

## MINUTES

### MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION

#### JOINT SUBCOMMITTEE ON LONG-RANGE PLANNING

Call to Order: By CHAIRMAN ERNEST BERGSAGEL, on January 26,  
1995, at 8:00 A.M.

#### ROLL CALL

##### Members Present:

Rep. Ernest Bergsagel, Chairman (R)  
Sen. Ethel M. Harding, Vice Chairman (R)  
Sen. B.F. "Chris" Christiaens (D)  
Rep. Matt McCann (D)  
Rep. Tom Zook (R)

Members Excused: NONE

Members Absent: NONE

Staff Present: Nan LeFebvre, Office of the Legislative Fiscal  
Analyst  
Jane Hamman, Office of Budget & Program Planning  
Tracy Bartosik, Committee Secretary

Please Note: These are summary minutes. Testimony and  
discussion are paraphrased and condensed.

##### Committee Business Summary:

Hearing: TREASURE STATE ENDOWMENT PROGRAM GRANTS  
- HB 11  
Executive Action: NONE

Note: Evaluations, recommendations, and descriptions of the following  
projects can be found in the "Treasure State Endowment Program (TSEP)" binder.  
(Exhibit 1, 1-25-95)

#### HEARING ON HB 11 TREASURE STATE ENDOWMENT GRANTS

HILL COUNTY WATER DISTRICT  
Water Treatment System, page 25

Robb McCracken, Department of Commerce (DOC), gave a brief  
overview of this project. He said this project calls for the  
construction of a conventional water treatment system. the  
application ranks first out of 21 projects. The grant request is  
for \$500,000.

**David Rice, Secretary, Hill County Water District**, provided a handout to the committee in regard to this project. He stated Bearpaw Development put this project together. He said approximately 700 households are depending on this water supply. There is an order from the Department of Health and Environmental Sciences (DHES) to filter the water.

In response to a question from **CHAIRMAN ERNEST BERGSAGEL, Mr. Rice** said the order DHES has issued states that surface water must be treated.

**SEN. CHRIS CHRISTIAENS** asked if expansion capabilities have been built into the project. **Mr. Rice** replied yes.

CITY OF HAVRE

Expand Water Treatment Plant, page 109

**Mr. McCracken, DOC**, said this project would provide a secondary settling basin equipped with a sludge removal system. He said this project ranks 18th out of 21 projects, and is not recommended for funding from the DOC.

**Dick King, City of Havre**, said they do not disagree with the recommendation from the DOC. He stated the application process was used to start the city looking at its public policy issues to prepare for a project in two to three years. It has helped to identify long-term questions and will help the City to put together a better proposal.

TOWN OF CHESTER

Waste Water System Improvements, page 113

**Mr. McCracken, DOC**, explained that this project is designed to provide basic wastewater sewer service to the Taylor Addition, located in the northwest corner of the community. This project ranks 19th out of 21 projects and is not recommended for funding because it does not pose a serious health or safety threat.

**Dick King** said the mayor and the public works director for the town of Chester wanted to come, but were not sure it would prove to be worth their time because they know the project doesn't rank well on a competitive basis. **Mr. King** said through this project they were attempting to stimulate growth in the community. He said the mayor asked him to relay that the ranking process is driven by the first two criteria (i.e., financial), and that could cause communities who have neglected problems to come out ahead.

In response to a question from **Jane Hamman, Office of Budget and Program Planning, Mr. King** said if the residents were to replace their septic tanks, in a few years they would just have to replace them again.

CITY OF TROYWastewater Plant and Sewer System, page 4

**Mr. McCracken, DOC,** said Troy is an unsewered municipality and many of the individual septic systems are failing. This can threaten public health and groundwater quality. He said the DOC is recommending funding for this project in the form of a \$500,000 grant.

**Rod Johnson, Mayor, Troy,** said Troy has a population of approximately 965 people, and because of companies such as ASARCO and Champion shutting down, the town is in poor financial shape. He said the town has good water but a bad sewer system, and this is threatening the quality of the water.

**REP. ZOOK** asked how many households are in Troy. **Mr. Johnson** said about 335.

In response to a question from **REP. McCANN,** **Mr. Johnson** said the town's water rates are \$15 per month per household.

**CHAIRMAN BERGSAGEL** asked why FmHA was not willing to grant or loan them another \$500,000 for this project. **Mr. Johnson** responded that FmHA has done all they could by providing 75% of the project cost.

**CHAIRMAN BERGSAGEL** asked if the project would be receiving a Community Development Block Grant (CDBG). **Mr. Johnson** said they are still moving and progressing with that process, and their preapplication for that has been approved. They are requesting \$500,000 through that program.

In response to a question from **CHAIRMAN BERGSAGEL,** **Mr. Johnson** explained that the goal to receiving the CDBG is not so the TSEP money can be lowered, but to lessen the debt load on the people of Troy.

**REP. JIM ELLIOTT** voiced his support for this funding request.

CITY OF THOMPSON FALLSSewer System Rehabilitation, page 83

**REP. ELLIOTT** spoke in support of this project. He said inadequate sewer lines and infiltration of water into the sewers cause raw sewage to back up into basements of homes and businesses causing threats to public health.

**Jerry Lacy, Thompson Falls,** showed the committee handouts featuring photos of the failing system. He said he deals with the system on a daily basis. There have been several collapsed lines and back-ups into homes and businesses. He said repairs are very expensive and time-consuming. He asked that the committee support this project.

HOUSE LONG-RANGE PLANNING SUBCOMMITTEE

January 26, 1995

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**Kim Starks, Thompson Falls,** said the residents' rates are already at the maximum amount at \$49.05 per month. She urged the committee to approve the grant.

**Nan LeFebvre, Office of the Legislative Fiscal Analyst,** said the grant will cover phase 1 of the project, and asked where the funding will come from for phases 2 and 3. **Mr. Lacy** said phase 1 will provide sewer service for the immediate town of Thompson Falls. Phases 2 and 3 will cover the rest of the area. He said they can't be sure whether they will come back to the legislature for future funding, but it is not anticipated.

**Mr. McCracken, DOC,** said FmHA is the primary funding source for phases 2 and 3.

CITY OF KALISPELL

Construct Northside Water Well, page 72

**Jim Edgecomb, DOC,** said this project involves correcting fire flow deficiencies and service interruptions in the Kalispell water system. The proposed development is of a well to serve as a secondary water supply. He said DOC concluded that the applicant is able to borrow, and therefore, does not recommend this project for funding.

**John Wilson, Engineer, City of Kalispell,** said the city has been very careful to manage their money wisely, and doesn't feel that should disqualify them from receiving funding. He said the Kalispell area has experienced much growth recently and this project is needed. He asked the committee to consider this request for grant funding.

EAST GLACIER PARK WATER AND SEWER DISTRICT

Drinking Water Treatment Facility, page 30

**Robb McCracken, DOC,** stated the applicant has a total of \$440,905 in matching funds for this project. He said it is ranked 2nd out of 21 projects. DOC recommends this project for a grant in the amount of \$306,555 because the applicant does not have the ability to borrow.

**Steve Sherburne, Representative for the East Glacier Water and Sewer District,** gave an overview of the project. He said they have been ordered to satisfy a DHES Administrative Order to install a water treatment facility by 1996. He said they have been under a boil order since March of 1994. He submitted a handout of information on the project to the committee. **EXHIBIT 3**  
**Mr. Sherburne** said TSEP funding is the key to the funding package.

**Lyle Meeks, East Glacier,** said this is one of the worst situations he has seen and urged the committee to support the grant request.

HOUSE LONG-RANGE PLANNING SUBCOMMITTEE

January 26, 1995

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**SEN. CHRISTIAENS** asked how much their current debt is, and who it is owed to. **Mr. Sherburne** said in 1982 they owed FmHA \$1 million. He said their current debt is \$450,000 - with interest it is between \$550,000 and \$600,000.

**CHAIRMAN BERGSAGEL** asked how much the water and sewer district's fees are. **Mr. Sherburne** stated they are \$20 per month with a \$100 connecting fee.

**CHAIRMAN BERGSAGEL** asked if the area has seen much growth. **Mr. Sherburne** replied it has been limited and business hasn't been "taking off," mostly due to the water situation.

In response to a question from **SEN. CHRISTIAENS**, **Mr. Meeks** said they can't raise the water and sewer rates because the water isn't usable. After the project is set up, the rates will be adjustable.

**SEN. CHRISTIAENS** asked if a population change in the area has been foreseen. **Mr. Sherburne** said Glacier Park does a great deal of business and they do want a water system that will handle three times the amount of water.

The committee requested that the intent and/or commitment of the Indian Health Services Grant (IHS) be documented in writing.

**Mr. Sherburne** said if they, for some reason, do not receive the funding from IHS, it will probably not kill the project.

**Jane Hamman, OBPP**, asked if a calculated assumption for the funding from IHS would be \$200,000. **Mr. Sherburne** said that was correct. **Ms. Hamman** requested that he recheck that, and have it prepared for executive action.

CITY OF DILLON

Wastewater System Improvements, page 78

**Mr. McCracken, DOC**, said this project is to satisfy the state and federal wastewater discharge permit regulations and to correct sewage discharge violations. **Mr. McCracken** stated this project is ranked 11th out of 21 projects and is not recommended for funding. He explained that the City's debt capacity is extensive, and both the proposed wastewater rate and combined wastewater and water rate would be substantially below the target rate.

**SEN. CHUCK SWYSGOOD** said that Dillon may not receive funding because they have the ability to assume debt, is a slap in the face to all fiscally responsible communities. He referred to page 80 of the "TSEP" binder (exhibit 1, 1-25-95), Indicator 1. **SEN. SWYSGOOD** said 65.6% of Dillon's community fits into one of the categories for the poverty level. He stated the City is under recourse to do something, and he asked that the committee not penalize the City of Dillon for being fiscally responsible.

He urged that the committee assist Dillon in funding this project.

**REP. BILL TASH** said **SEN. SWYSGOOD** made a good point about fiscally responsible communities being penalized. He said Dillon may not have the ability to borrow soon because of agricultural loan reassessment. He asked that the committee support this project.

**Dave Aune, Damschen and Associates**, submitted a handout to the committee regarding this project. He said he feels this project represents exactly what TSEP was set up to fund. He said this project is a complete, thorough, and economical solution to Dillon's problem. He asked that the committee really consider funding this project. **EXHIBIT 4**

**Andy Suenram, City Attorney, Dillon**, spoke on behalf of this grant request. He said the criteria seems to reward communities that are in debt. He asked that the committee judge projects by the requirements set up by the enabling statute.

**SEN. CHRISTIAENS** asked for clarification on what the differences are from the statutory criteria and the enabling legislation. **Mr. McCracken, DOC**, referred to page 17 of the "TSEP" binder. He said the projects are ranked on the 10 priorities, and one of those priorities (#5), is financial need in comparison to the other applicants. Once the ranking process is completed, the DOC has to make a recommendation as to the form and amount of financial assistance. He said when public hearings were held across the state in 1992, local government officials told the DOC that TSEP should not subsidize applicants that have other sources of funding for projects. The applicants should contribute to the projects in proportion to what they can pay. Policy was made in 1993 that this was the proper interpretation of the statute. **Mr. Suenram** stated that when he mentioned the enabling statute he is talking about the statutory criteria. He pointed out that under the fifth criteria, the city of Dillon received 300 points. The zero recommendation comes from the additional policy in the last paragraph on page 17 of the binder.

**REP. ZOOK** asked if the city would be looking at this project if there were not mandated to do so. **Mr. Suenram** replied eventually they probably would, but not this soon.

**REP. TONI HAGENER** wished to voice her support of both the city of Dillon's project and the Hill County Water District's project.

**BUTTE-SILVER BOW COUNTY**

Improve Wastewater Treatment Plant, page 88

**Mr. McCracken, DOC**, said this request is to construct new facilities for pre- and final treatment of sludge, and also to purchase equipment required for transport operations. Federal and state regulations have mandated the discontinuation of

existing sludge injection facilities by February 1995. He said this project ranks 13th out of 21 projects, and the DOC recommends it for funding.

**Tom Cash, Butte-Silver Bow**, said this project has to be done, and the citizens cannot afford to finance it on their own. He stated rates in the County are \$41.31 per month already, and will go up by approximately \$6.00 for this project. He said they will help to pay for most of the project by issuing revenue bonds.

*{Tape: 3; Side: B}*

**Mr. Cash** asked that the committee consider funding this grant in full, but said the County would be satisfied with funding at any level.

**Ms. Hamman, OBPP**, said **Mr. Cash** indicated that Butte-Silver Bow's poverty level is at 38%, and when the city of Dillon testified, both economic conditions were added together, giving them a poverty level of 65.6%. She asked if it was incorrect to add those two categories together. **Mr. McCracken** said yes, because the "percentage of persons at or below poverty" is included in the "percentage of persons at or below Low to Moderate Income (LMI)" category. He said Dillon's poverty rate is 44%, not 65.5%.

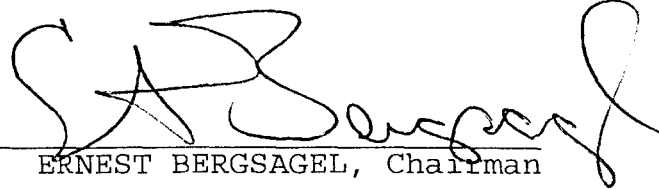
HOUSE LONG-RANGE PLANNING SUBCOMMITTEE

January 26, 1995

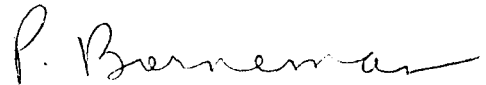
Page 8 of 8

ADJOURNMENT

Adjournment: 11:00 a.m.

A large, stylized handwritten signature in black ink, appearing to read 'E. Bergsagel', written over a horizontal line.

ERNEST BERGSAGEL, Chairman

A handwritten signature in black ink, appearing to read 'P. Berneman', written over a horizontal line.

for TRACY BARTOSIK, Secretary

EB/tb



# LONG RANGE PLANNING

## Joint Appropriations Subcommittee

ROLL CALL

DATE 1-26-95

NAME	PRESENT	ABSENT	EXCUSED
Rep. Ernest Bergsagel, Chairman	X		
Rep. Matt McCann	X		
Rep. Tom Zook	X		
Sen. Ethel Harding, Vice Chairman	X		
Sen. Chris Christiaens	X		

EXHIBIT

DATE

SB

# PROBLEM STATEMENT HILL COUNTY WATER TREATMENT

- UNTREATED SURFACE WATER
- PUBLIC HEALTH RISK
- NON COMPLIANCE WITH SURFACE WATER TREATMENT RULE
- DHES MANDATE IMPROVEMENTS
- AFFORDABILITY

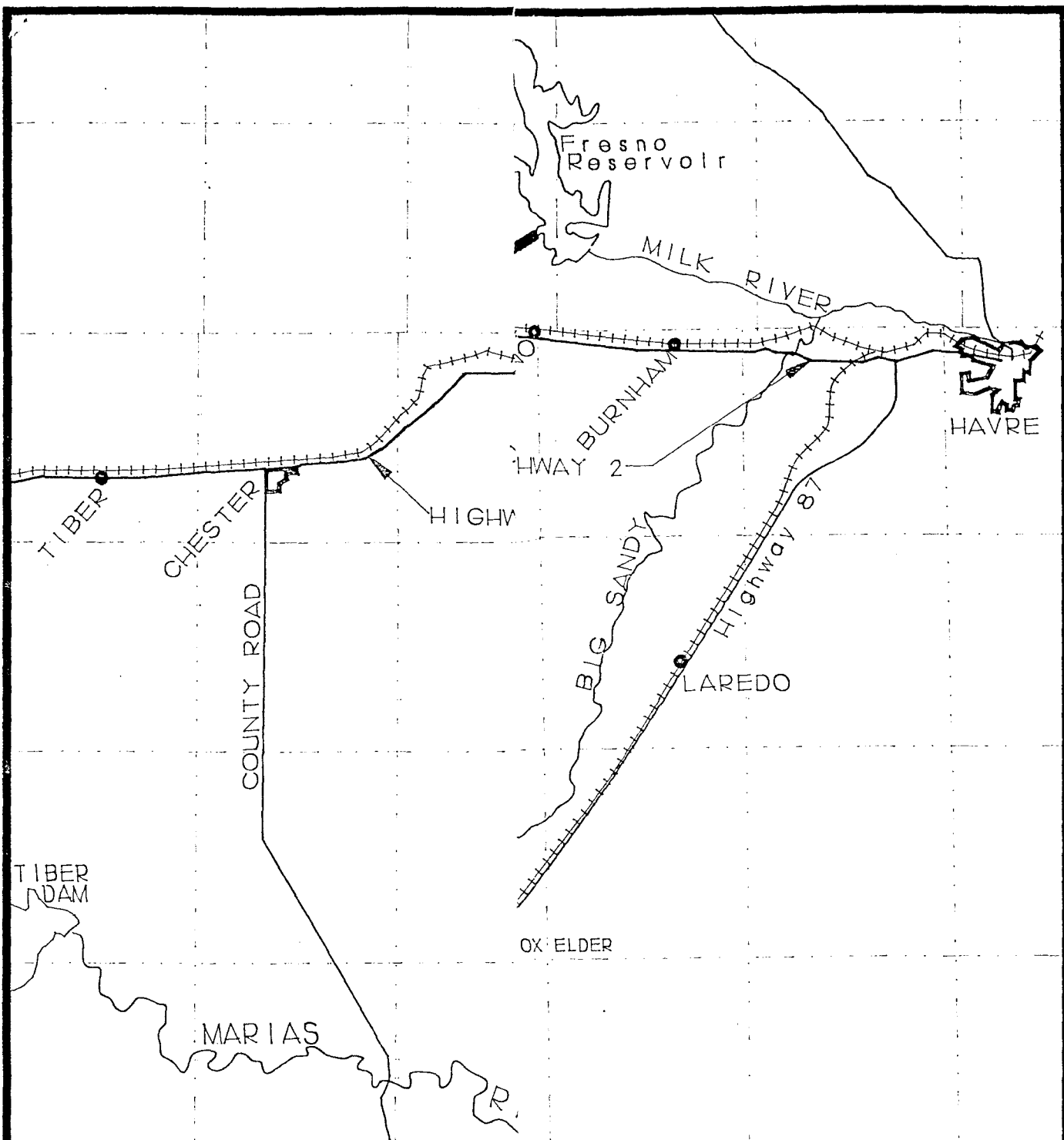
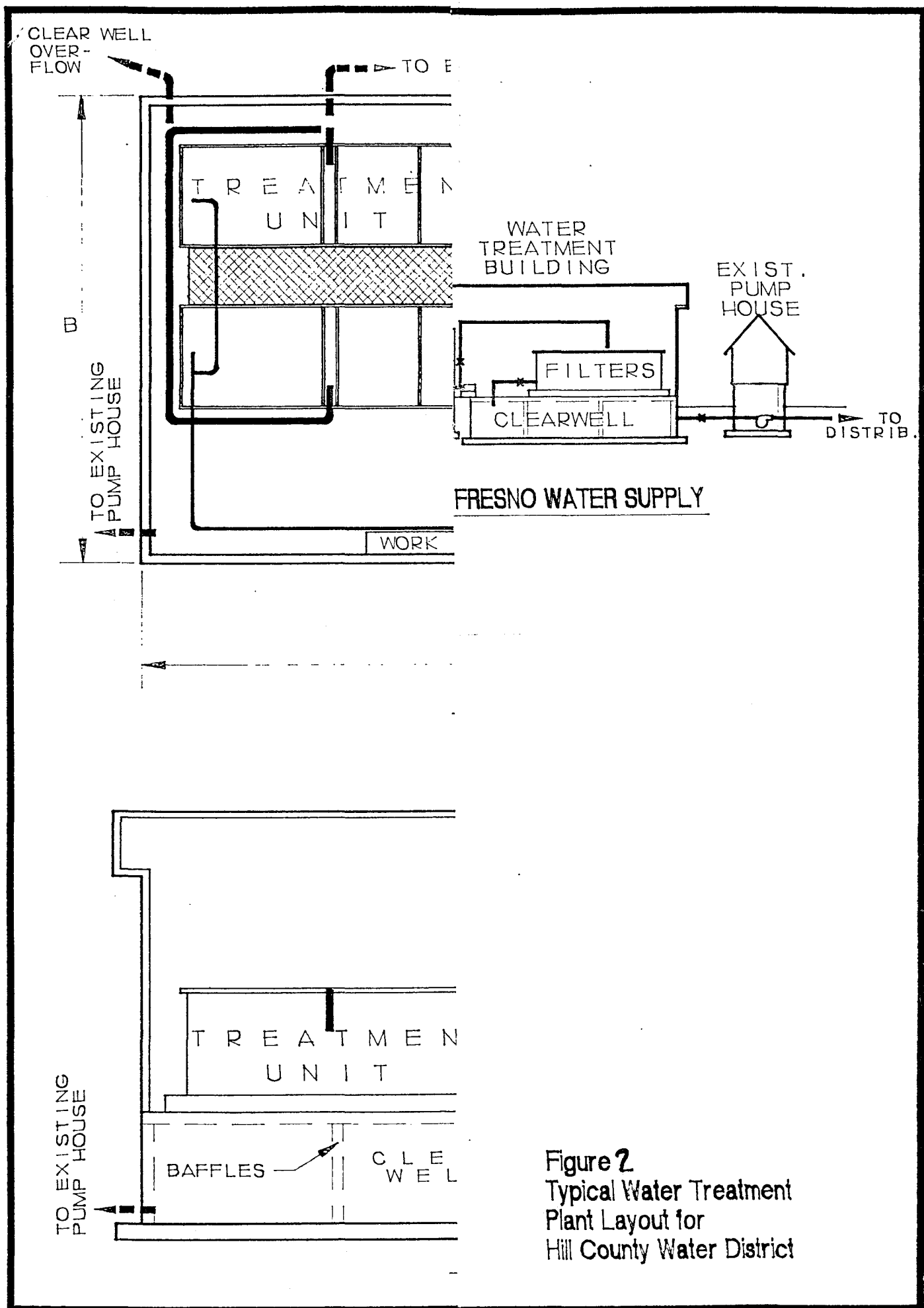


Figure 1.  
Existing Water System for  
Hill County Water District



**Figure 2**  
Typical Water Treatment  
Plant Layout for  
Hill County Water District

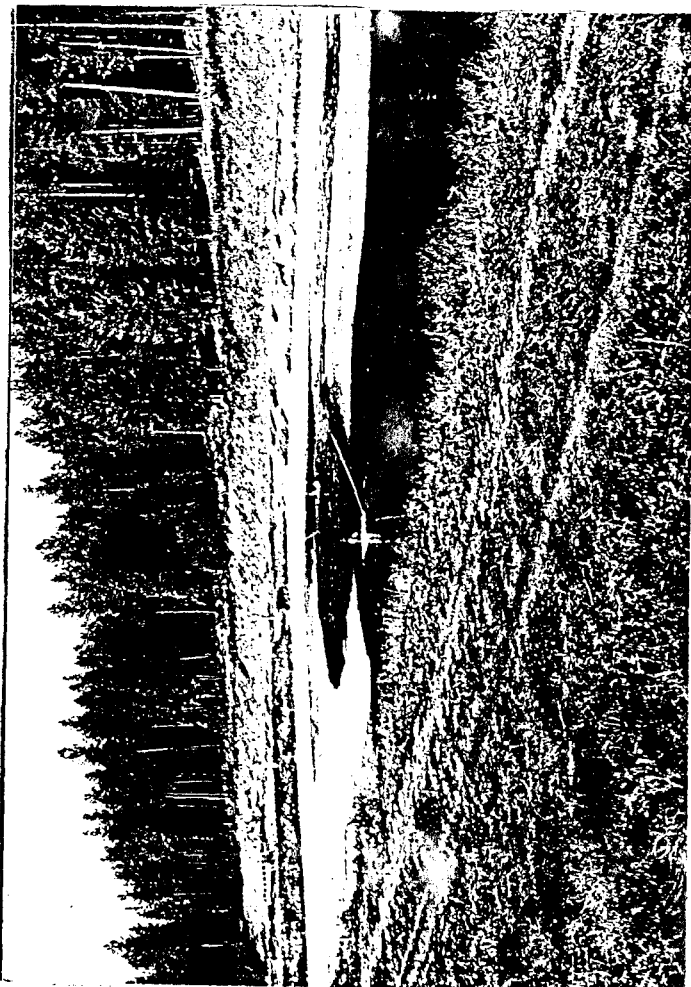
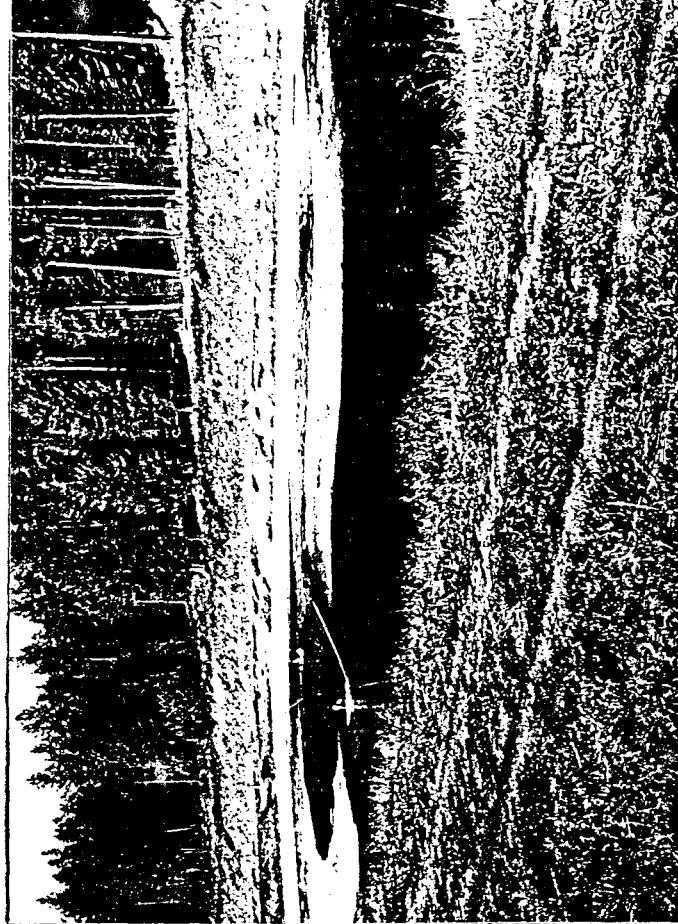
EXHIBIT 2  
DATE 1-26-95  
# 11

City of Thompson Falls 1/27-

**TSEP FINANCIAL GAP ANALYSIS**

- \* EXISTING MONTHLY COMBINED WATER AND SEWER RATES.....\$49.05
  
- \* MONTHLY COMBINED WATER AND SEWER RATES WITH OUT ANY TSEP ASSISTANCE.....\$55.40
  
- \* MONTHLY COMBINED WATER AND SEWER RATES WITH TSEP ASSISTANCE.....\$36.03

THOMPSON FALLS SEWAGE LAGOON  
(AERATED SYSTEM)



In 1982, the City undertook a renovation of its sewage treatment system facilities (lagoons). Three aerated ponds were constructed from the two facultative ponds. Design criteria meet State criteria but because of equipment inefficiency excessive infiltration, combined sewer discharges and lack of flexibility in operation, current performance doesn't meet the permit requirements. The treatment features which must be improved are the aeration equipment retention time and surface area.

As shown in the analysis charts, evaluation of records indicate severe infiltration problem are becoming worse. Infiltration into the collection system not only increases operating cost, but it also decreases efficiency and treatment capacity, which results in permit violation and possibly pump station failure.



As already stated, a serious deficiency exists in the basic and necessary sewer system and facility. The city is proposing to improve the sewer system by replacing and upgrading mains and service lines, installing a separate storm drain, system and upgrading the existing sewer treatment facility (lagoons).

The proposed project will help solve urgent and serious public health and safety problems that the city will face if the problem is not corrected. Another significant factor effecting the system is staying in compliance with state and federal standards. Over the past several years, the existing collection system and facility have unforseeably violated, as well as corrected, conditions resulting in the violation of their permits.

Mentioned before, the city has had difficulties staying in compliance with the effluent levels at the sewage lagoon. During the fiscal year of 1990-1992, the city exceeded their permit values for BOD's on six separate occasions, while in 1992 the city was in permit violation on three separate occasions.

The proposed project is necessary to comply with state and federal standards.

The current sewer system poses a serious threat to the health and safety of the community as well. Deteriorated lines, due to age and locations, have collapsed and continue to collapse causing sewage back up in residential homes as well as local businesses, many of which retail in food.

Public health consequences attributed to sewer deficiencies have occurred and are likely to continue occurring. Anytime there is sewer back up creating raw sewage to float around in a home and especially a public establishment, there is a great possibility of a serious illness or disease outbreak.

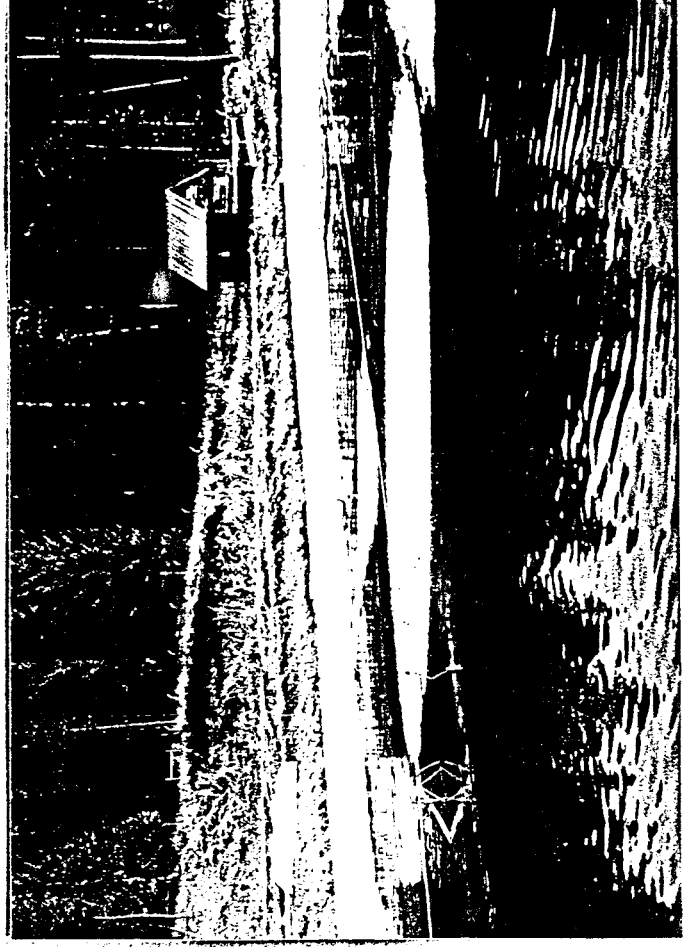
Aside from the collapsed service lines, the condition of the main lines pose a serious health threat to the public and environment. Existing lines were installed along the Clark Fork River at an elevation below lake level. Due to continual water changes, sections of the mains have been undermined, allowing excessive infiltration and possibly ex-filtration.

Due to the conditions and increase of penetration, the system has failed on numerous occasion. The pump station has overloaded several times in the past also. When the pump station fails, sewer overflows the stations and is then pumped into the Clark Fork River, posing a serious environmental threat.



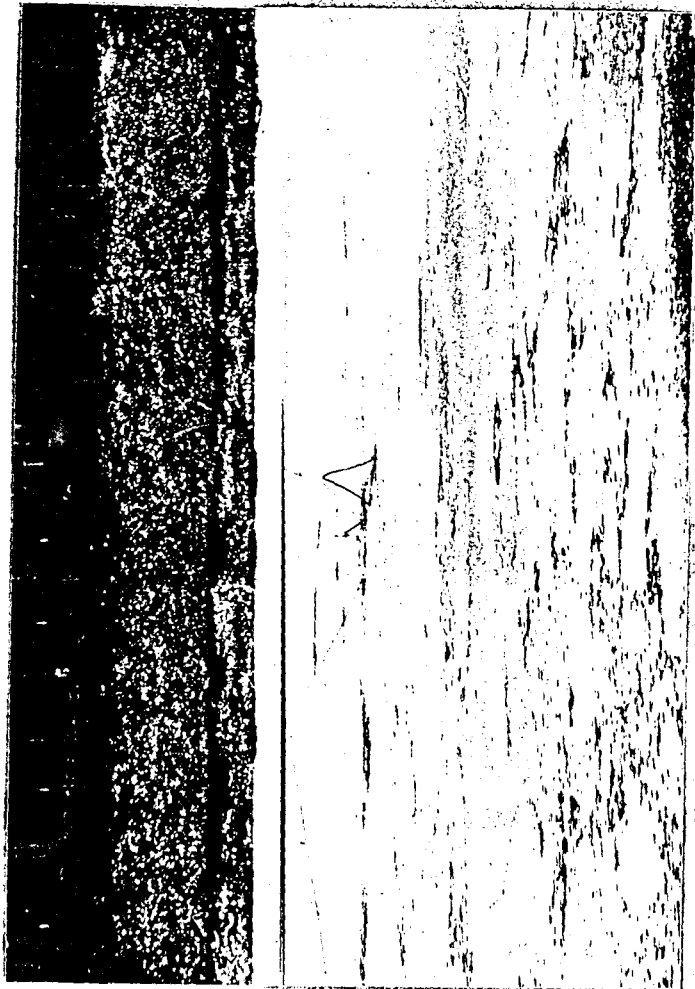
Non-functioning aerators is a persistent and continual problem at the Thompson Falls sewage lagoon facility. Currently, there are two aerators not in operation, one aerator in cell two and one aerator in cell three. Due to ice conditions and the availability of parts, rebuilding or replacing the malfunctioning aerators has been complicated.

Without all aerators in operating conditions, short circuiting and lower than needed oxygen available often results in permit violation. As indicated on the analysis charts, the Thompson Falls Treatment plant has on numerous occasions been out of compliance with their permits.



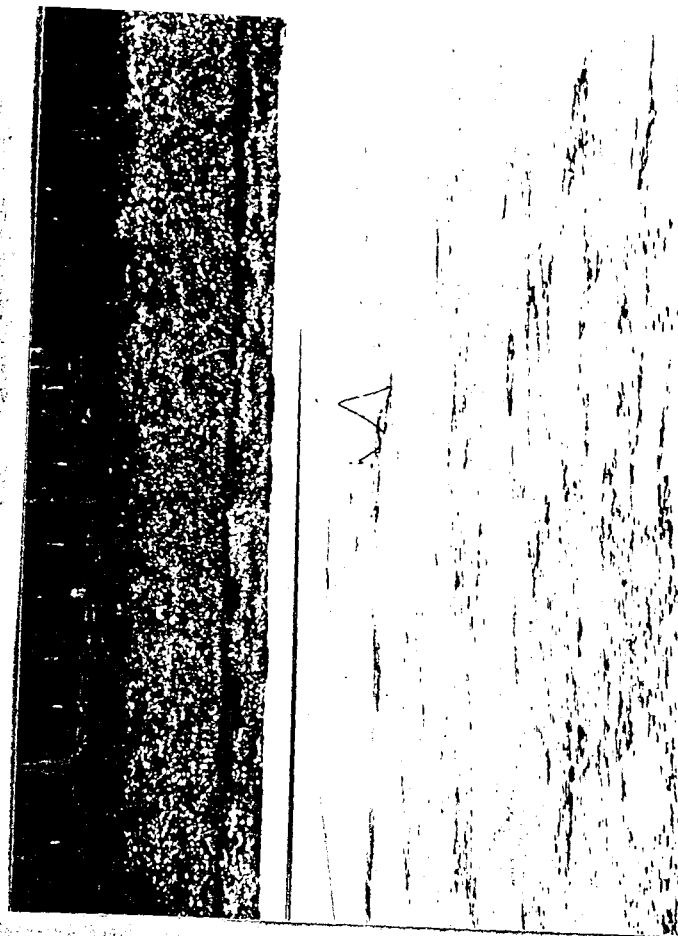


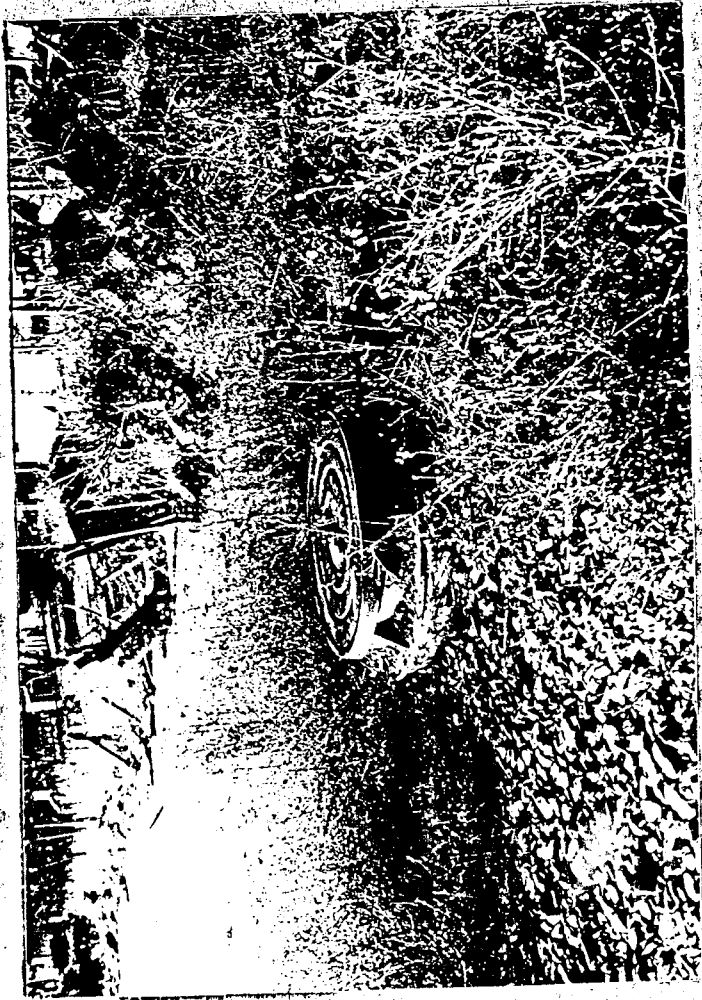
THOMPSON FALLS SEWAGE LAGOON  
CELL #3



Each of the photographs indicates one of the problems with the current aerators. As shown, the aerators in cell three are frozen in place, making it impossible to rebuild at the present time.

Another problem with rebuilding the existing aerators is finding parts for them. The manufacturer no longer make parts to repair the current aerators used at the Thompson Falls Waste Water Treatment Plant.





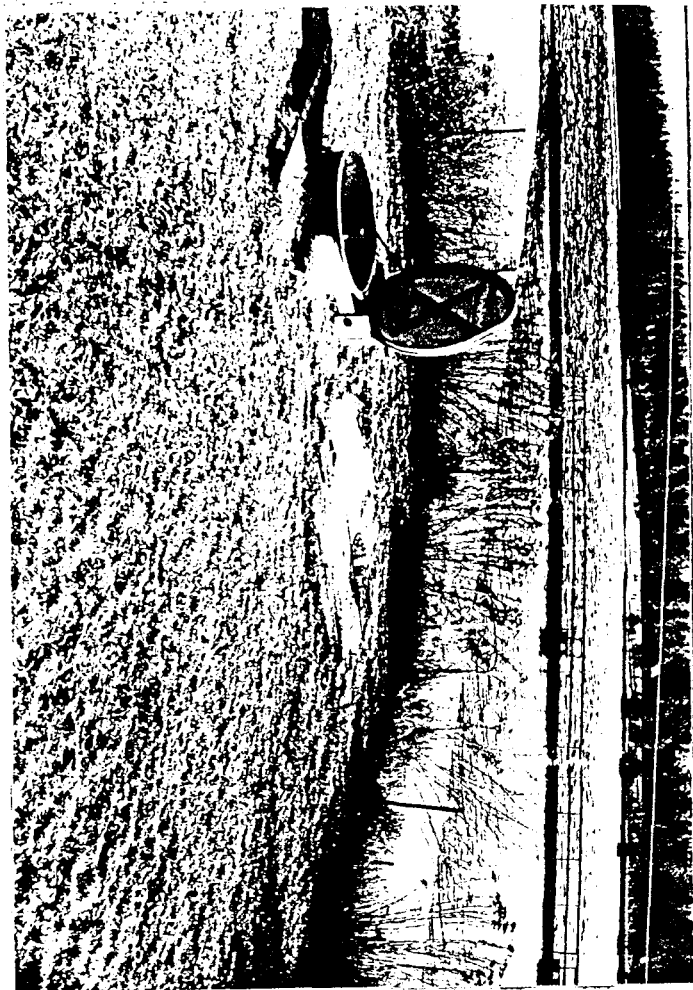
Currently, the City of Thompson Falls is proposing to improve and upgrade the pump station and manholes located along or in the Clark Fork River bank.

Over the past few years, the city has had problems with infiltration into the manholes, as demonstrated in pictures. The close proximity of the manholes to the Clark Fork River has caused numerous problems, such as infiltration.

The city intends to upgrade the pump station by installing a pump station at ground level. In the past, the existing pump station has overloaded with raw sewage, due to failure in the lines, which in turn caused the sewage to be pumped in to the river.

The current pump station is obsolete and has proven to be costly to operate and maintain. Moving the station to ground level would be easier to maintain as well as prove to be more efficient.





MEMO

EXHIBIT 3  
DATE 1-26-95  
#B 11

TO: JOINT LONG RANGE PLANNING COMMITTEE

FROM: EAST GLACIER PARK WATER AND SEWER DISTRICT

RE: TSEP PROJECT NO. 2, EAST GLACIER  
WATER TREATMENT PLANT

DATE: JANUARY 26, 1994

Mr. Chairman and Members of the Committee:

There are more difficult things to deal with in East Glacier than the weather. In the early 1980's this District borrowed \$450,000 from FmHA for development of a new water source. Upon construction of the horizontal well on Railroad Creek, this source proved to be very inadequate in terms of water quality and quantity. In the meantime, the Blackfeet Tribal court issued an injunction against the District, preventing them from collecting users fees from Tribal members.

The District was forced to return to their previous source, Midvale Creek. This is the stream flowing under the U.S. 2 Highway bridge on the South end of town. This unfiltered surface water is being chlorinated and consumed by the local populace and tourists. During spring runoff, the water may run the color of a cup of coffee. By administrative order, the District is required by MDHES to resolve this serious public health issue by installing water treatment by 1996. An ongoing boil order also requires posting of the boil order at all faucets, an ice making ban, and boiling of all water before drinking, food preparation, and dishwashing.

East Glacier has some very serious public health concerns. In addition, the Boil Order presents serious side effects on East Glacier businesses. There are 41 commercial water accounts now hauling water or turning away customers in East Glacier. The community is in a strong position to capitalize on the tourist trade, yet drives potential customers away due to public health fears. This presents a poor image to visitors.

Times will change in East Glacier Park. FmHA and IHS indicate they will participate in the project if the TSEP grant comes through. They have made verbal commitments and will formalize such upon TSEP grant award. East Glacier will retire a FmHA loan for new sewer treatment facilities this month. East Glacier has a \$450,000 FmHA loan to pay back for a bad water system. This will be re-amortized upon completion of this project.

The Blackfeet Tribe has lifted their injunction on user fees. The Tribal Council re-affirmed this just last October. We are working with the permitting agencies in obtaining water rights and permits.

We have turned over every rock in search of funds. Our CDBG grant application (through Glacier County) was denied in 1993. We have active funding applications in the hands of FmHA, DNRC, and IHS. WE have obtained commitments from the agencies up to their funding ability.

We have a class I water plant operator. We have a committed Board of Directors. We have a very concerned and vulnerable citizenry.

We need your help. With the gracious award of \$306,555 in TSEP funds, we are in step to proceed with pilot plant testing and design this year, followed by construction in 1996. We are committed to paying our fair share. Our water rates, with existing and future operation, maintenance, and debt service costs, will be \$421 per user per year, or about \$35.00 per month.

We are grateful to MDOC and MDHES review staffs for recognizing our problem as being the second most severe in the State of Montana. We respectfully request your award of TSEP funds as proposed by your capable staff.

Thank you for your consideration.

EXHIBIT 4  
DATE 1-26-95  
# 11

**PROBLEM STATEMENT**  
**DILLON WASTEWATER TREATMENT**

- \* Discharge Permit Noncompliance
- \* MDHES Mandate to Make Improvements
- \* Public Health Concerns
- \* Surface Water Pollution
- \* Limiting Economic Growth

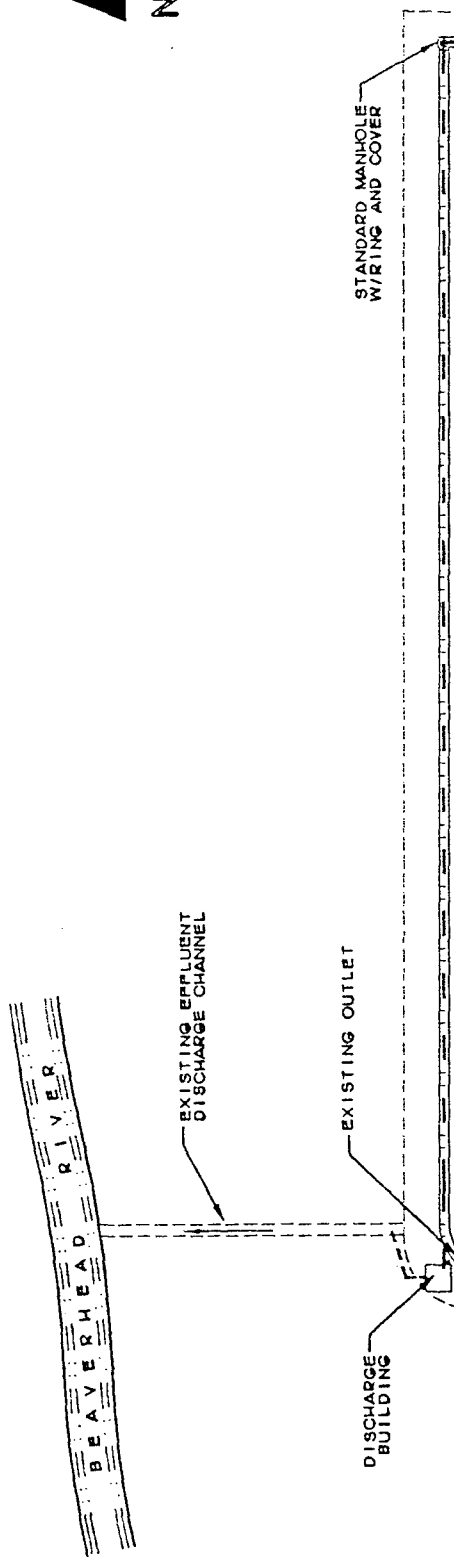


FIGURE 1  
Existing  
Lagoon Plan  
Dillon Wastewater  
Treatment Facility  
scale: 1" = 200'

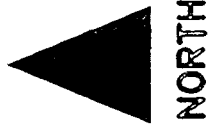


FIGURE 2 .....  
Proposed New  
Aerated Pond  
Dillon Wastewater  
Treatment Facility  
scale: 1" = 200'



HOUSE OF REPRESENTATIVES  
VISITOR REGISTER

Long-Range Planning SUBCOMMITTEE      DATE 1-26-95

DEPARTMENT(S) \_\_\_\_\_ DIVISION \_\_\_\_\_

PLEASE PRINT

PLEASE PRINT

NAME	REPRESENTING	
Rod Johnson	City of Troy	
Bob Moog	HILL County water Dist	
UNA Moog	" " " "	
David Rice	HILL County Water Dist	
John Salisbury	EAST GLACIER County WATER & Sewer	
E. Hilde	Interstate Engr Sidney.	
JOHN WILSON	CITY OF KALISPELL	
Ethel Hawkins	Dillon	
Lyle Meeks	East Glacier Wtr. Dist.	
STEVE SHORBUENE	E. GLACIER WATER DISTRICT REP.	
Mackenzie Sherburne	E. Glacier <del>water dist</del>	
Jessica Sherburne	E Glacier	
Colleen Sherburne	E Glacier Park	
Daniel M. McCauley	DAMSCHEN & ASSOC. CITY OF DILLON	
Cindy Guenram	City of Dillon	
John Wilson	city of Dillon	
Dave Hune	Damschen & Assoc	
Bill Tash	HD 34	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT  
FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HOUSE OF REPRESENTATIVES  
VISITOR REGISTER

Long-Range Planning SUBCOMMITTEE DATE 1-26-95  
DEPARTMENT(S) \_\_\_\_\_ DIVISION \_\_\_\_\_

PLEASE PRINT

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NAME	REPRESENTING	
<i>Tom Cash</i>	<i>Butte Silver Bow</i>	
<i>Chuck Swysgood</i>	<i>SD 17</i>	
<i>A.R. (Toni) Hagen</i>	<i>HD 90 - same</i>	