

Harlowton Public Hearing Minutes
September 8, 2020
Harlowton Public Library

A public hearing was held September 8, 2020 at 6:07 p.m. at the Harlowton Public Library Conference room, for the purpose of obtaining public comments regarding the discussion of a Community Development Block Grant (CDBG) Application prepared by Great West Engineering, environmental assessment, and grant applications to the Treasure State Endowment Program (TSEP) and Montana Department of Natural Resources and Conservation (DNRC), for a proposed project that will replace deteriorated cast iron water mains in the City of Harlowton. The CDBG Grant can provide up to \$450,000 with a 25% match required. These grants can be used for such projects as improving public infrastructure for water and wastewater systems. The grants can also be used for community facility projects such as senior centers and nursing homes.

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. Joel stated that it is best to do a phased approach to the project in order to best take advantage of the grant funds available. Joel stated that the City of Harlowton will be submitting an application soon to the Montana CDBG Program. In order to qualify for grants through the CDBG program, a city must have at least 51% low-moderate income residents. Harlowton currently has 51.7% low to moderate income residents. The city must have less than 50,000 residents. The project needs to address a documented community need.

The next phase of the Water System Improvement project, Phase 5, 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 lineal 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 replacement of these lines would be part of Phase 6 of the Water Systems Improvement project.

Joel explained that in order to be eligible for the Montana 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. 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 (with a rate of 2.5% for 20 years). 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. There are also loan forgiveness programs available through the Montana Department of Environmental Quality State Revolving Fund. This fund offers up to 50% loan forgiveness, (up to \$500,000). Joel stated that he believed the City of Harlowton would be a good

candidate for the loan forgiveness option. Joel stated that the USDA loan option was a little more difficult to get than the MDEQ Fund. He also stated that if funding does not happen, the projects would probably be delayed.

Council member Rob Elwood asked if there had been any changes to the project since the completion of the current Phase 4 work done over the summer. Joel responded that no, there had been a few low bids and that there was approximately \$300,000 left to cover other projects.

Council member Charley Bennett asked if after Phase 6 of the Water System Improvement project, would the project be complete. Joel responded that no, Phase 6 involves replacing half of the asbestos pipe. Phase 7 would cover replacing the rest of the water system. With Phase 7 completed, the City's water system would be completely brand new.

A discussion took place between Joel and the Council regarding where on the map (provided) that each phase would take place. Charley asked if the water line by his house would be included. Joel responded that it should be addressed but that the project would be done by what is the highest priority to be fixed first. Charley then asked the City Public Works Director Bob Schuchard if the pipe by his house would be completed. Bob responded that no, it would not.

In the meeting conclusion, Joel stated that by December of this year we would know if the TSEP would be funding Phase 5 of the project. All other sources of loans and Grants probably would not be known until Spring of 2021.

There being no further questions or comments, the meeting adjourned at 6:35 pm.

See sign-in sheet for attendance (attached)

Paul Otten, Mayor

Clerk-Treasurer