established by Treasury, as it relates to this award.

**SECTION 9. RECORDS AND AUDITS.** Subrecipient shall maintain records and financial documents sufficient to evidence compliance with section 602(c) of the Act and Treasury's regulations implementing that section and guidance regarding the eligible uses of funds. The DNRC, the Montana legislative auditor, the Treasury Office of Inspector General and the Government Accountability Office, or their authorized representatives, shall have the right of access to records (electronic and otherwise) of the Subrecipient in order to conduct audits or other investigations. Records shall be maintained by the Subrecipient for a period of five years after all funds have been expended or returned to Treasury, whichever is later. Recipients and subrecipients that expend more than \$750,000.00 in Federal awards during their fiscal year will be subject to an audit under the Single Audit Act and its implementing

regulation at 2 C.F.R. Part 200, Subpart F regarding audit requirements and the Montana Single Audit Act (Title 2, chapter 7, MCA).

The Subrecipient shall maintain for the purposes of this Agreement an accounting system of procedures and practices that conforms to Generally Accepted Accounting Principles ("GAAP"). As defined by 2 C.F.R. § 200.49, GAAP "has the meaning specified in accounting standards issued by the Government Accounting Standards Board and the Financial Accounting Standards Board."

**SECTION 10. PROJECT MONITORING AND ACCESS FOR INSPECTION AND MONITORING.** DNRC, or its agents, may monitor and inspect all phases and aspects of the Subrecipient's performance to determine compliance with this Agreement, including the adequacy of records and accounts. This grant is publicly funded and requires the Subrecipient to accommodate all requests for public access to the site and the project records with due consideration for safety, private property rights, and convenience for all parties.

**SECTION 11. EMPLOYMENT STATUS AND WORKER'S COMPENSATION.**

The project is for the benefit of the Subrecipient. DNRC is not an owner or general contractor for the project and DNRC does not control the work activities, worksite of the Subrecipient, or any contractors that might be engaged in the completion of the project.

The Subrecipient is independent from and is not an employee, officer, or agent of the State of Montana or DNRC. The Subrecipient, its employees, and contractors are not covered by the Workers' Compensation laws applicable to DNRC as an employer. The Subrecipient is responsible for providing employees Workers' Compensation Insurance and that its contractors are following the coverage provisions of the Workers' Compensation Act.

**SECTION 12. EQUAL EMPLOYMENT.** In accordance with § 49-3-207, MCA, and Executive Order No. 04-2016, Grantee agrees that the hiring of persons to perform this Agreement will be made on the basis of merit and qualifications and there will be no discrimination based on race, color, sex, pregnancy, childbirth or medical conditions related to pregnancy or childbirth, political or religious affiliation or ideas, culture, creed, social origin or condition, genetic information, sexual orientation, gender identity or expression, national origin, ancestry, age, disability, military service or veteran status, or marital status by the persons performing this Agreement.

**SECTION 13. DEFENSE, INDEMNITY, AND LIABILITY.** Subrecipient shall protect, defend, indemnify, and save harmless the State of Montana, its elected and appointed officials, agents, and employees, while acting within the scope of their duties as such, from and against all claims, liabilities, demands, causes of action, judgments, penalties, fines, and losses, including all costs of defense and reasonable attorney fees, arising in favor of or asserted by Subrecipient's employees and agents, its subrecipients, its subrecipient's employees and agents, or third parties on account of property damage, personal injury, bodily injury, death, violation of or non-compliance with any laws, regulations, or rules, or financial or other loss of any kind that in any way, directly or indirectly, arise or allegedly arise out of, in connection with, or on account of this Agreement, any act or omission of Subrecipient, or any act or omission of Subrecipient's officers, agents, employees, or subrecipients. The Subrecipient obligations under this Section 13 survive termination or expiration of this Agreement.

**SECTION 14. COMPLIANCE WITH APPLICABLE LAWS.** All work must be in accordance with all federal, state and local law, statutes, rules, and ordinances.

**14.1** It shall be the Subrecipient's responsibility to obtain all permits, licenses, or authorizations required from government authorities prior to initiation of the project or required to be obtained by the time of completion of the project to be eligible for reimbursement funds under this Agreement. Permits or authorizations may include but are not limited to: Beneficial Water Use Permits (§ 85-2-302(1), MCA), Change in Appropriation Right Authorization (§ 85-2-402(1)(a), MCA) or other requirement under the Montana Water Use Act that may apply; Sage Grouse Habitat (Executive Order 21-2015), 310 permitting requirements, or other permits or authorizations that may be required by state, local, or federal agencies prior to beginning work on the project or prior to completion of the project.

**14.2** Procurement of labor, services, supplies, materials, and equipment shall be conducted according to applicable federal, state, and local statutes. The award of an agreement, or by Subrecipient entering into this Agreement, shall not be taken to imply that any required permits or authorizations issued by DNRC or other state, federal, or local agency will be approved. The DNRC may review any procurement solicitations that Subrecipient issues. The DNRC's review and comments will not constitute an approval of the solicitation. Regardless of the DNRC's review, the Subrecipient remains bound by all applicable laws, regulations, and Contract terms. If during its review, the DNRC identifies any deficiencies, then the Department shall communicate those deficiencies to the Subrecipient within seven business days.

Subrecipient shall comply with applicable state prevailing wage laws (§§ 18-2-401 to -432, MCA).

**14.3** It shall be the Subrecipient's responsibility to comply with MEPA (Title 75, chapter 1, MCA; 36.2.503 ARM); and provide all required information requested by the DNRC related to any required MEPA decision.

#### **14.4 Compliance with Applicable Federal Law and Regulations**

Subrecipient agrees to comply with the requirements of section 602 of the Act, regulations adopted by Treasury pursuant to section 602(f) of the Act, and guidance issued by Treasury regarding the foregoing. Subrecipient also agrees to comply with all other applicable federal statutes, regulations, and executive orders, and Subrecipient shall provide for such compliance by other parties in any agreements it enters into with other parties relating to this award. Subrecipient must comply with Treasury compliance and reporting guidance: <https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf>.

Federal regulations applicable to this award include, without limitation, the following:

- i. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. Part 200, other than such provisions as Treasury may determine are inapplicable to this Award and subject to such exceptions as may be otherwise provided by Treasury. Audit Requirements of the Uniform Guidance, implementing the Single Audit Act, shall apply to this award.
- ii. Universal Identifier and System for Award Management (SAM), 2 C.F.R. part 25, pursuant to which the award term set forth in Appendix A to 2 C.F.R. part 25 is hereby incorporated by reference.
- iii. Reporting Subaward and Executive Compensation Information, 2 C.F.R. part 170, pursuant to which the award term set forth in Appendix A to 2 C.F.R. part 170 is hereby incorporated by reference.
- iv. OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement), 2 C.F.R. Part 180, including the requirement to include a term or condition in all lower tier covered transactions (contracts and subcontracts described in 2 C.F.R. Part 180, subpart B) that the award is subject to 2 C.F.R. part 180 and Treasury's implementing regulation at 31 C.F.R. part 19.
- v. Subrecipient Integrity and Performance Matters, pursuant to which the award term set forth in 2 C.F.R. Part 200, Appendix XII to part 200 is hereby incorporated by reference.
- vi. Governmentwide Requirements for Drug-Free Workplace, 31 C.F.R. part 20.
- vii. New Restrictions on Lobbying, 31 C.F.R. part 21.
- viii. Uniform Relocation Assistance and Real Property Acquisitions Act of 1970 (42 U.S.C. §§ 4601-4655) and implementing regulations.
- ix. Generally applicable federal environmental laws and regulations.

a. Statutes and regulations prohibiting discrimination applicable to this award, include, without limitation, the

following:

- i. Title VI of the Civil Rights Act of 1964 (42 U.S.C. §§ 2000d et seq.) and Treasury's implementing regulations at 31 C.F.R. part 22, which prohibit discrimination on the basis of race, color, or national origin under programs or activities receiving federal financial assistance;
  - ii. The Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§ 3601 et seq.), which prohibits discrimination in housing on the basis of race, color, religion, national origin, sex, familial status, or disability;
  - iii. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794), which prohibits discrimination on the basis of disability under any program or activity receiving federal financial assistance;
  - iv. The Age Discrimination Act of 1975, as amended (42 U.S.C. §§ 6101 et seq.), and Treasury's implementing regulations at 31 C.F.R. part 23, which prohibit discrimination on the basis of age in programs or activities receiving federal financial assistance; and
  - v. Title II of the Americans with Disabilities Act of 1990, as amended (42 U.S.C. §§ 12101 et seq.), which prohibits discrimination on the basis of disability under programs, activities, and services provided or made available by state and local governments or instrumentalities or agencies thereto.
  - vi. the Architectural Barriers Act of 1968, as amended (42 U.S.C. § 4151 et seq.);
  - vii. the Uniform Federal Accessibility Standards (UFAS), as published by the United States Access Board;
  - viii. the Council on Environmental Quality Regulations for Implementing the Procedural Provisions of NEPA and certain related federal environmental laws, statutes, regulations, and Executive Orders found in 7 C.F.R. 1970;
  - ix. the Native American Graves Protection and Repatriation Act (25 USC 3001 et seq., 43 CFR § 10.4);
  - x. the Communications Act of 1934, as amended, (47 U.S.C. § 151 et seq.);
  - xi. the Telecommunications Act of 1996, as amended (Pub. L. 104-104, 110 Stat. 56 (1996)); and
  - xii. the Communications Assistance for Law Enforcement Act (47 U.S.C. § 1001 et seq.).
- b. The Subrecipient, sub-grantee, contractor, subcontractor, successor, transferee, and assignee shall comply with Title VI of the Civil Rights Act of 1964, which prohibits recipients and subrecipients of federal financial assistance from excluding from a program or activity, denying benefits of, or otherwise discriminating against a person on the basis of race, color, or national origin (42 U.S.C. § 2000d et seq.), as implemented by the Department of the Treasury's Title VI regulations, 31 C.F.R. part 22, which are herein incorporated by reference and made a part of this agreement. Title VI also includes protection to persons with "Limited English Proficiency" in any program or activity receiving federal financial assistance, 42 U.S.C. § 2000d et seq., as implemented by the Department of the Treasury's Title VI regulations, 31 C.F.R. part 22, and herein incorporated by reference and made a part of this agreement.

**SECTION 15. COPYRIGHT - GOVERNMENT RIGHT TO USE.** Any graphic, photographic, or other material developed under this Agreement may be copyrighted with the proviso that the State of Montana will have a royalty-free, nonexclusive, and irrevocable right to produce, publish or otherwise use, and authorize others to use the work for state government purposes.

**SECTION 16. ACKNOWLEDGMENT OF SUPPORT.** Any publications produced with funds from this award must display the following language: "This project [is being] [was] supported, in whole or in part, by federal award number SLFRP1747 awarded to State of Montana by the U.S. Department of the Treasury."

**SECTION 17. CONFLICTS OF INTEREST.** Recipient and subrecipient understand and agree they must maintain a conflict of interest policy consistent with 2 C.F.R. §200.318(c) and that such conflict of interest policy is applicable to each activity funded under this award. Recipient and subrecipients must disclose in writing to Treasury or the pass-through entity, as appropriate, any potential conflict of interest affecting the awarded funds in accordance with 2 C.F.R. § 200.112.

**SECTION 18. REMEDIAL ACTIONS.** In the event of Subrecipient's noncompliance with section 602 of the Act, other applicable laws, Treasury's implementing regulations, guidance, or any reporting or other program requirements, Treasury may impose additional conditions on the receipt of a subsequent tranche of future award funds, if any, or take other available remedies as set forth in 2 C.F.R. § 200.339. In the case of a violation of section 602(c) of the Act regarding the use of funds, previous payments shall be subject to recoupment as provided in section 602(e) of the Act and any additional payments may be subject to withholding as provided in sections 602(b)(6)(A)(ii)(III) of the Act.

**SECTION 19. HATCH ACT.** Subrecipient agrees to comply, as applicable, with requirements of the Hatch Act (5 U.S.C. §§ 1501-1508 and 7324-7328), which limit certain political activities of State or local government employees whose principal employment is in connection with an activity financed in whole or in part by this federal assistance.

**SECTION 20. FALSE STATEMENTS.** Subrecipient understands that making false statements or claims in connection with this award is a violation of federal law and may result in criminal, civil, or administrative sanctions, including fines, imprisonment, civil damages and penalties, debarment from participating in federal awards or contracts, and/or any other remedy available by law.

**SECTION 21. DEBTS OWED TO THE FEDERAL GOVERNMENT.**

21.1 Any funds paid to Subrecipient: (1) in excess of the amount to which Subrecipient is finally determined to be authorized to retain under the terms of this award; (2) that are determined by the Treasury Office of Inspector General to have been misused; or (3) that are determined by Treasury to be subject to a repayment obligation pursuant to sections 602(e) and 603(b)(2)(D) of the Act and have not been repaid by Subrecipient, shall constitute a debt to the federal government.

21.2 Any debts determined to be owed the federal government must be paid promptly by Subrecipient. A debt is delinquent if it has not been paid by the date specified in Treasury's initial written demand for payment, unless other satisfactory arrangements have been made or if the Subrecipient knowingly or improperly retains funds that are a debt as defined in paragraph 14(a). Treasury will take any actions available to it to collect such a debt.

**SECTION 22. DISCLAIMER.**

22.1 The United States expressly disclaims any and all responsibility or liability to Subrecipient or third persons for the actions of Subrecipient or third persons resulting in death, bodily injury, property damages, or any other losses resulting in any way from the performance of this award or any other losses resulting in any way from the performance of this award or any contract, or subcontract under this award.

22.2 The acceptance of this award by Subrecipient does not in any way establish an agency relationship between the United States and Subrecipient.

**SECTION 23. PROTECTIONS FOR WHISTLEBLOWERS.**

23.1 In accordance with 41 U.S.C. § 4712, Subrecipient may not discharge, demote, or otherwise discriminate against an employee in reprisal for disclosing to any of the list of persons or entities provided below, information that the employee reasonably believes is evidence of gross mismanagement of a federal

contract or grant, a gross waste of federal funds, an abuse of authority relating to a federal contract or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a federal contract (including the competition for or negotiation of a contract) or grant.

**23.2** The list of persons and entities referenced in the paragraph above includes the following:

- I. A member of Congress or a representative of a committee of Congress;
- II. An Inspector General;
- III. The Government Accountability Office;
- IV. A Treasury employee responsible for contract or grant oversight or management;
- V. An authorized official of the Department of Justice or other law enforcement agency;
- VI. A court or grand jury; or
- VII. A management official or other employee of Subrecipient, contractor, or subcontractor, who has the responsibility to investigate, discover, or address misconduct.

**23.3** Subrecipient shall inform its employees in writing of the rights and remedies provided under this section, in the predominant native language of the workforce. DNRC may request from Subrecipient copies of the information it provides its employees.

**SECTION 24. INCREASING SEAT BELT USE IN THE UNITED STATES.** Pursuant to Executive Order 13043, 62 FR 19217 (Apr. 18, 1997), Recipient should encourage its contractors to adopt and enforce on-the-job seat belt policies and programs for their employees when operating company-owned, rented or personally owned vehicles.

**SECTION 25. REDUCING TEXT MESSAGING WHILE DRIVING.** Pursuant to Executive Order 13513, 74 FR 51225 (Oct. 6, 2009), Recipient and subrecipient should encourage its employees, sub-subrecipients, and contractors to adopt and enforce policies that ban text messaging while driving, and Recipient and subrecipients should establish workplace safety policies to decrease accidents caused by distracted drivers.

**SECTION 26. FAILURE TO COMPLY, BREACH, DEFAULT, REMEDIES.**

**26.1** If the Subrecipient fails to comply with the terms and conditions of this Agreement or reasonable directives or orders from DNRC, DNRC may terminate this Agreement and refuse disbursement of any additional funds from this grant. Further, in the event of such termination, the Subrecipient shall immediately pay over to the DNRC all unexpected funds together with all interest earned on the monies provided or herein remaining unexpended at such time. Such termination will become a consideration in any future application for funds from the DNRC Conservation and Resource Development Division.

**26.2** The occurrence of any of the following events is a Subrecipient breach under this Agreement:

- I. failure of the Subrecipient or its contractors, subcontractors, or subrecipient entities to follow an Agreement term or condition; or
- II. the Subrecipient makes an intentionally untrue statement or materially misleading certification in this Agreement or the Application; or any Subrecipient breach/default specified in another section of this Agreement.

**26.3** Upon the occurrence of a breach, the DNRC shall issue a written notice of breach, identifying the nature of the breach, and providing 30 calendar days (or a lesser or additional time as may be agreed to by the parties) in which the Subrecipient shall have an opportunity to cure the breach. The parties will attempt in good faith to resolve all disputes, disagreements or claims relating to this Agreement.

However, if the DNRC determines that a public safety issue or an immediate public crisis exists, the DNRC will not be required to provide advance written notice or a cure period and may immediately terminate this Agreement in whole or in part if the DNRC, in its sole discretion reasonably exercised, determines that it is

reasonably necessary to preserve public safety or prevent an immediate public crisis. Time allowed for cure does not diminish or eliminate Subrecipient's liability for damages.

26.4 If Subrecipient fails to cure the breach within the period specified in the written notice, Subrecipient is in default of its obligations, and the DNRC may exercise any or all the following remedies:

- i. pursue any remedy provided by law or this Agreement, including requesting repayment of funds; and
- ii. terminate the Agreement or applicable portions that are the subject of the breach in the Agreement; and
- iii. suspend Subrecipient's performance; and
- iv. withhold applicable payment until the default is remedied.

26.5 If termination occurs under this Section, any costs incurred will be the Subrecipient's responsibility.

**SECTION 27. ASSIGNMENT AND AMENDMENT.** This Agreement is not assignable. Amendment may be accomplished only by express written agreement of the parties. Amendments will be attached as an integral component of this Agreement.

**SECTION 28. MONTANA LAW AND VENUE.** Any action or judicial proceeding for enforcement of the terms of this Agreement shall be instituted only in the courts of Montana and shall be governed by the laws of Montana. Venue shall be in the First Judicial District, Lewis and Clark County, Montana. Each party will bear their own costs and attorney's fees.

**SECTION 29. WAIVER.** A waiver of any particular provision of this Agreement by the DNRC shall not be construed as a waiver of any other provision, nor shall any such waiver otherwise preclude the DNRC from insisting on strict compliance with this Agreement in other circumstances.

**SECTION 30. ENTIRE AGREEMENT.** These documents are the entire agreement of the parties. They supersede all prior agreements, representations, and understandings.

The Subrecipient, **North Central Montana Regional Water Authority**, hereby accepts this grant (RW-23-079A) according to the above terms and conditions. I hereby certify that I represent a legal entity with authority to enter into this Agreement.

I further certify that the project or activity complies with all applicable state, local, and federal laws and regulations.

I further certify that I am authorized to enter into and sign a binding Agreement with the Department of Natural Resources and Conservation.

A facsimile, photocopy or electronic copy of the signature below shall have the same force and effect as an original signature and an electronic signature shall be regarded as an original signature.

**Recipient:**

By: DocuSigned by:  
Larry Bonderud  
6506789290054D6  
 Subrecipient Signature

Larry Bonderud President  
 Subrecipient Print Name and Title

For: North Central Montana Regional Water Authority  
 Entity Name

81-0532842

Entity Tax ID #

K8HGTDMU3HA1

Unique Entity Identifier # (UEI)

6/28/2023 | 8:30:45 AM PDT

Date

**Department of Natural Resources and Conservation:**

By: Amanda Kaster  
2ABD21A0E5DE446  
 DNRC Signature

Amanda Kaster DNRC Director  
 Print Name and Title

For: The Montana Department of Natural Resources and Conservation

6/28/2023 | 10:03:37 AM PDT

Date

## **Attachment A - Scope of Work City of Shelby Wellfield Hydrologic Study Analysis**

**Background:** The City of Shelby has made recent improvements to its existing wellfield to increase capacity, to meet the needs of the City, and to accommodate some of the increased demand placed on or proposed for the wellfield, to serve member entities of the North Central Montana Regional Water Authority, namely the City of Cut Bank, Nine Mile County Water District (CWD), and Oilmont CWD. Due to rising costs of pipeline installation on the regional system, the Authority is requesting that Shelby provide additional production capacity, in order to serve more water districts and communities on an ongoing, interim basis.

There have been several hydrologic and hydrogeologic investigations and related activities carried out during the past decade or more, in attempts to more conclusively characterize the potential capacity of the wellfield and the aquifer from which the water is produced. These estimates are necessary for Shelby, the Authority, and their consultants to meet the requirements that the Montana Department of Environmental Quality would need to evaluate, so as to approve the proposed expanded uses of water produced from the wellfield.

**Scope of Work:** The proposed solution is to gather and evaluate detailed knowledge, including:

- previous hydrologic studies and data;
- wellfield configuration and operations;
- the utility of existing numeric groundwater model(s); and
- other available data and information which may affect the desired outcome.

The proposed work will provide estimates of wellfield yield with optimized existing wellfield configuration, and estimates of wellfield yield from existing, optimized wellfield structures plus any new well(s) which are needed. There is provision within the work plan to dedicate as much as \$100,000 of the funding for test pumping and for augmentation of existing production equipment, for the purpose of testing and more specifically characterizing hydrologic characteristics of the wellfield and aquifer.

**Schedule:** The hydrologic testing and analysis are scheduled for completion during the 2023 field work season. Evaluation of past hydrologic reports, existing wellfield production data, and any new data which would be derived from on-site testing would take place throughout the remainder of Calendar Year 2023. Compilation of a Yield Analysis and Draft report is expected early in 2024, with completion of the Final report by June of 2024.

**Attachment B – Budget**  
**City of Shelby Wellfield Hydrologic Study Analysis**

<b>Task</b>	<b>DNRC Funds</b>	<b>Match Funds</b>	<b>Total</b>
<b>Administration – Project Initiation</b>	\$15,000	\$0	\$15,000
	\$	\$0	\$
<b>Professional/Technical</b>			
Data Gap Analysis	\$30,000	\$0	\$30,000
Wellfield Production Verification	\$75,000	\$0	\$75,000
Associated Wellfield Drilling/Testing	\$100,000	\$0	\$100,000
Aquifer Yield Analysis & Final Report	\$30,000	\$0	\$30,000
<b>Total</b>	<b>\$250,000</b>	<b>\$0</b>	<b>\$250,000</b>

### **Attachment C Reporting and Reimbursement Requirements**

**Progress Reports** The Subrecipient will provide progress reports to DNRC during the term of this Agreement. Reports will provide status information for each project implementation task and identify the reporting period. Status information will include, at a minimum:

- Project activities during the reporting period;
- Costs incurred;
- Funds remaining;
- Anticipated activities during the next reporting period, and
- Expected changes in scope, schedule or budget.

The Subrecipient shall report on total project costs including those funded by the Subrecipient and other matching funds. Significant problems encountered shall be noted and necessary scope and time-line modifications requested.

The Subrecipient must submit a project progress report with each reimbursement request at a minimum on a quarterly basis. DNRC will not honor claims for reimbursement if DNRC has not approved the progress report or if there is a delinquent report. Reimbursement requests must:

- Include a State of Montana vendor invoice signed by an authorized agent.
- Be billed by the tasks identified in the project scope of work and budget.
- Be supported by backup documentation of contractor invoices, receipts, cancelled checks, or other documentation of costs.

Subrecipient invoices need to relate clearly to the scope of work and budget in this Agreement.

Projects with multiple funding sources need to submit a uniform status of funds spreadsheet (provided by DNRC) or other means of tracking and documenting match and the project budget.

#### **Final Report**

The Subrecipient must submit one hard copy and one electronic copy (pdf) of the final report that meets the requirements of this Attachment C to DNRC upon project completion. Final disbursement of funds is contingent upon DNRC receipt and approval of a final report that meets these requirements. Final reports must be submitted to DNRC within 90 days of the Agreement termination date.

Final reports must include a signed Certificate of Compliance (included in this attachment) to DNRC upon project completion.

Projects that included construction must also submit a signed Engineer's Statement of Completion. DNRC may also request as-built drawings for construction projects, IF APPLICABLE TO PROJECT.

The proposed work will provide estimates of wellfield yield with optimized existing wellfield configuration, and estimates of wellfield yield from existing, optimized wellfield structures plus any new well(s) which are needed. There is provision within the work plan to dedicate as much as \$100,000 of the funding for test pumping and for augmentation of existing production equipment, for the purpose of testing and more specifically characterizing hydrologic characteristics of the wellfield and aquifer.

The Subrecipient is not required to use the suggested format in this Attachment but must include the information listed below. At a minimum, the final report must describe the purpose and location of the project, project tasks, changes to the scope, schedule or budget, how the project met stated goals and objectives, how the project benefited resources, and the current project status. Final reports will be made available to the public on the DNRC website.

## Final Report Requirements

### 1. Title Page:

- A. Subrecipient's name, address, and telephone numbers.
- B. DNRC Grant Agreement Number
- B. Name, address, and telephone of other contacts if primary contacts are not available.
- C. Funding: total project cost and amount of agreement
- D. State where copies of the report may be obtained (Subrecipient contact person name, address, phone number. An email address or website is acceptable).
- E. A list of supporting documents (for example, construction completion reports or other project deliverables, if applicable)

### 2. Introduction: Describe the project history, location and purpose. Provide a project location map.

### 3. Discussion and Results:

- A. Describe how project goals and tasks identified in the Agreement were completed:
  - Describe the planning process (for example: discuss project design, independent review, coordination with agencies, permits required and other activities).
  - Describe how each task listed in the scope of work was accomplished. Provide details on each task (for example: if trees were planted as an erosion control measure, state how many, the tree species, the age or size of the trees, and location of the plantings).
  - List the goals and/or objectives of the project as stated in the scope of work and briefly describe how they were met by the activities described in the tasks above. Discuss any differences between project goals and objectives and actual project results.
  - Provide an explanation for tasks that were not completed or any out-of-scope work.
  - Include a project map, data, and/or photos that document the project.
- B. Summarize any problems encountered and solutions adopted. What would you do differently?

### 4. Natural Resource and Public Benefits:

Describe the project's overall benefits. What are the anticipated and realized benefits to resources and to the local and regional area of the completed project? Were these benefits realized? If not, explain why.

### 5. Grant Agreement Administration & Project Costs:

- A. Work schedule: Compare the time allotted for project completion with actual schedule. Identify delays and discuss the reasons for delays.
- B. Budget: Include a table that summarizes how the monies were spent by budget category or task as described in Attachment B and funding source (i.e. DNRC, Sponsor, other State or federal agencies). Explain cost overruns or savings. Discuss unbudgeted expenses that arose over the course of the project.
- C. Match Funds: Identify all funds from other sources or in-kind services that were used to fund the project. If not all matching funds were spent provide a justification.

### 6. Project Completion and Certification

- A. Subrecipient's Certificate of Compliance (must be signed for all projects).
- B. As Built Drawings, if requested by the DNRC (construction projects only).
- C. Engineer's Statement of Final Completion (if applicable).
- D. The proposed work will provide estimates of wellfield yield with optimized existing wellfield configuration, and estimates of wellfield yield from existing, optimized wellfield structures plus any new well(s) which are needed. There is provision for as much as \$100,000 test pumping and for augmentation of existing production equipment, for the purpose of testing and specific characterization of hydrologic characteristics of the aquifer.

### 7. Final Report submitted electronically (PDF)

**FINAL REPORT**  
**CERTIFICATE OF COMPLIANCE**

Subrecipient: North Central Montana Regional Water Authority

Project Name: City of Shelby Wellfield Hydrologic Study Analysis

Grant Number: RW-23-079A

Grant Amount: \$250,000

I, the undersigned, being duly qualified, respectfully, of the \_\_\_\_\_ (Subrecipient Name), in \_\_\_\_\_ County, State of Montana, do hereby certify that the above-named project is in full compliance with all of the covenants and conditions set forth in the Agreement identified above between the \_\_\_\_\_ (Subrecipient Name) and the State of Montana, Department of Natural Resources and Conservation. I understand that any money remaining after the final payment will be returned to the appropriate accounts at DNRC.

\_\_\_\_\_  
Authorized Subrecipient Signature

\_\_\_\_\_  
Date

This form is available on the DNRC website:  
<http://dnrc.mt.gov/divisions/cardd/docs/resource-development/final-report-certificates.pdf>.

## STATEMENT OF COMPLETION

Subrecipient: North Central Montana Regional Water Authority

Project Name: City of Shelby Wellfield Hydrologic Study Analysis

Grant Number: RW-23-079A

Grant Amount: \$250,000

I, \_\_\_\_\_, (Project Engineer) a Registered Professional Engineer in the State of Montana, license number \_\_\_\_\_, do hereby state that the above-named project was completed according to the approved plans and specifications. I further state that the record ("as-built") drawings for this project are a true and accurate representation of the completed construction.

\_\_\_\_\_  
Name

\_\_\_\_\_  
P.E. Number

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name of Firm

\_\_\_\_\_  
Address of Firm

\_\_\_\_\_  
City, State Zip of Firm

Please consult the DNRC Liaison to verify if this form is required for your project.

This form is available on the DNRC website:  
<http://dnrc.mt.gov/divisions/cadd/docs/resource-development/final-report-certificates.pdf>

Attachment D

ASSURANCE OF COMPLIANCE WITH CIVIL RIGHTS REQUIREMENTS

OMB Approved No. 1505-  
0271 Expiration Date:  
11/30/2021

ASSURANCE OF COMPLIANCE WITH TITLE  
VI OF THE CIVIL RIGHTS ACT OF 1964

As a condition of receipt of federal financial assistance from the Department of the Treasury, the Subrecipient provides the assurances stated herein. The federal financial assistance may include federal grants, loans and contracts to provide assistance to the Subrecipient's beneficiaries, the use or rent of Federal land or property at below market value, Federal training, a loan of Federal personnel, subsidies, and other arrangements with the intention of providing assistance. Federal financial assistance does not encompass contracts of guarantee or insurance, regulated programs, licenses, procurement contracts by the Federal government at market value, or programs that provide direct benefits. This assurance applies to all federal financial assistance from or funds made available through the Department of the Treasury, including any assistance that the Subrecipient may request in the future.

The Civil Rights Restoration Act of 1987 provides that the provisions of this assurance apply to all of the Subrecipient's programs, services and activities, so long as any portion of the Subrecipient's program(s) is federally assisted in the manner proscribed above.

1. Subrecipient ensures its current and future compliance with Title VI of the Civil Rights Act of 1964, as amended, which prohibits exclusion from participation, denial of the benefits of, or subjection to discrimination under programs and activities receiving federal funds, of any person in the United States on the ground of race, color, or national origin (42 U.S.C. § 2000d et seq.), as implemented by the Department of the Treasury Title VI regulations at 31 CFR Part 22 and other pertinent executive orders such as Executive Order 13166; directives; circulars; policies; memoranda and/or guidance documents.
2. Subrecipient acknowledges that Executive Order 13166, "Improving Access to Services for Persons with Limited English Proficiency," seeks to improve access to federally assisted programs and activities for individuals who, because of national origin, have Limited English proficiency (LEP). Subrecipient understands that denying a person access to its programs, services, and activities because of LEP is a form of national origin discrimination prohibited under Title VI of the Civil Rights Act of 1964 and the Department of the Treasury's implementing regulations. Accordingly, Subrecipient shall initiate reasonable steps, or comply with the Department of the Treasury's directives, to ensure that LEP persons have meaningful access to its programs, services, and activities. Subrecipient understands and agrees that meaningful access may entail providing language assistance services, including oral interpretation and written translation where necessary, to ensure effective communication in the Subrecipient's programs, services, and activities.
3. Subrecipient agrees to consider the need for language services for LEP persons during development of applicable budgets and when conducting programs, services and activities. As a resource, the Department of the Treasury has published its LEP guidance at 70 FR 6067. For more information on LEP, please visit <http://www.lep.gov>.
4. Subrecipient acknowledges and agrees that compliance with this assurance constitutes a condition of continued receipt of federal financial assistance and is binding upon Subrecipient and Subrecipient's successors, transferees and assignees for the period in which such assistance is provided.
5. Subrecipient acknowledges and agrees that it must require any sub-grantees, contractors, subcontractors, successors, transferees, and assignees to comply with assurances 1-4 above, and

agrees to incorporate the following language in every contract or agreement subject to Title VI and its regulations between the Subrecipient and the Subrecipient's sub-grantees, contractors, subcontractors, successors, transferees, and assignees:

*The sub-grantee, contractor, subcontractor, successor, transferee, and assignee shall comply with Title VI of the Civil Rights Act of 1964, which prohibits recipients of federal financial assistance from excluding from a program or activity, denying benefits of, or otherwise discriminating against a person on the basis of race, color, or national origin (42 U.S.C. § 2000d et seq.), as implemented by the Department of the Treasury's Title VI regulations, 31 CFR Part 22, which are herein incorporated by reference and made a part of this contract (or agreement). Title VI also includes protection to persons with "Limited English Proficiency" in any program or activity receiving federal financial assistance, 42 U.S.C. § 2000d et seq., as implemented by the Department of the Treasury's Title VI regulations, 31 CFR Part 22, and herein incorporated by reference and made a part of this contract or agreement.*

6. Subrecipient understands and agrees that if any real property or structure is provided or improved with the aid of federal financial assistance by the Department of the Treasury, this assurance obligates the Subrecipient, or in the case of a subsequent transfer, the transferee, for the period during which the real property or structure is used for a purpose for which the federal financial assistance is extended or for another purpose involving the provision of similar services or benefits. If any personal property is provided, this assurance obligates the Subrecipient for the period during which it retains ownership or possession of the property.
7. Subrecipient shall cooperate in any enforcement or compliance review activities by the Department of the Treasury of the aforementioned obligations. Enforcement may include investigation, arbitration, mediation, litigation, and monitoring of any settlement agreements that may result from these actions. That is, the Subrecipient shall comply with information requests, on-site compliance reviews, and reporting requirements.
8. Subrecipient shall maintain a complaint log and inform the Department of the Treasury of any complaints of discrimination on the grounds of race, color, or national origin, and limited English proficiency covered by Title VI of the Civil Rights Act of 1964 and implementing regulations and provide, upon request, a list of all such reviews or proceedings based on the complaint, pending or completed, including outcome. Subrecipient also must inform the Department of the Treasury if Subrecipient has received no complaints under Title VI.
9. Subrecipient must provide documentation of an administrative agency's or court's findings of non-compliance of Title VI and efforts to address the non-compliance, including any voluntary compliance or other agreements between the Subrecipient and the administrative agency that made the finding. If the Subrecipient settles a case or matter alleging such discrimination, the Subrecipient must provide documentation of the settlement. If the Subrecipient has not been the subject of any court or administrative agency finding of discrimination, please so state.
10. If the Subrecipient makes sub-awards to other agencies or other entities, the Subrecipient is responsible for ensuring that sub-subrecipients also comply with Title VI and other applicable authorities covered in this document. State agencies that make sub-awards must have in place standard grant assurances and review procedures to demonstrate that they are effectively monitoring the civil rights compliance of sub-subrecipients.

The United States of America has the right to seek judicial enforcement of the terms of this assurance document and nothing in this document alters or limits the federal enforcement measures that the United States may take in order to address violations of this document or applicable federal law.

Under penalty of perjury, the undersigned official(s) certifies that he/she has read and understood its obligations as herein described, that any information submitted in conjunction with this assurance document is accurate and complete, and that the Subrecipient is in compliance with the aforementioned nondiscrimination requirements.

North Central Montana Regional Water Authority

6/28/2023 | 8:30:45 AM PDT

Subrecipient

Date

DocuSigned by:

Larry Bordenud

Signature of Authorized Official

PAPERWORK REDUCTION ACT NOTICE

The information collected will be used for the U.S. Government to process requests for support. The estimated burden associated with this collection of information is 15 minutes per response. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Office of Privacy, Transparency and Records, Department of the Treasury, 1500 Pennsylvania Ave., N.W., Washington, D.C. 20220. DO NOT send the form to this address. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by OMB.



## **SCOPE OF WORK HYDROGEOLOGIC ANALYSIS AND RECOMMENDATIONS CITY OF SHELBY WELLFIELD SHELBY, MONTANA**

### **INTRODUCTION**

The City of Shelby (CITY) has requested GWE prepare this initial scope and cost estimate to evaluate the capacity and safe yield from the aquifer supplying the City's existing municipal wellfield located south of Shelby along the Marias River.

### **BACKGROUND**

The City of Shelby owns and operates a municipal wellfield approximately 6 miles south of Shelby in Williamson Park. The wellfield consists of 13 production wells completed in an alluvial aquifer along the Marias River. Water is pumped from production wells into a clear tank on site where it is then transmitted to the water treatment plant located in Shelby.

In addition to its own municipal needs, Shelby is under contract to provide water to a number of communities. Additional communities may need water until the North Central Regional Water System reaches the western side of the system. The study will review the demands and capacities of the Shelby Wellfield to provide the additional water demand.

The scope of this proposal is to evaluate the sustainable yield from the wellfield and aquifer and make recommendations to safely optimize the available water supply.

The end results and recommendations from this proposed work will provide the City with:

1. Estimates of wellfield yield with existing wellfield and current pump configuration.
2. Estimates of wellfield yield with optimized existing wellfield configuration (such as optimizing wells, pumps and/or pump depth)
3. Estimates of wellfield yield with existing optimized wellfield plus new well(s).

### **SCOPE OF WORK**

GWE recognizes a phased approach is needed to first gather and evaluate valuable, detailed knowledge including previous hydrogeologic studies and data, wellfield configuration and operations, the utility of the existing numeric groundwater model and other available data. The proposed scope of work and fee request presents a cost effective and logical approach to meeting the project objectives. An investigatory framework is provided below, consisting of five (5) primary tasks, as follows:

- Task 1 - Project Initiation
- Task 2 - Data Gap Analysis
  - Subtask 2.1: Review Hydrogeologic Reports and Data
  - Subtask 2.2: Wellfield Configuration Inventory
  - Subtask 2.3: Evaluation of Existing Numeric Model
  - Subtask 2.4: Develop Preliminary Conceptual Site Model (CSM)
- Task 3 - Wellfield Verification and Testing – Filling Data Gaps
- Task 4 - Wellfield/Aquifer Sustainable Yield Analysis

- Subtask 4.1: Updated Conceptual Site Model (CSM)
- Subtask 4.2: Wellfield/Aquifer Sustainable Yield – Empirical Analysis
- Subtask 4.3: Potential Refinement or Development of Numeric Model
- Task 5 - Wellfield Yield Summary Report and Recommendations
  - Subtask 5.1: Wellfield Yield- Current Well Configuration
  - Subtask 5.2: Wellfield Yield- Optimized with Current Well Configuration
  - Subtask 5.3: Wellfield Yield- Optimized with Additional Well(s)

GWE proposes to first complete Tasks 1 and 2 to gather and assess existing hydrogeologic information and identify what additional data may be needed to accomplish the remaining tasks.

- Wellfield verification testing at select wells
  - confirmation of screened intervals and submersible pump configurations in wells
  - downhole video inspections to evaluate the condition of well casings/screens
  - single and/or multiple well pumping tests to evaluate well performance and potential well interference effects, estimate aquifer parameters and provide data inputs for potential numeric modeling efforts
  - water quality testing

Below is a summary of scope for each task/subtask, along with deliverables, assumptions, schedule, and fee request.

## **TASK 1 – PROJECT INITIATION**

GWE will participate in a project initiation meeting with CITY representatives to make introductions, understand/document project goals and objectives, identify potential sources of information and establish communication protocols. A concurrent site visit will be conducted by the project team to better familiarize the project team with the hydrogeologic setting, wellfield configuration and operational issues.

### **Deliverables:**

- Meeting participation with CITY
- Meeting notes and summary of action items distributed to CITY and GWE team.

### **Assumptions:**

- Kickoff meeting held in Shelby with CITY
- GWE team will include 3 staff (PM and lead hydrogeologist in person; supporting hydrogeologist call in from Spokane). A site visit will follow the kickoff meeting to inventory or coordinate with CITY on existing conditions and wellfield operations.

## **TASK 2 – DATA GAP ANALYSIS**

The purpose of Task 2 is to review and assess the available hydrogeologic, wellfield, numeric modeling and related information to identify data gaps where additional information is needed to meet the project objective of wellfield optimization. It is expected Task 2 is primarily a desktop analysis but includes an anticipated two (2) additional site visits to validate information and refine a scope and cost estimate for Task 3. The following subtasks provide further detail.

### Subtask 2.1: Review Hydrogeologic Reports and Data

Compile and review available hydrogeologic reports, data and related information including:

- Methods and results of previous hydrogeologic testing and interpretation
- Historic water production/demand and operational records
- Ground-water quality data
- Regulatory Correspondence
- Applicable water rights

Deliverables:

- None. Key data will be included in the inventory of Subtask 2.2.

Assumptions:

- Two site visits needed
- CITY will provide GWE access to reports, data and information during Task 1 coordination efforts and assist with coordination of site visits for GWE to perform the data review and inventory.
- Current institutional knowledge may be limited and present significant data gaps
- Prior investigations and conclusions need to be verified

### Subtask 2.2: Wellfield Configuration Inventory

This task will confirm and document the current understanding of the wellfield configuration including:

- Individual well construction
- Submersible pump capacities, configurations and depth settings
- Existing monitoring equipment (i.e., flow meters, level pressure transducers)
- Wellhead access, transmission piping, connections and valveworks
- Historic well usage
- Well performance issues (water production, water quality, interference effects)

Deliverables:

- A preliminary tabulation of confirmed existing wellfield configuration and details for each of the existing production wells

Assumptions:

- Actual submersible pump and well construction configurations may need to be verified in select wells in Task 3
- CITY will review and provide comments to GWE to finalize the preliminary inventory to the best of their knowledge, to help strategize for subsequent tasks.

### Subtask 2.3: Evaluation of Existing Numeric Model

In some applications, computer-based numeric modeling can be a valuable tool in hydrogeologic assessments and wellfield optimization, to evaluate the effects of multiple wells in operation, and potential boundary effects (such as recharge from river, and/or drawdown from adjacent wells). In other situations, more conventional hydrogeological analyses may be preferred. A numeric groundwater model has reportedly been developed in the course of prior hydrogeologic evaluation of the wellfield. GWE proposes to contract a sub-consultant with expertise in numeric groundwater simulations to assess the utility of the existing model to support our understanding of the aquifer and expected response to production well pumping in the aquifer, other production wells and the adjacent Marias River.

Tetra Tech's review of the existing computer model will include:

- A critical review of the "modeling report" expected to accompany the model which describes the model development, assumptions, validation efforts and limitations
- Potential model simulation runs to evaluate the sensitivity of the model to various input parameters and assumptions
- A determination whether the existing model, perhaps an enhanced version of the existing model, or a new model would prove useful in an optimization study of the wellfield.

Deliverables:

- Subconsultant memorandum on numeric model utility.

Assumptions:

- CITY to share working copy of the numeric groundwater model, pertinent data, model files, and associated documentation to support GWE and subconsultant review efforts
- Tetra Tech to provide critical review of the working, existing numeric groundwater model and associated model documentation

### Subtask 2.4: Develop Preliminary Conceptual Site Model (CSM)

A preliminary Conceptual Site Model (CSM) will be developed to characterize the groundwater system (aquifer parameters, groundwater flow system, groundwater recharge/discharge, surface water interactions, etc.). The CSM will be useful in providing a framework for the Task 3 scope of investigation.

Deliverables:

- None

Assumptions:

- The preliminary CSM will be refined in Task 4 based on the additional data from Task 3

## **TASK 3 – WELLFIELD VERIFICATION AND TESTING – FILLING DATA GAPS**

Based on the data gaps identified in Tasks 1 and 2, GWE will provide contractor bid packages for further hydrogeologic testing and data gathering/analysis required to develop a Conceptual Site Model (CSM) and support wellfield hydrogeologic analysis needed to achieve project objectives in Task 3.

For current estimating purposes, Task 3 is assumed to generally include, *as needed*:

- Physical inspection and verification of well/pump configurations in up to six (6) existing wells
  - Removal and inspection of existing submersible pumps/drop pipe
  - Downhole video inspection/logging
  - Well development through swabbing, air-lift or other appropriate methods
  - Installation of dedicated pressure transducers and flow meters to record static/pumping water levels and pumping rates
  - Reinstallation of existing pump and drop pipe
  - Performance of a 2-hour single well test to estimate well yield and operational capacity
- Two (2) 24-hour multi-well pumping tests to estimate aquifer parameters, evaluate potential well interference effects and support numeric or empirical interpretation of wellfield optimization scenarios.
- All operational wells in the wellfield would be sampled for general chemistry during two events. Microscopic Particulate (MPA) testing would be performed on three (3) select wells during both a dry and wet time of year.

Deliverables:

- TBD

Assumptions:

- GWE would provide oversight and documentation of a licensed well driller to perform physical inspection and testing of existing wells, *as needed*.

#### **TASK 4 - WELLFIELD/AQUIFER SUSTAINABLE YIELD ANALYSIS**

The information gathered in the previous tasks will be used in Task 4 to update the Conceptual Site Model (CSM) and support the wellfield yield hydrogeologic analysis. The analysis would include either an empirical or observational approach to estimate wellfield sustainable yield, and/or potential numeric modeling of the groundwater system and sustainable wellfield optimization scenarios.

##### Subtask 4.1: Updated Conceptual Site Model (CSM)

The CSM will be updated and further developed to characterize the groundwater system (aquifer parameters, groundwater flow system, groundwater recharge/discharge, surface water interactions, etc.). The CSM and information collected in Tasks 1 through 3 may be sufficient to support determination of wellfield optimization scenarios and would be needed if numeric modeling efforts are warranted.

##### Subtask 4.2: Wellfield/Aquifer Sustainable Yield Analysis- Empirical Analysis

As appropriate, based on the data collected, an empirical approach using conventional hydrogeologic solutions will be used to evaluate the hydrogeologic data in estimating sustainable aquifer/wellfield yield and optimization. This approach may be sufficient or would be useful in refining and validating a potential numeric groundwater simulation of yield and optimization.

##### Subtask 4.3: Wellfield/Aquifer Sustainable Yield Analysis- Numeric Groundwater Model Analysis

An initial determination on the efficacy of numeric modeling will be made in Task 2. Task 4.3 could include various numeric model solutions, including applying the existing or refined version of the existing model, creating a new groundwater model, or opting to forego modeling efforts. If numeric modeling efforts are warranted to simulate pumping scenarios or perhaps evaluate the potential for additional production wells, GWE would work collaboratively with the modeling subcontractor to propose a scope of work and cost estimate.

Deliverables:

- TBD

Assumptions:

- Numeric modeling would be performed by subconsultant.

## **TASK 5 - FINAL HYDROGEOLOGIC REPORT AND RECOMMENDATIONS**

GWE will prepare a summary report presenting the methods and findings of the project. Recommendations will be provided for optimal wellfield operational scenarios using the existing, modified or expanded network of production wells.

The scope and work approach for Task 5 will be refined and updated as noted after GWE gains a better understanding of the wellfield system, develops the initial CSM, and better understands the utility and function of the existing numeric groundwater model. At this time, the sub-tasks may include the following geared towards answering the primary study questions.

### Subtask 5.1: Current Wellfield Optimization Recommendations

Using empirical (observed) data collected during the study and/or numeric modeling, recommendations will be made for optimizing the existing array of production wells under various operational pumping scenarios.

### Subtask 5.2: Modified Wellfield Optimization Recommendations

Also using empirical and/or numeric analyses, the final hydrogeologic report will include potential recommendations for modifications to the current wellfield, to safely optimize water production under various operational scenarios, if warranted.

### Subtask 5.3: Additional Well(s) Optimization Recommendations

Again, using empirical and/or numeric analyses, the final report will provide recommendation on the potential for optimizing sustainable water production using additional production wells, if warranted.

Deliverables:

- Final Hydrogeological Report and Recommendations

Assumptions:

- Numeric modeling may or may not be employed

## SCHEDULE

The following key milestone dates form the basis of delivery of this scope of services (as the project progresses, these dates are subject to change).

Task	Date
Task 1 - Project Initiation	February 2023
Task 2 - Data Gap Analysis	90 days from kickoff meeting
Task 3 - Wellfield Verification/Testing	180 days (dependent on drillers schedule) from Task 2 approval
Task 4 – Wellfield/Aquifer Yield Analysis	90 days from Task 3 completion
Task 5 – Final Report	60 days from Task 4 completion

## ESTIMATED COST

The total fee for the scope of work is \$150,000 as shown in the fee table below.

Task	Estimated Cost
Task 1 – Project Initiation	\$15,000
Task 2 – Data Gap Analysis	\$30,000
Task 3 – Wellfield Verification /Testing*	\$75,000
Task 4 – Wellfield/Aquifer Yield Analysis	\$20,000
Task 5 – Final Report	\$10,000

\*Task 3 – Does not include driller cost to be onsite. That work will be bid out. Work will be dependent upon the results of Task 2 recommendations.



## SWS Equipment, LLC.

6515 E Nixon Ave Spokane WA 99212

All Correspondence remit to: P.O. Box 13040, Spokane, WA 99213

509-533-9000 1-800-892-7831 F 509-533-1050

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

## QUOTE

**Quote To:**

City of Shelby  
Jade Goroski  
112 1st St.South  
Shelby MT 59474  
406-434-5222

**Ship To:**

City of Shelby  
Jade Goroski  
406-434-5222

Quote #: ROCBQ9072

Date: 05/19/23

Sales Rep: Roger Beatty

FOB: Shelby,MT

Ship Via: Bestway

Est. Ship Date:

Terms: Net 30

### We are pleased to propose the following for your consideration

Qty	Description	Unit Price	Ext. Price
2.0	20 yard drop boxes,Tub Style, Endless Chain Understructure (Stackable Tub Style) 18' 10 gauge floor, 51"-10 gauge sides, Single back doors	\$7,919.05	\$15,838.10
2.0	18' Screen Dome Lid Kit (2-way winch opening) Dropbox Specs: Premium Tub Style All Tube Not Channel or Formed Uprights Tapered Bottom , Tapered Sides, Tube Door Frame, 3 X 3 Tube Top Rail, 3 X 2 Tube Bottom Rail, Welded Solid Inside and Stitch Welded Outside Painted Container Blue	\$2,981.71	\$5,963.42
20.0	3 Yard Side Load Container, Skid Plastic Lids 3144 Emco Hook (1/2 Plate) Heavy Duty Stackable Style, Machine Tool Gray	\$936.47	\$18,729.40
1.0	Freight tp Shelby MT ( Customer is responsible for off load of containers )	\$2,750.00	\$2,750.00
1.0	Prices are subject to change with volitile market conditions and fuel surcharges.		

**Order Total \$43,280.92**

Please contact me if I can be of further assistance.

#### QUOTE VALID FOR 10 DAYS

PRICING IS SUBJECT TO CHANGE BASED ON CURRENT MATERIALS AND AVAILABILITY  
APPLICABLE SALES TAX NOT INCLUDED UNLESS OTHERWISE NOTATED - AMOUNT BASED ON FINAL INVOICE DATE  
ANY IMPLIED WARRANTY AS PER MANUFACTURER'S STANDARD WRITTEN WARRANTY  
PAYMENT DUE UPON COMPLETION OF WORK OR AS SPECIFIED ABOVE

*Due to a high level of uncertainty with regards to pricing changes from our vendors and the freight industry, the price and freight charges on this document may be adjusted prior to shipping.*

Signature: \_\_\_\_\_ Printed Name: \_\_\_\_\_ Date: \_\_\_\_\_

This is **EXHIBIT K**, consisting of 3 pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services** dated July 6, 2020.

**AMENDMENT TO OWNER-ENGINEER AGREEMENT**  
**Task Order No. 6 - Amendment No. 1**

The Effective Date of this Amendment is: July 3, 2023

Background Data

Effective Date of Owner-Engineer Agreement: July 6, 2020

Owner: City of Shelby

Engineer: Great West Engineering, Inc

Project: Stormwater Project

Nature of Amendment: [Check those that are applicable and delete those that are inapplicable.]

- X Additional Services to be performed by Engineer
- X Modifications to other terms and conditions of the Agreement

Description of Modifications:

*The project will add to the final design fee, construction services, RPR services, and post-construction services for the Stormwater project. The project includes 140 days of construction for the construction of 1<sup>st</sup> Street North, 4<sup>th</sup> Avenue South and 2<sup>nd</sup> Street South, and 1<sup>st</sup> Avenue Southwest stormwater systems. The final design originally assumed the use of the KLJ design documents and stormwater model. KLJ was unable to provide those documents and the model and survey had to be completed by Great West Engineering.*

Revise Article 2, C2.01, 4 as shown below:

1. The total compensation for services under Paragraph C2.01 is estimated to be \$310,315 based on the following estimated distribution of compensation:
  - a. Study and Report Phase (A1.01) Complete
  - b. Preliminary Design Phase (A1.02) \$ 40,900
  - c. Final Design Phase (A1.03) \$101,915
  - d. Bidding or Negotiating Phase (A1.04) \$15,000
  - e. Construction Phase (A1.05) \$149,000

f. Post-Construction Phase (A1.06) \$3,500

Revise Article 2, C2.04, A, 1 as shown below:

1. *Resident Project Representative Services:* For services of Engineer's Resident Project Representative under Paragraph A1.05.A of Exhibit A, an amount equal to the cumulative hours charged to the Project by each class of Engineer's personnel times Standard Hourly Rates for each applicable billing class for all Resident Project Representative services performed on the Project, plus related Reimbursable Expenses and Engineer's Consultant's charges, if any. The total compensation under this paragraph is estimated to be \$197,000 based upon full-time RPR services on an eight-hour workday, Monday through Friday, over a 140 day construction schedule.

Agreement Summary:

Description of Service	Task Order 1	Amendment 1	Total	Basis of Compensation
1. Basic Services (Part 1 of Exhibit A)				
a. Study and Report Phase (A1.01)	\$ 0	\$ 0	\$ 0	Hourly Rates
b. Preliminary Design Phase (A1.02)	\$ 40,900	\$ 0	\$ 40,900	Hourly Rates
c. Final Design Phase (A1.02)	\$ 43,600	\$ 58,315	\$ 101,915	Hourly Rates
d. Bidding or Negotiating Phase (A1.04)	\$ 15,000	\$ 0	\$ 15,000	Hourly Rates
e. Construction Phase (A1.05)	\$ 0	\$ 149,000	\$ 149,000	Hourly Rates
f. Resident Project Representative Services (A1.05.A.2)	\$ 0	\$ 197,000	\$ 197,000	Hourly Rates
g. Post-Construction Phase (A1.06)	\$ 0	\$ 3,500	\$ 3,500	Hourly Rates
<b>Subtotal for Basic Service</b>	<b>\$ 99,500</b>	<b>\$ 407,815</b>	<b>\$ 507,315</b>	

Original agreement amount:	<u>\$ 99,500</u>
Net change for prior amendments:	<u>\$ 0</u>
This amendment amount:	<u>\$407,815</u>
Adjusted Agreement amount:	<u>\$507,315</u>

The foregoing Agreement Summary is for reference only and does not alter the terms of the Agreement, including those set forth in Exhibit C.

Owner and Engineer hereby agree to modify the above-referenced Agreement as set forth in this Amendment. All provisions of the Agreement not modified by this or previous Amendments remain in effect.

OWNER:

City of Shelby

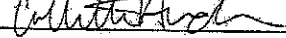
By: \_\_\_\_\_  
Print  
name: Gary McDermott

Title: Mayor

Date Signed: \_\_\_\_\_

ENGINEER:

Great West Engineering

By:   
Print  
name: Collette Anderson, PE

Title: Business Unit Manager

Date Signed: 6-27-23

Exhibit K – Amendment to Owner-Engineer Agreement.

EJCDC® E-500, Agreement Between Owner and Engineer for Professional Services.

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and American Society of Civil Engineers. All rights reserved.

Page 3

## Jade Goroski

---

**From:** Virgil Majeski <virgil.majeski@midstreamenergy.us>  
**Sent:** Friday, July 7, 2023 3:59 PM  
**To:** Jade Goroski  
**Cc:** Craig Bradley  
**Subject:** RE: 1120 W Industrial Park Lease  
**Attachments:** City of Shelby - Midstream\_Ground Lease\_Executed\_Exp Aug 14, 2023.pdf

Good afternoon Jade,

We would like to exercise our option in our current contract to purchase the land associated with our propane terminal (Tract 1A-1 of the Shelby Industrial Park). Can you please let me know how we should proceed with the purchase?

Thanks,

**Virgil Majeski | Vice President | Western US Propane, Commercial & Business Development**

9224 Tupman Rd, Tupman CA, 93276

M: (562) 547-3265

E-mail: [virgil.majeski@midstreamenergy.us](mailto:virgil.majeski@midstreamenergy.us)



---

**From:** Jade Goroski <jade@shelbymt.com>  
**Sent:** Thursday, June 22, 2023 2:12 PM  
**To:** Craig Bradley <Craig.Bradley@MidstreamLPG.com>  
**Cc:** Virgil Majeski <virgil.majeski@midstreamenergy.us>  
**Subject:** Re: 1120 W Industrial Park Lease

**CAUTION:** This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi Craig -

Attached you will find a copy of the updated lease agreement. If you plan on renewing the lease, please sign and return.

Thanks,  
Jade

---

**From:** Craig Bradley <Craig.Bradley@MidstreamLPG.com>  
**Sent:** Monday, June 12, 2023 10:07 AM  
**To:** Jade Goroski <jade@shelbymt.com>  
**Cc:** Virgil Majeski <virgil.majeski@midstreamenergy.us>  
**Subject:** RE: 1120 W Industrial Park Lease

Good morning Jade,

Just wanted to follow up on our conversation around the lease renewal at Shelby. Please forward along the documents for review at your earliest convenience, reach out with any questions or concerns.

Thank you,  
Craig

---

**From:** Jade Goroski <[jade@shelbysmt.com](mailto:jade@shelbysmt.com)>  
**Sent:** Thursday, May 25, 2023 7:36 AM  
**To:** Craig Bradley <[Craig.Bradley@MidstreamLPG.com](mailto:Craig.Bradley@MidstreamLPG.com)>  
**Cc:** Virgil Majeski <[virgil.majeski@midstreamenergy.us](mailto:virgil.majeski@midstreamenergy.us)>  
**Subject:** RE: 1120 W Industrial Park Lease

**CAUTION:** This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hello Craig –

Sorry for the delayed response, I was in meetings most of the day. If you want to give me a call today, we can discuss the renewal. 406-434-5222

---

**From:** Craig Bradley <[Craig.Bradley@MidstreamLPG.com](mailto:Craig.Bradley@MidstreamLPG.com)>  
**Sent:** Tuesday, May 23, 2023 10:55 AM  
**To:** Jade Goroski <[jade@shelbysmt.com](mailto:jade@shelbysmt.com)>  
**Cc:** Virgil Majeski <[virgil.majeski@midstreamenergy.us](mailto:virgil.majeski@midstreamenergy.us)>  
**Subject:** 1120 W Industrial Park Lease

Good morning Jade,

The land lease for our propane terminal located at 1120 W Industrial Park in Shelby is coming due this year. I am reaching out in hopes that you can provide a contact with the City to discuss that renewal. Please let me know if there are any questions or comments.

Thank you,

**Craig Bradley | Manager, Operations**  
3900-205, 5<sup>th</sup> Ave SW, Calgary, AB T2P 2V7  
M: (403) 669-6430  
E-mail: [craig.bradley@midstreamlpg.com](mailto:craig.bradley@midstreamlpg.com)



Return to:  
City of Shelby  
112 1<sup>st</sup> St S  
Shelby MT 59474

## **GROUND LEASE**

THIS GROUND LEASE (this "Lease"), effective at Shelby, Toole County, Montana, on the 1<sup>st</sup> day of DECEMBER, 2018, ~~2019~~, entered into by and between the **CITY OF SHELBY, MONTANA**, a municipal corporation ("Lessor") and **MIDSTREAM LPG (US) INC.**, Suite 3900, 205 – 5<sup>th</sup> Ave SW, Calgary, AB CAN T2P 2V7 ("Lessee").

### **WITNESSETH:**

The Lessor and the Lessee, for and in consideration of the obligations and covenants hereinafter mentioned, agree as follows:

**1. LESSOR'S DEMISE.** Upon the terms and conditions hereinafter set forth, and in consideration of the payment from time to time by Lessee of the rents hereinafter set forth and in consideration of the prompt performance continuously by Lessee of each and every one of the covenants and agreements hereinafter contained, to be kept and performed by Lessee, the performance of each and every one of the covenants and agreements of which is to be declared an integral part of the consideration to be furnished by Lessee, Lessor does lease, let, and demise to Lessee and Lessee does hereby lease of and from Lessor, the following described premises (hereinafter "Premises") situated in Toole County, Montana:

**Shelby Industrial Park, Tract 1A-1 of the Shelby Industrial Park according to the map or plat thereof on file and of record in the office of the Clerk and Recorder of Toole County, Montana, SUBJECT, HOWEVER to all prior reservations, exceptions, easements, conveyances, and rights-of-way appearing either visually or of record.**

**2. INITIAL LEASE TERM.** The initial term of this Lease shall be for a period of ONE (1) YEAR commencing on August 15, 2018, and ending on August 14, 2023, both dates inclusive unless sooner terminated as hereinafter provided.

**3. AUTOMATIC RENEWAL.** Unless Lessee provides Lessor with notice not less than 60 days prior to the end of the initial term or any renewal term, this Lease shall automatically renew for four (4) additional terms of one (1) year each, provided that Lessee is not in default under this Lease beyond the expiration of any applicable cure period. Any such renewal shall be upon the same terms and conditions as set forth in this Lease.

**4. RENT.** The rent for the first one (1) year term is \$2,214.20 per year (the "Rent"), payable in advance, said sum representing the figure of \$0.040 per square foot per year of leased premises (55,355 square feet). The Rent shall automatically be increased by two percent (2%) per annum.

**5. OPTION TO PURCHASE.** During the first one (1) year term and subsequent four (4) renewal one (1) year terms of the Lease, Lessee shall have the option to purchase Tract 1A-1 for \$38,130.00.

**6. REAL ESTATE TAXES.** Lessee shall pay, before the incurrence of any fine, penalty or interest, or become due or be imposed by operation of law for the nonpayment thereof, all taxes, assessments, water and sewer rents, and other governmental charges, general and/or special, ordinary and extraordinary, unforeseen, of any kind and nature, whatsoever, which at any time during the term of the Lease may be assessed, levied, confirmed, imposed upon, or grown and become due and payable out of or in respect of, or become a lien on, the Premises, or any improvements thereon, or any part thereof or any appurtenance thereof.

**7. NO LIEN.** Lessee shall not have the power to subject the interest of Lessor in the Premises to any mechanic's or material men's liens or lien of any kind, without Lessor's prior written consent except as provided in Paragraph 9 of this Agreement.

**8. RELEASE OF LIEN.** Except as provided in Paragraph 9 of this Agreement, Lessee covenants and agrees with Lessor that Lessee will not permit or suffer to be filed or claimed against the interest of Lessor in the Premises during the continuance of this Lease, any lien or claim of any kind and if such lien be claimed or filed, it shall be the duty of Lessee, within thirty (30) days after Lessor shall have been given written notice of such a claim having been filed among the public records of Toole County, Montana, or within thirty (30) days after Lessor shall have been given written notice of such claim and shall have transmitted a written notice of the receipt of such claim unto Lessee (whichever thirty (30) day period expires earlier) to cause the Premises to be released from such claim, either by payment or by the posting of bond or by the payment unto the Court of the amount necessary to relieve and release the Premises from such claim, or in any other manner which, as a matter of law, will result within such period of thirty (30) days, in releasing Lessor and the title of Lessor from such claim; and Lessee covenants and agrees, within such period of thirty (30) days, so as to cause the Premises and Lessor's interest therein to be released of the legal effect of such claim.

**9. RIGHT TO MORTGAGE.** Notwithstanding anything to the contrary contained herein, Lessee may, in its sole and absolute discretion, mortgage its interest in the buildings and improvements located on the Premises for purposes of securing loans.

**10. INDEMNIFICATION BY LESSEE.** Lessee covenants and agrees with Lessor that during the entire term of the Lease and any renewal term, Lessee will indemnify and save harmless Lessor against any and all claims, debts, demands, or obligation which may be made against Lessor or against Lessor's title in the Premises, arising by reason of, or in connection with, any alleged act or admission of Lessee or any person claiming under, by, or through Lessee; and if it becomes necessary for Lessor to defend any action seeking to impose any such liability, Lessee will pay Lessor all costs of court and attorney's fees incurred by Lessor in effecting such defense in addition to any other sums which Lessor may be called upon to pay by reason of the entry of a judgment against Lessor in the litigation in which such claim is asserted.

**11. HAZARDOUS SUBSTANCES.**

(a) Definitions. For purposes of this Lease, "Hazardous Substance" means hazardous waste, toxic substances, polychlorinated biphenyls, or asbestos or related materials, and also includes but is not limited to substances defined as "hazardous substances" or "toxic substances" in the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sec. 9601, et seq., or the Hazardous Materials Transportation Act, 49 U.S.C. Sec. 6901, et seq., as well as all substances or materials defined as hazardous under the laws of the State of Montana. The term "Hazardous Substances" as used in this Agreement also includes petroleum, including crude oil or any fraction thereof, natural gas, natural gas liquids, liquified natural gas, synthetic gas usable for fuel, or mixtures of the foregoing, PVB's, asbestos, urea formaldehyde or related substances.

(b) Warranties Pertaining to Hazardous Substances. Lessee warrants that during the entire time Lessee has possession of the Leased Property;

(i) Hazardous Substances will be lawfully used and disposed of and will not be discharged, dispersed, released, improperly stored, treated, generated, or allowed to escape in, on, under, or about the Premises by Lessee; and

(ii) Lessee's operations at the Premises will be in compliance with all applicable federal, state and local statutes, laws, ordinances, rules and regulations related to Hazardous Substances.

(c) Indemnification. Lessee hereby agrees to indemnify and hold Lessor, its directors, employees, agents and representatives harmless against and in respect of any and all losses, suits, obligations, fines, damages, judgments, injuries, administrative orders, consent agreements and orders, penalties, actions, causes of action, notices of potential responsibility or requests for response from government agencies, response costs, charges, costs, and expenses, including without limitation reasonable attorneys' fees and reasonable consultants' fees, and including costs and expenses (including reasonable attorney's fees) incurred in enforcing the Lessee's obligation under this Section, claims, including but not limited to claims arising out of the release or threat of release of hazardous substances, loss of life, injury to persons, property, or business, environmental contamination or damages to natural resources or to water supplies, whether based on tort, contract, implied or express warranty, statute, regulations, common law, or otherwise which:

(i) arises out of or is related to the presence on, remediation of, or the actual, alleged or threatened release to or from any of the Premises of any hazardous substances or which resulted from occurrences during Lessee's possession of the Premises; or

(ii) arises out of noncompliance by Lessee with the warranties set forth in subsection(b)(ii) above.

## **12. INSURANCE.**

(a) *Insurance coverage of premises.* Lessee shall provide for throughout the term of the lease insurance for loss or damage by fire and the extended coverage hazards for one hundred per cent (100%) of the full replacement value of such improvements and all improvements which are now or hereafter a part of the premise. The Lessor will be named as a primary additional insured on the above policy, and the policy will provide that it cannot be canceled without a 30 day written notice of cancellation to Lessor.

(b) *Personal injury liability insurance.* Lessee shall provide for throughout the term of this lease comprehensive general liability insurance covering the premises and its appurtenances in the amount of Two Million Dollars (\$2,000,000) for injury to or death of any one person, and Two Million Dollars (\$2,000,000) for injury to or death of any number of persons in one occurrence, and property damage liability insurance in an amount equal to the replacement cost of the trackage improvements. The Lessor will be named as a primary additional insured on the above policy specific to Lessor's interest in or on the above premises and its appurtenances, and the policy will provide that it cannot be canceled without a 30 day written notice of cancellation to Lessor. Lessee must have railroad protective insurance and shall provide evidence of such insurance in form and substance satisfactory to Lessor upon commencement of this Lease. Lessor will be provided with copies of all required insurance policies on an annual basis.

**13. INSURANCE PREMIUMS.** Lessee covenants and agrees with Lessor that Lessee will pay premiums for all of the insurance policies which Lessee is obligated to carry under the terms of this Lease, and will deliver to Lessor evidence of such payment before the payment of any such premiums become in default, and Lessee will cause renewals of expiring policies to be written and the policies or copies thereof, as the Lease may require, to be delivered to Lessor at least ten (10) days before the expiration of such expiring policies.

**14. ASSIGNMENT.** Other than as authorized under Paragraph 9 above, Lessee may not assign or transfer its rights under this Lease without the prior written consent of Lessor, which consent shall not be unreasonably withheld.

**15. DEFAULT.** In the case at any time a default shall be made by Lessee in the payment of any of the Rent for upon the day such rent becomes due and payable, or in the case of default in relation to liens, as hereinabove provided for, or if Lessee shall fail to pay any of the taxes or assessments thereof, during the lease term for nonpayment of any tax or assessment, or in case Lessee shall fail to keep insured any building, buildings or improvements which may at any time hereafter be upon the Premises, as herein provided for, or if the Lessee shall fail to perform any of

the covenants of this Lease by it to be kept and performed, and if such default shall continue for a period of sixty (60) days after receipt of written notice, specifying in general terms the nature of such default and a demand that the Lessee cure such default within said sixty (60) days from the time of receipt of such notice by Lessee, then, in any of such events, it shall be lawful for the Lessor, upon election, to declare the lease term ended and to reenter upon the Premises and the building or buildings and improvements then situated thereon, or the Lessor may have such other remedy as the law and this instrument may afford; and the Lessee covenants and agrees that upon the termination of the lease term, at such election of the Lessor, or in any other way, the Lessee will surrender and deliver up the Premises peaceably to the Lessor, or the agent or attorney of the Lessor, immediately upon the termination of the lease term; and if the Lessee, its agent, attorney, tenants shall hold the Premises, or any part thereof, one day after the same shall be surrendered, according to the terms of this Lease, it shall be deemed guilty of forcible detainer of the Premises under the statutes and shall be subject to eviction or removal, forcibly or otherwise, with or without process of law.

**16. DUTY TO REPAIR.** Lessee shall keep in good state of repair and in first class condition any and all buildings, furnishing, fixtures, and equipment which are brought or constructed or placed upon the Premises by the Lessee, nor will Lessee suffer or permit any waste, or neglect of any building or other property to be committed, and that Lessee will repair, replace, and renovate such property as often as it may be necessary in order to keep the building(s) and other property which is the subject matter of this Lease in first class repair and condition. Additionally, Lessee specifically agrees to keep the Premises free and clear of all weeds and other waste material or rubbish at all times.

**17. TERMINATION.** Upon termination of this Lease, Lessee will peaceably and quietly deliver possession of the Premises to Lessor. Upon termination of this Lease Lessee shall have a period of sixty (60) days to remove all improvements, including the building or buildings constructed thereon, and, additionally, any furnishings, fixtures, and equipment which Lessee may have brought placed or constructed upon the Premises.

**18. COVENANT OF QUIET ENJOYMENT.** Lessor covenants and agrees with Lessee that so long as Lessee keeps and performs all the covenants and conditions by Lessee to be kept and performed, Lessee shall have quiet and undisturbed and continued possession of the Premises, free from any claims against Lessor and all persons claiming under, by, or through Lessor. Lessee, upon paying the Rent and all other sums and charges to be paid by it as herein provided, and observing and keeping all covenants, warranties, agreements, and conditions of this Lease on its part to be kept, shall quietly have and enjoy the Premises during the terms of this Lease without hindrance or molestation by Lessor.

**19. FORCE MAJEURE.** In the event that Lessor or Lessee shall be delayed, hindered in, or prevented from the performance of any act required hereunder by reason of strikes, lockouts, labor troubles, inability to procure materials, failure of power, restrictive government laws or regulations, riots, insurrection, war or other reason beyond their control, then performance of such act shall be excused for the period of the delay and the period for the performance of any such delay shall be extended for a period equivalent to the period of such delay.

**20. CONSTRUCTION PLANS.** Any future buildings or improvements constructed upon the Premises shall be first approved by the body known as the Industrial Park Committee. All maps, plats, charts and blueprints relative to said construction shall be submitted to said Industrial Park Committee for its approval. No construction shall be commenced without Lessee first obtaining said approval from the aforementioned Industrial Park Committee. The Industrial Park Committee shall not unreasonably deny Lessee's request to construct additional buildings or improvements. The decision of the Industrial Park Committee shall be based upon its sound discretion and Industrial Park Zoning regulations. Plans for a building or buildings to be constructed upon the Premises shall comply and be in full accordance with the applicable laws, building codes, health codes, safety codes, zoning ordinances and all applicable statutes, rules and regulations and/or ordinances passed by the federal, state and local authorities.

**21. IMPROVEMENTS ON THE PREMISES.** Lessee covenants and agrees that all improvements on the Premises must be constructed and paid for wholly at the expense of Lessee.

**22. TIME AND PARTIES BOUND.** The time of payments and performance shall be of the essence of this Lease and all the terms, covenants and agreements herein contained shall extend and be obligatory upon the heirs, executors, administrators, personal representatives, successors, nominees and assigns of the respective parties hereto.

**23. COSTS OF SUITS.** The Parties covenant and agree that if, at any time, a Party to this Agreement is required to enforce the terms of this Lease, the prevailing party shall have the right to collect from the other party its reasonable costs, necessary disbursements, and attorneys' fees incurred.

**24. GOVERNING LAW.** All of the rights and remedies of the respective parties shall be governed by the provisions of this instrument and by the law of the State of Montana.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands the day and year first above written.

LESSOR  
CITY OF SHELBY, MONTANA,  
a municipal corporation

\_\_\_\_\_  
Gary McDermott, Mayor

ATTEST:

\_\_\_\_\_  
Jade Goroski, City Finance Officer

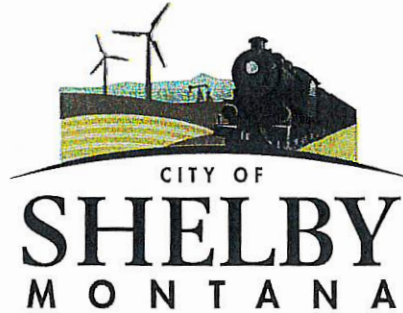
LESSEE  
~~GIBSON ENERGY (US) INC.~~  
MIDSTREAM LP INC.

\_\_\_\_\_  


Kelly Owerko  
Senior Vice President  
Operations

# 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)



**Mayor:** Gary McDermott  
**Council:** Joe Flesch, Sanna Clark, Jayce Yarn,  
Lyle Kimmet, Bill Moritz, Patrick Frydenlund  
**Animal Control:** Anthony Botts  
**Attorney:** Daniel Jones  
**City Supt.:** Eric Kary  
**Building Inspector:**  
**Community Development:** Lorette Carter  
**Finance Officer:** Jade Goroski  
**Judge:** Donna Whitt

July 11, 2023

To: Commercial Contractors  
From: Lorette Carter, City of Shelby  
Re: Bid Solicitation for window installation – Historic Shelby Town Hall

The City of Shelby was awarded grant funding through the Montana Department of Commerce Historic Preservation Grant Program in which to install period style windows in the foyer of Historic Shelby Town Hall to bring back some of the historic look of the 1923 building.

Attached, please find pictures of Historic Shelby Town Hall and a current photo. The project would be for installation of vertical windows to the left & right of the faux door and horizontal style windows above. City staff measured the potential openings for the vertical windows at 47" x 11" to accommodate commercial sizes available. The windows and design of the horizontal portion above the door area will need to be negotiated as there may be no commercial window sizes available.

The city will conduct a walk-through on **Thursday, July 27<sup>th</sup> at 11:30am** in which to get your own measurements for the windows, discuss the design and answer questions.

Bids for completion of this project are due, **Monday, August 7, 2023 by 10:00am** to the following:

**Lorette Carter, Community Development  
City of Shelby  
112 1<sup>st</sup> St. So.  
Shelby, MT 59474**

If you have questions, please feel free to contact me at (406) 434-5222 or email [lorette@shelbymt.com](mailto:lorette@shelbymt.com).

Sincerely,

A handwritten signature in blue ink that reads "Lorette Carter".

Lorette Carter, Community Development Director  
City of Shelby

Cc: Gary McDermott, Mayor  
Shelby City Council



## **Summary of Port of Northern Montana board meeting**

**July 6, 2023**

**Lorette Carter**

1. **Mountain View Reload:** Nothing to report.
2. **Calumet Lubricants, Co.:** Nothing to report.
3. **Hinrichs/Ardent Mills:** Ardent Mills is continuing negotiations on the lease amendment to include a \$200,000 capital contribution for the new track. The board is considering offering an option to accept a \$20,000 per month fee from Ardent Mills to initiate the new track build.
4. **Pat's Off-Road, Inc.:** Nothing to report.
5. **Savage Services Inc.:** Nothing to report.
6. **Pacific Steel & Recycling:** Nothing to report.
7. **Dick Irvin Inc.:** Nothing to report.
8. **Bridge Agri/Anderson:** Curtis is continuing negotiations on the lease amendment to include the capital contribution.
9. **Data Center Feasibility:** Nothing to report.
10. **Montana HB 681:** The Port will submit a first draw request for engineering to initiate the first phase of the project and commit grant dollars toward the project. The Port will work on press release as part of the kick-off of the project.

### **Action Items:**

- **Kiros Energy Marketing ULC Railcar Storage Agreement ~** The board approved a new agreement for rail storage of 35 cars.

### **Other Items:**

# JULY 2023 NEWSLETTER



PO Box 4909  
Helena, MT 59604  
406-442-2130  
[Montax.org](http://Montax.org)

## INSIDE THIS ISSUE

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Confusion and Concern

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Way

Property Tax Rebates to  
Come This Fall

Upcoming Meetings

## REAPPRAISAL NOTICES CAUSE CONFUSION AND CONCERN

In mid-June the Montana Department of Revenue sent property owners their notice of the new values for their residential, commercial, and agricultural properties. Those letters were dated June 30, 2023. That date is important as property owners have **30 days from the date on the notice** to file appeals with the Department if they feel that the valuation they received is incorrect.

Residential and Commercial properties are valued based on comparable sales of like properties in the area. Property owners have the right to see what comparable properties the Department used to establish the value of one's property. In order to obtain this information, property owners must follow the appeal instructions on the appraisal notice. Owners must either file a request for informal review with the Department by **filling out the AB-26 form or may file an appeal with the County Tax Appeal Board**. Many times, by going through the informal review process, taxpayer questions about their value can be addressed. As a last resort taxpayers can pay their taxes under protest, but that is rarely successful if the appeal steps have not been taken.

Further adding to the confusion, the Department included on the notice of the new value an estimated tax for the coming year. State law requires them to do this and to use the previous year's mill levy to estimate the next year's taxes. Because law requires taxing jurisdictions to reduce their mill levies to offset value increases due to reappraisal, those estimated taxes are higher than the actual tax bill will be in most cases. Residential and, in most cases, commercial property owners will pay higher taxes this November due to new values, but the increase will be a fraction of the percentage of their value increase.



## HOW INCREASED APPRAISAL VALUES TRANSLATE TO TAX INCREASES

When the Montana Department of Revenue issued taxpayer notices of new property values last month there was great concern as to how much property taxes would increase on those properties this fall. Part of this concern was the result of the Department including on the valuation notices an estimate of the coming property taxes on the property. State law requires them to make this estimate using the previous year's mill levy. This creates a higher estimated tax than will actually be assessed. Following will be an explanation why this is the case in most instances.

Tax collections will not increase the same percentage as values because State law limits how much property tax revenue property taxing jurisdictions can collect compared to the previous year.

Local governments, cities, counties, and other taxing jurisdictions growth in property tax collections from their existing tax base is limited to  $\frac{1}{2}$  the rate of inflation averaged over the previous three years. That growth will be in the 3% range this coming year. Because of the high increase in the values of existing homes and commercial properties, local governments will have to decrease their mill levies. Lowering mills will mitigate tax increase that might result from increased values.

Schools budget growth on all property, both new and old, is limited to the inflation growth allowed by the legislature and growth in student population. The Legislature allowed for 3% growth and student population in most schools are stable or dropping. So, school property tax collections will increase by at most 3% unless voters approved additional operating levies or approved debt for new construction. Like local governments, school mill levies will decrease to offset new values.

State property tax collections will increase at a much higher rate than local property tax collections. The State collects 95 mills to help fund its share of school budgets. At this point, the State has chosen not to reduce its mill levies to offset higher taxable values from increases in residential and commercial properties. Because of this decision, the State is expected to collect over 80 million dollars more in property taxes than it did last year. **This is a 26% increase in tax collections.** Residential property owners will pay 40 million dollars of this increase.

### HOW MUCH MIGHT PROPERTY TAXES INCREASE?

Figuring out how much an individual's property tax might increase is difficult to calculate at this time. Individual property taxes are determined by a number of factors. They are:

1. How much did your property increase in value compared to all other property in your levy district?
2. Did you make improvements that were just placed on the tax rolls?
3. Were new mill levies voted in?
4. Were all mill levies applied to your property adjusted down due to new appraisal values?
5. What non-voted levies were increased?

### HOW MUCH MIGHT MY PROPERTY TAXES INCREASE?

Property taxes paid on any individual property are proportional to their share of the taxable value of the property in the levy district they are in. As their proportion of that total value of the district goes up, their share of the total taxes go up. A **levy district** is an area where all the properties pay the same mill levies to the same taxing jurisdictions. A levy district mills consist of mills for the State, the County, and elementary school district, a high school district, a city if the property is within its boundaries, and a variety of miscellaneous jurisdictions like a conservation district, library district,

cemetery district, and many other property tax jurisdictions the property may be located in. Since property tax collections in most of these jurisdictions are capped by law to an inflation adjustment, total collections are capped. Mill levies must be reduced so no more revenue is collected than the amount collected the previous year plus the amount allowed by inflation. This year the inflation adjustment is about 3%. If the value of a taxing jurisdiction went up by 20%, mill levies must be reduced by roughly 19%. Therefore, properties that increased less than 19% should see decreases in taxes and properties that increased greater than 19% would see increases in taxes.

Total property tax collections in FY 2023 were \$2,008,712,000. According to the Department of Revenue, residential property paid 52% of that total. In November of 2022 the Department produced a report to the Revenue Interim Committee that estimated residential property values would increase statewide by 43%. They projected that after local taxing jurisdictions adjusted their mill levies to reflect new values that residential property owners would pay 160 million dollars more in property taxes in FY 2025. The result would be an increase statewide of about 15% in taxes paid by residential property owners. That would be the likely increase if your property values went up 43%. If your value increase was higher, your taxes could also increase greater than 15%. The actual change in an individual's property tax depends on the mix of properties in your levy district. The more residential property in a levy district and its relative change in value will affect the final mill levy in that district. If all the property in your levy district increased the same percentage mill levies would go down proportionally and your only tax increase would be the inflationary increases plus the increase to the State mills.

The increase in residential property tax collections could be even less if the State would reduce its mill levies like local taxing jurisdiction are required to do. That could save residential property owners another 40 million dollars a year.

Property taxes could also go higher if voters approved levies to increase operational spending by local jurisdictions or approved bonds for new construction.

Individual property taxes could increase if improvements were made to existing property.

Cities and counties can increase property taxes to pay for increased costs to their employee health plans.

If significant taxpaying property is no longer located in the levy district, lost revenue can be passed on to remaining taxpayers.

## **DOR TO HOLD TOWNHALL MEETINGS ON REAPPRAISAL**

Due to taxpayers concerns and confusion over the recently distributed reappraisal notices for residential, commercial, and agricultural properties the Department of Revenue has scheduled a series of townhall meetings to help property owners and taxpayers to understand the process of reappraisal and the reason for the information distributed in the reappraisal notices. The schedule for the meetings as well as the time and place can be found at the following link.

[https://montana.servicenowservices.com/citizen/kb?id=kb\\_article\\_view&sysparm\\_article=KB0018367](https://montana.servicenowservices.com/citizen/kb?id=kb_article_view&sysparm_article=KB0018367)

## INCOME TAX REBATES ON THE WAY

The 2023 Legislature passed HB 192 requiring the State to return to Montana income taxpayers a portion of the money that was collected above the amount expected by the State. Those rebates go to Montana income taxpayers and are based on State income taxes paid in 2021. The rebate is limited to the lesser of the actual amount paid or \$1250. The payments will be going out in July either by direct deposit or check. For more information and to get answers to commonly asked questions check the following link.

<https://mtrevenue.gov/taxes/montana-tax-rebates/individual-income-tax-rebate-house-bill-192/#Rebates>

## PROPERTY TAX REBATES TO COME THIS FALL

The 2023 Legislature passed HB 222. HB 222 provides rebates to Montana homeowners who paid property taxes in 2022 and 2023. The rebate amount is the lesser of the property taxes paid on the primary residence for the year or \$650. Property owners will have to apply for the rebate in order to verify that they are a Montana resident and have lived in your home for 7 months out of the year the rebate is applied for. The application process will begin Aug. 15, 2023, and end Oct 1, 2023, for the 2022 tax year. A similar process will occur in fall of 2024 for the 2023 rebate. More information and answers to questions can be found at the following address.

<https://mtrevenue.gov/taxes/montana-tax-rebates/property-tax-rebate-house-bill-222/>

### UPCOMING MEETINGS

- |                   |                                                                |
|-------------------|----------------------------------------------------------------|
| ♦ July 11         | <a href="#">Economic Affairs</a>                               |
| ♦ July 12         | <a href="#">Local Government</a>                               |
| ♦ July 13         | <a href="#">Children, Families, Health, and Human Services</a> |
| ♦ July 13         | <a href="#">Revenue</a>                                        |
| ♦ July 13         | <a href="#">Transportation</a>                                 |
| ♦ July 19         | <a href="#">State-Tribal Relations</a>                         |
| ♦ July 21         | <a href="#">State Administration and Veterans' Affairs</a>     |
| ♦ July 24         | <a href="#">Law and Justice</a>                                |
| ♦ July 24         | <a href="#">Water Policy</a>                                   |
| ♦ July 26         | <a href="#">Environmental Quality Council</a>                  |
| ♦ August 1        | <a href="#">Energy and Telecommunications</a>                  |
| ♦ September 11-12 | <a href="#">Education</a>                                      |