Harlowton Public Hearing Minutes
July 28, 2020
Harlowton Public Library

A public hearing was held July 28, 2020 at 6:00 p.m. at the Harlowton Public Library Conference room, for the purpose of obtaining public comments regarding a preliminary engineering report (PER) prepared by Great West Engineering, environmental assessment, and grant applications to the Treasure State Endowment Program (TSEP) and DNRC, for a proposed project that will replace deteriorated cast iron water mains in the city of Harlowton. This public hearing was originally scheduled for March 24, 2020 but due to the COVID 19 pandemic was rescheduled.

Joel Pilcher, Great West Engineering, Project Manager, presented information regarding the city's fifth phase of upgrading the city's water distribution system, including replacing aged and under-sized cast iron water mains. He explained that breaking up a large project into phases allows for better funding situations. Joel had worked with former public works director, Ian Reed, and current public works director, Bob Schuchard, in identifying the next two phases of the project. The next phase would address an approximate 7,900 lineal feet of aged lines with an estimated cost of $1,914,000; while the sixth phase would address an additional 7,200 feet at an estimated cost of $1,557,000. Maps of the proposed areas were provided (attached). Joel explained that the city has asbestos cement water lines that are also starting to fail.

The draft environmental assessment was completed. A copy has been available at the city hall for public review. There were no public comments regarding the EA. All construction activity for the 5th phase is within existing city streets. Several federal and state agencies made comments but none were determined to have a significant impact. The decision was that the draft EA is acceptable and no environmental impact statement is necessary at this time.

Joel explained that in order to be eligible for the Department of Commerce funds the city needs to be charging residents an appropriate amount for the combined utility services based on 2.3% of Harlowton's median household income of $29,813 ($57.14). The current average monthly charge is $75.70 which is 132% of the target rate. The city would qualify for $625,000 of TSEP funding based on the target rate. The city would qualify for CDBG funds based on the city residents having a low to moderate income of 51.7%. TSEP funding requires a dollar for dollar match and the source of these funds can be other grants and loans. DNRC does not require a match and the CDBG requires a 25% match which can also be other grants and loans.

Proposed funding for the fifth phase would include TSEP grant $625,000; DNRC Grant $125,000; CDBG Grant $450,000; SRF Loan forgiveness (grant) $357,000; and SRF Loan of $357,000. This would affect an approximate $3.38 per month user rate increase. All of these funding options are a competitive process and the city would apply for these grants and loans. If the proposed funding did not get approved the city could pursue funding through Rural Development/USDA. Kathie Newland noted that getting USDA funds was an arduous task fraught with lots of hoops and paperwork to complete.

Two additional public hearings will be held to inform the public of this phase of the project. August 25, 2020 will be the needs assessment public hearing and September 8, 2020 will be the last public hearing for this project.

Rob Elwood asked if the next two phases of the project could be combined to speed up the process. Joel explained they could be, but would require two constructions periods (two summers) so breaking the phases up allows for more opportunities to apply for grant funds. Bob Schuchard commented that trying to complete two phases in one construction period would be very difficult for the limited city staff to handle.

Charley Bennett asked how many more phases were needed after the 6 already identified phases. Joel suggested that after phase 6 there would still be about 8,000 lineal feet of old cast iron pipe remaining which ideally would be split into two additional phases; however there are also about 13,000 lineal feet of asbestos cement lines that are starting to fail. It would be up to the city to determine if they would keep pursuing upgrading of the infrastructure.

Paul Otten asked where the city has the asbestos cement water lines. Bob responded that is was mostly on the west end of town. Rob Elwood asked how these lines fail. Joel responded that typically they split. Bob added that it is usually during the frost heaving time of year that they fail. Rob asked how the cast iron lines fail. Bob responded that mostly it is rust holes but they can also split. Rob asked about potential asbestos contamination from the asbestos cement lines. Joel explained that as the lines are replaced the asbestos cement lines are left in the trench undisturbed. Jim Kalitowski asked if an asbestos cement line breaks does that cause a contamination problem. Joel explained that the broken section is cut out and disposed of properly. Rob asked if there was any wood pipe in service in Harlowton. Bob explained he knew of one section at the south end of Central Avenue that is square wood wrapped in tar. It is scheduled to be replaced in phase 5.

Charley asked for clarification on the timing of the phase 5 project. Joel explained the grant application results would be known by the spring of 2021 with funds being released in the summer of 2021, design phase would commence that fall with construction going to bid in the spring of 2022 and actual construction starting summer of 2022.

There being no further questions or comments, the meeting adjourned at 6:32 pm.

See sign-in sheet for attendance (attached)

Paul Otten, Mayor

Clerk-Treasurer

CITY OF HARLOWTON
WATER SYSTEM

PRELIMINARY ENGINEERING REPORT, GRANT APPLICATIONS AND ENVIRONMENTAL ASSESSMENT

PUBLIC MEETING

JULY 28, 2020

Presented by:

GreatWest engineering®

1.0 BACKGROUND AND SCOPE

1.1 Preliminary Engineering Report Objectives

- What is a Preliminary Engineering Report (PER)
  - Required by regulatory agencies for compliance and funding agencies for grants
  - Develops problem definition
  - Describes existing system
  - Evaluates alternatives including selection of a preferred alternative
  - Establishes costs and potential funding scenarios
  - Implementation schedule
  - Facilitate public comment

1.2 2014 Preliminary Engineering Report

- Recommended replacement of 25,500 lineal feet of cast iron water main in a phased approach
  - Phase 3 replaced approximately 9,000 feet
  - Phase 4 (currently in construction) will replace approximately 7,500 feet

2.0 EXISTING SYSTEM

2.1 DISTRIBUTION

- After Phase 4 the City will still have about 9,000 lineal feet of old, deteriorated and undersized cast iron pipe and over 13,000 lineal feet of aging asbestos cement water mains.

3.0 ALTERNATIVES

3.1 DISTRIBUTION

- Replace old and undersized water mains in a phased approach
  - Phase 5 – 7,900 lineal feet, Estimated Cost: $1,914,000
  - Phase 6 – 7,200 lineal feet, Estimated Cost: $1,557,000

3.2 PROPOSED PROJECT

- Pursue funding and complete Phase 5

4.0 FUNDING STRATEGIES

4.1 Montana Department of Commerce Target Rate

- Median Household Income: $29,813
- 2.3% of MHI for combined water and wastewater: $57.14

4.2 Existing Average Residential Monthly Rate

- Water: $41.80
- Wastewater: $33.90
- Combined: $75.70 (132% of target rate)

4.3 Grant Eligibility

- Treasure State Endowment Program: Must be at 100% of target rate minimum to be eligible for up to $500,000; 125% of target is eligible for $625,000; 150% of target is eligible for $750,000. Requires a dollar for dollar match
- DNRC Renewable Resource Grant Program: Grants up to $125,000
- Community Development Block Grant: Grant up to $450,000; Must have a low to moderate income percentage greater than 51%, Harlowton is at 51.7%; Requires a 25% local match.

4.4 Loan Programs

- Montana Department of Environmental Quality State Revolving Fund: 2.5% Interest, 20-year term. 50% loan forgiveness possible, up to $500,000. Bond Reserve (1/2-year payment) included in loan. 10% annual loan coverage required. City has utilized SRF funding for the previous phases of water system improvements.
- USDA Rural Development: Grant eligibility and loan interest rates are based on the community's median household income (MHI) and user rates. If the area to be served has an MHI of $38,205 or lower and the project is necessary to alleviate a health and/or sanitation concern, up to 75% of the project costs are grant eligible, although 30-40% grant is more realistic. 1.375%-1.875% Interest depending on health and safety issues. 40-year loan term.

4.5 Potential Funding Scenarios

- **Preferred Funding Package – Phase 5**

TSEP Grant	$625,000
DNRC Grant	$125,000
CDBG Grant	$450,000
SRF Loan Forgiveness	$357,000
SRF Loan (2.5% - 20-yrs)	$357,000

Estimated Monthly Rate Increase	$3.38/month
Estimated Monthly Rate Increase w/o DNRC	$3.97/month
Estimated Monthly Rate Increase w/o DNRC and CDBG	$7.47/month

Environmental Assessment

- What is an Environmental Assessment?
  - Public document analyzing the complexity and seriousness of environmental issues
- Draft EA has been completed and is available
  - All recommended State and Federal agencies have been contacted
  - Construction activity within existing City streets
  - Public comments can be provided tonight
- Received comments from several agencies
- To date, no comments have been of significant impact
- Decision:
  - Environmental Assessment is acceptable;
  - Environmental Impact Statement (EIS) is not necessary

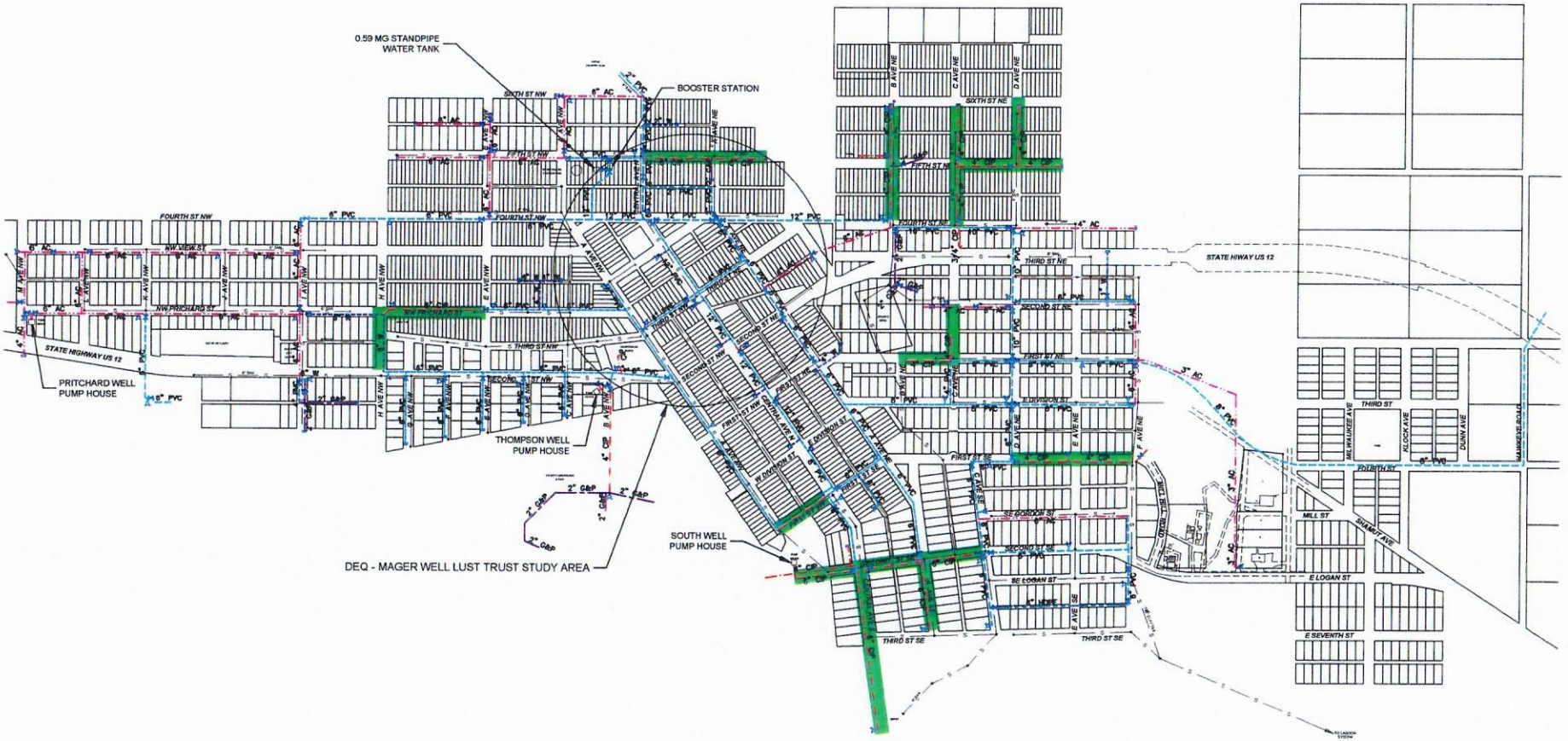

Figure 5-1
Phase 5
Proposed Water Distribution System Improvements
CITY OF HARLOWTON
2020 WATER PER

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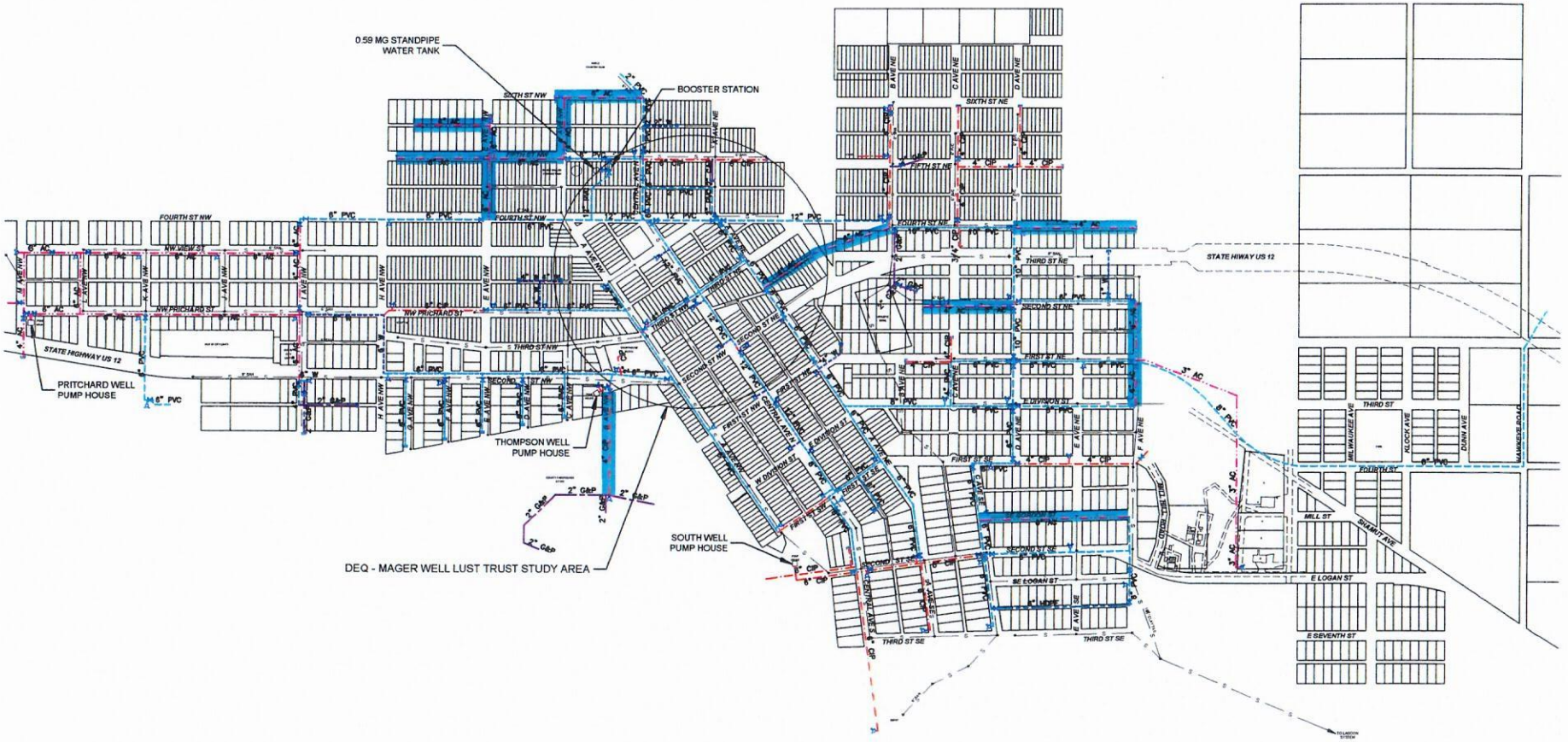

GreatWest engineering®

Figure 5-2
Phase 6
Proposed Water Distribution System Improvements
CITY OF HARLOWTON
2020 WATER PER

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CITY OF HARLOWTON
Water System Improvement Project
Public Hearing
July 28, 2020
Sign-In Sheet

Name	Address	Telephone
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Bob Schuchard	PO Box 326 Harlowton MT.	(406) 850-3649
RONALD E TEIG JR	PO Box 486 HARLOWTON MT	406-350-1867
Robert O. Elwood	PO Box 3 Harlowton, MT	720-438-0015
Jack R Runyan	PO Box 132 Harlowton, MT	406-632-4651
[signature]	P.O Box 284 Harlowton MT	406-989-2352
JIM KALITOWSKI	PO Box 767 HARLO	406-632-4696
Kathie Newland	po Box 292 Harlo	406-632-5523