

PROGRAM UPDATE
RENEWABLE RESOURCE GRANT AND LOAN
PROGRAM

Montana Department of Natural Resources and Conservation

February 25, 2014



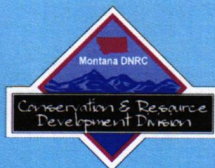
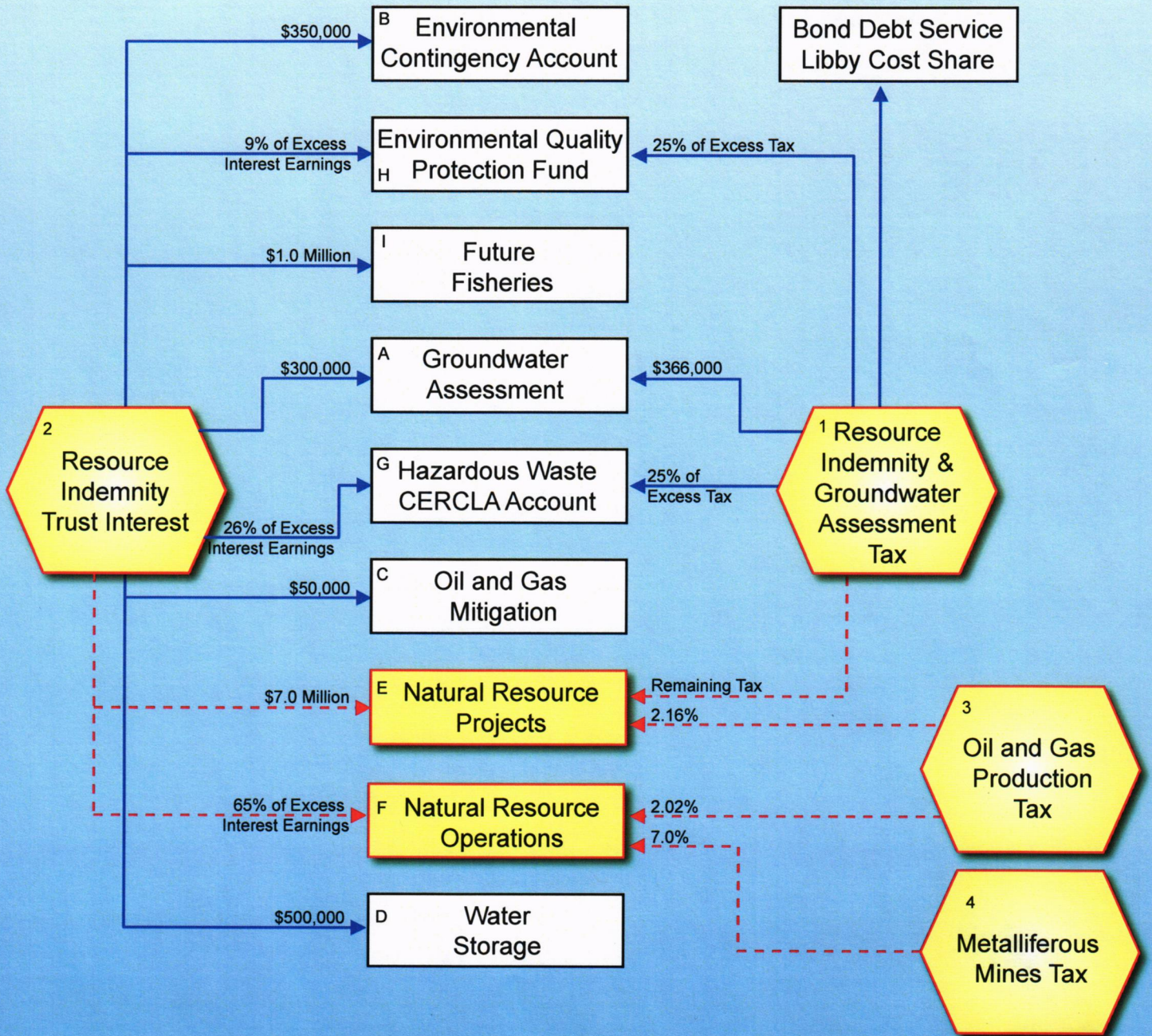
MONTANA NATURAL RESOURCE PROGRAMS



- Resource Indemnity Trust Fund
- Resource Indemnity Groundwater Assessment Tax
- Oil and Natural Gas Production Tax
- Metalliferous Mines License Tax

Department of Natural Resources & Conservation
January 2013

Allocation of Funding Sources for Natural Resource Programs 2015 Biennium



APPENDIX A

ALLOCATION OF FUNDING SOURCES FOR NATURAL RESOURCE PROGRAMS

This summary describes the flow of revenue to natural resource project accounts in State government. Revenue sources and programs shown in bold are represented on the flow chart located at the beginning of this document.

REVENUE SOURCES

1. The **Resource Indemnity Groundwater Assessment Tax (RIGWA)** is a 0.5 percent tax of the gross value of the product of certain mineral mining. The tax was originally created in 1973. Mineral production, on coal, small metal mine production, talc, vermiculite, limestone, and other "*nonrenewable merchantable products extracted from the surface or subsurface of the state of Montana*" (15-38-103, MCA). Proceeds from the RIGWA tax go toward groundwater assessment, bond debt service for the Libby cost share, and various natural resource programs.
2. Title 15, Chapter 38, MCA, created a **Resource Indemnity Trust Fund** to indemnify the citizens of Montana for depletion of the state's natural resources and for environmental damage from mineral development. The trust was funded with proceeds from resource extraction taxes until the trust balance reached \$100 million, which occurred in December 2001. Deposits to the resource indemnity trust fund ceased at that point, and the balance has remained at \$100 million. Income from the trust fund is used to fund environmental and natural resource programs.
3. **Oil and Gas Production Tax** is distributed to counties affected by oil and natural gas production and to the natural resources state special revenue accounts. The 1995 Montana Legislature replaced all existing extraction taxes on all oil and natural gas production with a single production tax based on the type of well and type of production. Other programs funded by this tax include the coal bed methane protection account, the orphan share account, and the Montana University System state special revenue account. This tax has been effective since January 1, 1996.
4. **The Metalliferous Mines License Tax** is levied on the owner of any mine extracting metals, and precious, or semiprecious gems. Proceeds are distributed to the state general fund, the hard-rock mining impact trust account, the hard-rock mining reclamation debt service fund, the natural resources operations state special revenue account, and to counties adversely affected by mining.

NATURAL RESOURCE PROGRAMS

A. The **Groundwater Assessment Account** was created in 1991 (85-2-901 et seq., MCA) to fund a statewide groundwater assessment program that monitors the quantity and quality of the state's groundwater. The program is staffed by the Montana Bureau of Mines and Geology in Butte. An oversight committee reviews all expenditures, approves monitoring sites, prioritizes areas, coordinates information, and evaluates reports.

B. The **Environmental Contingency Account** was created in 1985 (75-1-1101 et seq., MCA). The Governor has the authority to approve expenditures from this account to meet unanticipated public needs. Specifically, the statute limits projects to those that (1) support renewable resource development in communities that face an emergency or imminent need for the services or to prevent the failure of a project; (2) preserve vegetation, water, soil, fish, wildlife, or other renewable resources from an imminent physical threat or during an emergency, not including natural disasters or fire; (3) respond to an emergency or imminent threat to persons, property, or the environment caused by mineral development; and (4) fund the Environmental Quality Protection Fund. Each biennium, \$350,000 of the RIT interest earnings is allocated to this account until the balance in this account reaches \$750,000.

C. The **Oil and Gas Production Damage Mitigation Account** was created in 1989 (82-11-161, MCA). The Board of Oil and Gas Conservation may authorize payment for the cost of properly plugging a well and reclaiming and/or restoring a drill site or other drilling or producing area damaged by oil and gas operations. The site must be abandoned, and the responsible person either cannot be identified or refuses to correct the problem. Each biennium, \$50,000 of the RIT interest earnings is allocated to this account. The balance in this account cannot exceed \$200,000.

D. The **Water Storage State Special Revenue Account** was established in 1991 (85-1-631, MCA). The purpose of the account is to provide funding for projects that rehabilitate existing water storage facilities or develop new ones. Priority is given to high hazard, unsafe dams. Each biennium, \$500,000 of RIT interest earnings is deposited into this account.

E. The **Natural Resource Projects State Special Revenue Account** receives funding from Resource Indemnity Trust (RIT) interest earnings, RIGWA, and the Oil and Natural Gas Production Tax (85-1-604, MCA). This Account funds projects managed under the following two programs:

The Renewable Resource Grant and Loan Program, created in 1993. The purpose of the grant program is to fund projects that conserve, develop, manage, and preserve water and other renewable resources. (85-1-602, MCA).

The Reclamation and Development Grants Program, established in 1987. Purposes of the program are: (1) to repair, reclaim, and mitigate environmental damage to public resources from nonrenewable resource extraction; and (2) to

develop and ensure the quality of public resources for the benefit of all Montanans (90-2-1101, MCA).

F. The **Natural Resources Operations State Special Revenue Account** receives RIT interest earnings, and Oil and Natural Gas Production Tax proceeds, (90-2-1104, MCA). The revenues are used to fund administration of natural resource agencies, including the administration of the Renewable Resource Grant and Reclamation and Development Grants Programs, and state agency costs.

G. The **Hazardous Waste Federal Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) Account** is administered by the Department of Environmental Quality (75-10-601 et seq., MCA). This account receives 26 percent of remaining RIT interest earnings and 25% of excess RIGWA tax. The account was established in 1983 and used to make payments on CERCLA bonds, implement the Montana Hazardous Waste Act, and provide assistance in remedial actions under CERCLA.

H. The **Environmental Quality Protection Fund** was established in 1985 and is administered by the Department of Environmental Quality (DEQ) (75-10-704 et seq., MCA). This account receives 9 percent of the remaining RIT interest earnings and 25% of excess RIGWA tax. The purpose of this account is to provide funding for remedial actions taken by the DEQ in response to a release of hazardous or deleterious substances.

I. The **Future Fisheries Improvement Program** was created by the 1995 Legislature to restore essential habitats for the growth and propagation of wild fish population in lakes, rivers, and streams. In 1999, the Legislature expanded the program by adding funding from the RIT and directing a portion of the funding to projects that specifically enhance bull trout and cutthroat trout, with emphasis on mineral reclamation projects.

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INTRODUCTION

This report summarizes the current status of the Montana Department of Natural Resources and Conservation (DNRC) Renewable Resource Grant and Loan (RRGL) program. The information in this report updates DNRC's 2013 RRGL biennial report. The biennial report was prepared September 2012 and is Volume 6 of the Governor's Executive Budget Fiscal Years 2014 – 2015. The biennial report includes summaries of each project recommended for funding to the 2013 Legislature and contains a comprehensive description of RRGL program policies and procedures. Volume 6 of the Governor's Executive Budget Fiscal Years 2014 – 2015 is available at the following website:

<http://dnrc.mt.gov/AboutUs/Publications/2013/2014-2015RRGLExecutiveBudget.pdf>

The RRGL program is composed of six grant programs and two loan programs described in Sections 1 - 5 of this report and summarized below in **Table 1**.



Eureka received a Renewable Resource Project Grant for improvements to the city's drinking water treatment facilities

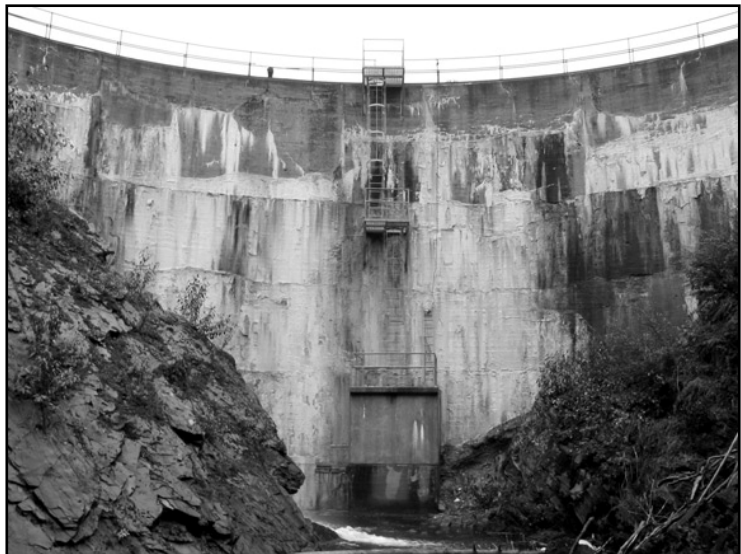
TABLE 1
PROJECT FUNDING LIMITS & LEGISLATIVE APPROPRIATIONS FOR 2015 BIENNIUM
RENEWABLE RESOURCE GRANT AND LOAN PROGRAM

Grant Program And Line Items	Funding Limit*	Eligible Applicants	Total Appropriation 2013 Biennium
Grant Programs			House Bill 6
Project Grants	\$100,000	Public Entities	\$ 8,967,632
Planning Grants	\$20,000	Public Entities	\$ 1,062,000
Emergency Grants	\$30,000	Public Entities	\$ 100,000
Irrigation Development Grants	\$20,000	Public and Private	\$ 300,000
Private Grants	\$5,000	Private (non govt)	\$ 100,000
Capacity Grants	\$20,000	Conservation Districts	\$ 200,000
Jefferson Pipestone Project	OTO	Jefferson County	\$ 1,273,686
State Water Plan	OTO	DNRC Water Resources	\$ 200,000
10-Mile Sewer Emergency	OTO	10-Mile Sewer District	\$ 250,000
Total RRGL Appropriation	variable	Public and Private	\$12,453,318
Tribal Settlement Grant	OTO	Fort Belknap Tribe	\$3,000,000
Tribal Settlement Grant	OTO	Blackfeet Tribe	\$14,000,000
Total House Bill 6			\$29,453,318
Loan Programs			House Bill 8
Ruby Dam Rehabilitation	\$3,000,000	DNRC and Water Users	HB 8 gives DNRC authority to issue coal severance tax bonds. Funding limits represent DNRC bonding authority.
Pipe Existing Ditch	\$1,465,266	Sunset Irr. District	
Regional Water Construction	\$6,000,000	Dry Prairie Rural Wtr Sys.	
Regional Water Construction	\$10,000,000	North Central Reg. Wtr.	
Refinance Existing Infrastructure Debt	\$3,000,000	Public Entities	
Bond Reserve	\$2,246,527	State of Montana	
Total bonding authority HB8		DNRC	\$24,711,793
			85-1-6, MCA
Loans to Private Individuals	\$ 400,000	Private individuals and business entities	General Obligation Bond Authority up to \$30,000,000
Loans to Private Associations	\$3,000,000	Associations/ Groups	

**Funding Limits:* DNRC sets funding limits for individual grants to obtain optimal public benefit from the investment of public funds. The funding limit for an RRGL project grant will increase from \$100,000 to \$125,000 in the 2017 biennium. Loan limitations are based on ability of the borrower to repay the loan.

Program Background

The Renewable Resource Grant and Loan (RRGL) program is the product of two earlier resource management programs: the Renewable Resource Development Program and the Water Development Program. The former Renewable Resource Development Program was established by the Legislature in 1975 to promote the development of Montana's renewable resources. Funds generated by the use of nonrenewable mineral resources were pledged toward the purchase, lease, planning, design, construction, or rehabilitation of projects that conserved, managed, developed, or preserved land, water, vegetation, fish, recreation, and other renewable natural resources. Under the Renewable Resource Development Program, only governmental entities are eligible to apply for funding. The former Water Development Program was established by the Montana Legislature in 1981 to promote and advance the beneficial use of water, and to allow Montana's citizens full use of the state's water by providing grants and loans for water development projects and activities. Under the Water Development Program, both governmental entities and private persons were eligible to apply for funding.



Flower Creek Dam Replacement Project
Renewable Resource Grant to the City of Libby

In 1993, the Renewable Resource Development Program was combined with the Water Development Program to form the Renewable Resource Grant and Loan (RRGL) Program. The role of the DNRC was expanded to assist in the development of the state's renewable resources. The Resource Development Bureau of DNRC thus assumed responsibility for administering the RRGL program as stipulated under Title 85, part 6, MCA. Combining the two programs streamlined program administration but did not change applicant and project eligibility criteria.

The 2007 Legislature revised the funding structure of the RRGL program by establishing two Natural Resources State Special Revenue Accounts (SSRA): the Natural Resources Projects SSRA and the Natural Resources Operations SSRA. The Projects SSRA receives revenue to be used exclusively for grants for designated projects authorized in statute. Funds from this

account are shared by the RRGL and the Reclamation and Development Grants programs. The Natural Resources Operations SSRA funds expenses necessarily incurred in the administration of these two natural resource grant programs. Other related agency expenses are also charged to the operations account. This funding structure is designed to ensure that funds from the Resource Indemnity Trust (RIT) and other resource extraction revenue sources are expended as originally intended. **Figure 1** is a flow chart summarizing revenue sources for the Natural Resources Projects and Operations SSRAs. The percent allocations in **Figure 1** can change each legislative session.



Park County received a Renewable Resource Project grant for waste water system improvements at the Park County Fairgrounds.

Program Purpose

The purpose of the RRGL program is to further the state's policies, set forth in Section 85-1-101, MCA, regarding the conservation, development, and beneficial use of renewable resources. The goal of the program is to invest in renewable natural resource projects that preserve economic and other benefits of the state's natural heritage for the citizens of Montana.

Project Eligibility

Grants and loans are available for projects that conserve, manage, develop, or preserve the state's water, land, vegetation, fish, recreation, and other renewable resources. The majority of projects funded under this program are water resource projects; but forestry, soil conservation, renewable energy, and solid waste projects also have received funding. Project funding is available for construction, research, design, demonstration, and planning. Watershed projects

that preserve and improve water quality and projects that help plan for future management and protection of water sources (such as groundwater assessment studies) have received funding in the past.

Funding Authority

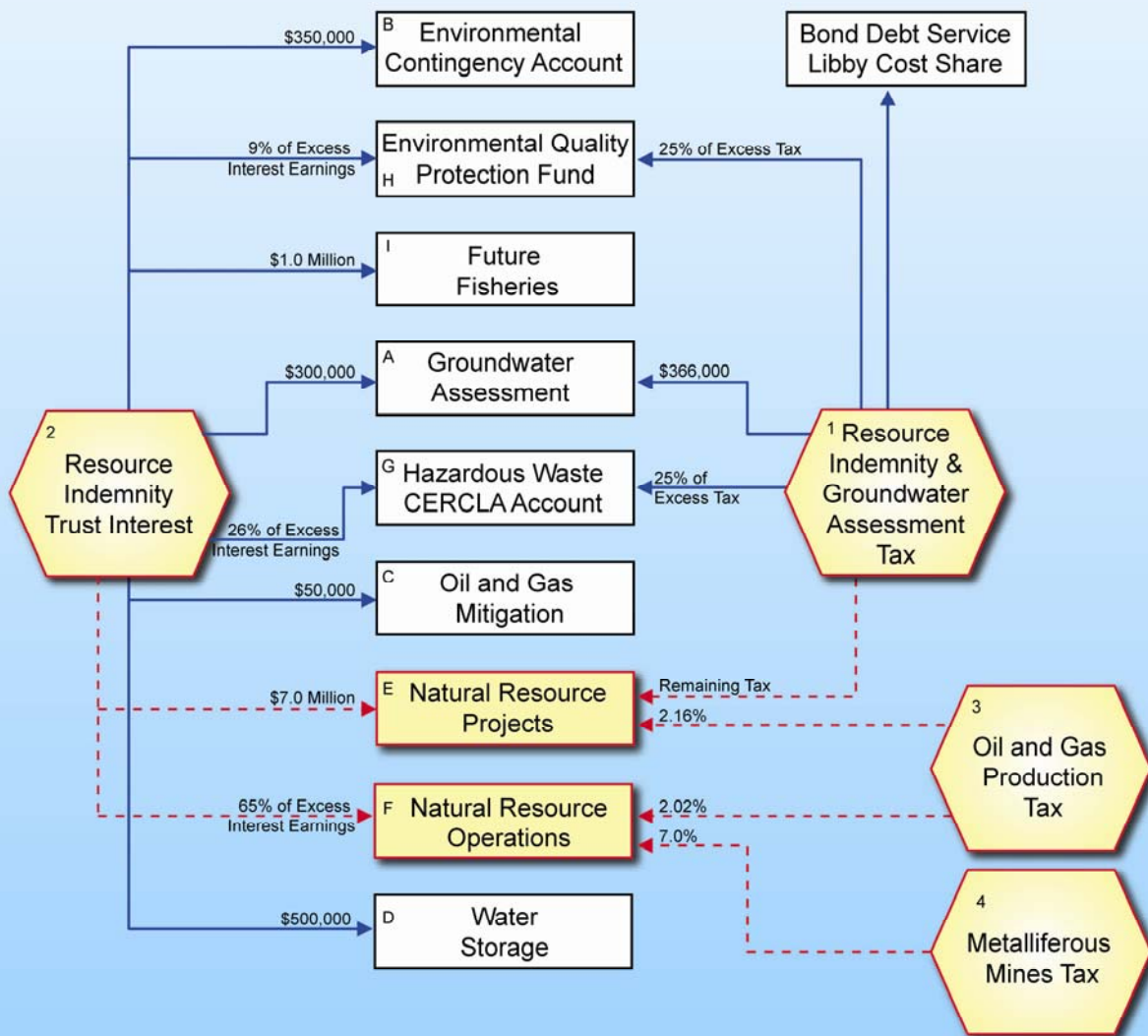
The 2013 Legislature appropriated \$12,453,318 in House Bill 6 for renewable resource grants. Of that amount, \$8,967,632 will fund 90 project grants, \$1,062,000 will fund planning grants, \$300,000 will fund about 30 irrigation development grants, \$350,000 will fund about 6 emergency grants, \$200,000 will fund about 20 capacity grants \$100,000 will fund about 30 private grants. The public and private renewable resource loan programs are funded through the issuance of general obligation and coal severance tax bonds. Public loans are authorized in House Bill 8.



The City of Flaxville used a Renewable Resource Emergency grant to repair the town water storage facility Tank February 2014

Figure 1.

Allocation of Funding Sources for Natural Resource Programs 2015 Biennium



updated 1/8/13

What makes the RRGL Program Different from other Funding Sources?

A Renewable Resource grant or loan is, in many cases, not the only funding for a given project. Projects with budgets greater than a \$100,000 combine grants and loans from other sources such as Montana's Treasure State Endowment Program (TSEP), the Future Fisheries Program, the Coal Board, the State Revolving Fund, or a Conservation District. Federal monies from sources such as the Natural Resources Conservation Service, the Community Development Block Grant Program, and Rural Development can be part of the mix. Applicants also receive funding from local governments, private donors, and appropriations from Congress. Compared to other funding programs, Montanan's RRGL program is unique for several reasons.

- Although applicants are encouraged to contribute to the project and seek matching funds, DNRC does not require a match for RRGL project or planning grants.
- Project sponsors that expected additional funding from other sources do not automatically lose their RRGL funding if other funding falls through. These project sponsors are allowed to keep their RRGL grant if they can use it to address a distinct phase of the project. This policy is in place to help communities implement large projects in affordable increments if funding problems otherwise limit their ability to construct the entire project at one time.
- RRGL funds both public and private entities.
- About a quarter of RRGL grant funds go toward improving irrigation system infrastructure and management. Producers, irrigation districts, and water user associations have very few other sources of grant funds.
- The RRGL program allows grants to be spent early in the project. This policy is in place because for large projects with multiple funders, some grant programs will not allow their grants to be used until the project is underway. This can stall a project for months or years waiting for one grant program to go before another.



Fort Shaw Irrigation District Siphon Repair
Renewable Resource Project Grant

The following four sections describe the various renewable resource grant and loan programs.

SECTION 1
RENEWABLE RESOURCE PROJECT GRANTS AND LOANS TO PUBLIC ENTITIES

The DNRC Resource Development Bureau accepts applications for public grants that are submitted or postmarked by May 15 of each even-numbered year. Applications for the current biennium were received May 15, 2012. Applications for the next biennium are due this May 15, 2014 and will be considered by the 2015 Legislature. Under the RRGL program, a public entity is registered with the Secretary of State and is typically a city, town, county, school district, irrigation district, water and/or sewer district, state agency, university, or conservation district. Grant programs in this category include: project grants, planning grants, and emergency grants.

Project Grants

DNRC solicits a wide variety of project applications to maintain the competitive nature of the program. Those projects that most closely meet statutory priorities rank the highest and are most likely to rank above the cut-off point for available funding. Projects that do not rank competitively and fall below the projected funding line are less likely to receive legislative approval.

Application Review and Ranking

DNRC contracts with engineering and natural resource specialists throughout Montana to review applications for technical and financial feasibility. In addition to a primary reviewer, most applications receive an evaluation from secondary reviewers for specific portions of the application. The secondary reviewer can be someone from another state agency (Department of Environmental Quality, for example, may be asked to comment on an application asserting benefits to wetlands). DNRC also solicits views of local governments and other affected parties to verify public benefit. DNRC provides guidelines specifically for application review to ensure a consistent basis for reviewing applications.



Stream Restoration Project in Bozeman Creek at Bogart Park.
Renewable Resource Project Grant

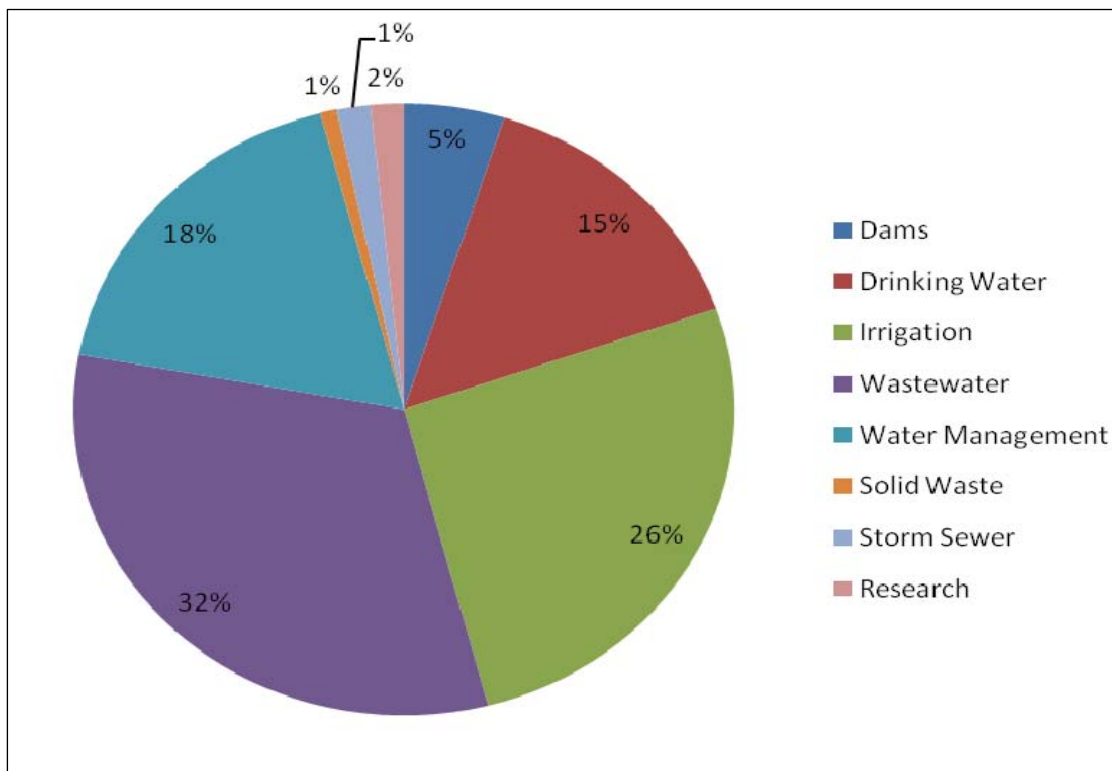
DNRC's scoring and ranking system is used to determine the relative merit of every proposal submitted for grant funding. Each project is scored based on technical and financial feasibility, project management ability, and the degree to which a project will benefit, develop or better manage a renewable resource. This information is summarized for the DNRC Director, who in turns presents the DNRC recommended ranked list of projects to the Governor.

DNRC's recommendation of project rank is not binding. Either the Governor or the Legislature may make adjustments to the recommendations to reflect their assessment of natural resource and other policy priorities. An appropriations bill containing project ranking recommendations (typically House Bill 6) is drafted and introduced to the Legislature. Actual funding decisions are made by the Legislature.

Funding Recommendations

Eight types of grant projects were recommended for funding during the 2015 biennium (**Figure 2**). These recommendations are listed in House Bill 6 and shown on **Table 2**.

Figure 2. Typical Distribution of Renewable Resource Project Grants



DNRC's Project Management and Oversight

Procedures for monitoring projects are governed by a grant agreement between DNRC and the project sponsor. Currently the RRGL program consists of 4.5 full-time staff responsible for overseeing about 300 active public grants and loans at any given time.

DNRC attempts to make site inspection visits to all projects during the construction phase. Site visits are made to spot check for problems or to respond to a request for assistance from the project sponsor. Budget and staffing constraints preclude DNRC site involvement at every project site.

In addition to expense documentation, DNRC requires regular progress reports. Program staff document decisions and conversations that affect ongoing projects, make notes to the file, and document important conversations with correspondence. Amendments to grant agreements are prepared and issued in response to any problems that require changes to the time line or budget.



Miles City WasteWater System Improvements
Renewable Resource Project Grant

Upon project completion, DNRC requires submission of a final project report to document project history and the quantifiable results of the expenditure of grant dollars. This report summarizes grant expenditures, documents the work accomplished, and compares project objectives as presented to the Legislature with final projects results. Evaluation through a final project report enables DNRC to measure how well the project implemented the program goals of conserving, developing, managing,

and preserving Montana's renewable resources. Projects are considered successful if they complete the scope of work outlined in the grant agreement and meet claims for resource benefits.

TABLE 2
2015 BIENNIUM RENEWABLE RESOURCE PROJECT GRANTS
In order of priority established in House Bill 6
(Shaded projects not under contract as of January 31, 2014)

PROJECT SPONSOR	PROJECT TITLE	AMOUNT
DEER LODGE VALLEY CD	RACETRACK WUA	\$ 100,000.00
SOUTH WIND W&S D	WATER & WASTEWATER SYSTEM IMPROVEMENTS	\$ 100,000.00
CRAIG COUNTY WATER & SEWER DISTRICT	WASTEWATER SYSTEM IMPROVEMENTS	\$ 100,000.00
FORSYTH, CITY OF	WASTEWATER SYSTEM IMPROVEMENTS	\$ 100,000.00
CLINTON IRRIGATION DISTRICT	CLARK FORK DIVERSION REHABILITATION PROJECT	\$ 100,000.00
BEAVERHEAD COUNTY CONSERVATION DISTRICT	SWAMP CREEK SIPHON PROJECT	\$ 100,000.00
MILES CITY, CITY OF	MILES CITY WASTEWATER SYSTEM IMPROVEMENTS, PHASE 2	\$ 100,000.00
ALBERTON, TOWN OF	ALBERTON WASTEWATER PROJECT	\$ 100,000.00
RICHLAND COUNTY	RICHLAND COUNTY-SAVAGE WASTEWATER SYSTEM IMPROVEMENTS	\$ 100,000.00
DAWSON COUNTY	DAWSON COUNTY-WEST GLENDIVE WASTEWATER SYSTEM IMPROVEMENTS	\$ 100,000.00
FORT BENTON, CITY OF	FORT BENTON WASTEWATER SYSTEM IMPROVEMENTS	\$ 100,000.00
BELT, TOWN OF	BELT WASTEWATER SYSTEM IMPROVEMENTS	\$ 100,000.00
VAUGHN CASCADE COUNTY WATER & SEWER DISTRICT	WASTEWATER TREATMENT SYSTEM IMPROVEMENTS	\$ 100,000.00
MALTA IRRIGATION DISTRICT	DODSON SOUTH CANAL HEADGATE REPLACEMENT	\$ 100,000.00
PARK COUNTY	PARK COUNTY FAIRGROUNDS WASTEWATER SYSTEM IMPROVEMENTS	\$ 100,000.00
BITTER ROOT IRRIGATION DISTRICT	SIPHON 1 IMPROVEMENTS, PHASE 4	\$ 100,000.00
CUT BANK, CITY OF	CUT BANK WASTEWATER SYSTEM IMPROVEMENTS	\$ 100,000.00
WARD IRRIGATION DISTRICT	WARD IRRIGATION DISTRICT LOST HORSE CREEK/WARD CANAL IMPROVEMENTS	\$ 100,000.00
GLENDIVE, CITY OF	GLENDIVE WASTEWATER SYSTEM IMPROVEMENTS	\$ 100,000.00
HARLOWTON, CITY OF	HARLOWTON WASTEWATER SYSTEM IMPROVEMENTS	\$ 100,000.00
LOCKWOOD IRRIGATION DISTRICT	LOCKWOOD IRRIGATION DISTRICT INTAKE CANAL HEADGATE REPLACEMENT	\$ 100,000.00
SWEET GRASS COUNTY CD	PIONEER DITCH COMPANY IRRIGATION DIVERSION REHABILITATION PROJECT	\$ 100,000.00
GLEN LAKE IRRIGATION DISTRICT	GLEN LAKE ID ROLLING HILLS SECTION OF MAIN CANAL REHABILITATION	\$ 100,000.00
HILL COUNTY	BEAVER CREEK DAM OUTLET WORKS REHABILITATION	\$ 98,321.00
WINNETT, TOWN OF	WASTEWATER SYSTEM IMPROVEMENTS	\$ 100,000.00
MT DNRC WATER RESOURCES DIVISION	EAST FORK ROCK CREEK MAIN CANAL LINING PROJECT	\$ 99,939.00
BOULDER, CITY OF	WASTEWATER SYSTEM IMPROVEMENTS	\$ 100,000.00
WHITE SULPHUR SPRINGS, CITY OF	WASTEWATER SYSTEM IMPROVEMENTS, PHASE 1	\$ 100,000.00
HELENA VALLEY IRRIGATION DISTRICT	DISTRICT PUMP AUTOMATION PROJECT	\$ 100,000.00

TABLE 2
2015 BIENNIUM RENEWABLE RESOURCE PROJECT GRANTS
In order of priority established in House Bill 6
(Shaded projects not under contract as of January 31, 2014)

PROJECT SPONSOR	PROJECT TITLE	AMOUNT
BUFFALO RAPIDS IRR PROJECT DISTRICT 1	1 LATERAL 20.6 CONVERSION PROJECT	\$ 100,000.00
WHITEFISH, CITY OF	NUTRIENT REDUCTION PLAN	\$ 100,000.00
FORT PECK TRIBES	PHASE 2 LATERAL L-2M REHABILITATION PROJECT	\$ 100,000.00
FLATHEAD COUNTY	BIGFORK STORMWATER PROJECT - PHASE IV	\$ 100,000.00
THREE FORKS, CITY OF	WASTEWATER SYSTEM IMPROVEMENTS	\$ 100,000.00
LIBBY, CITY OF	LIBBY FLOWER CREEK DAM WATER SYSTEM IMPROVEMENTS	\$ 100,000.00
FRENCHTOWN IRRIGATION DISTRICT	MAIN CANAL LINING PROJECT	\$ 99,978.00
MT DNRC WATER RESOURCES DIVISION	REPLACEMENT HEADGATES FOR DEADMAN'S BASIN SUPPLY CANAL PROJECT	\$ 100,000.00
MT DNRC WATER RESOURCES	COONEY DAM OUTLET CANAL WEIR REPLACEMENT	\$ 100,000.00
DEER LODGE VALLEY CONSERVATION DIS	KOHR'S AND MANNING DITCH COMPANY IMPROVEMENTS	\$ 100,000.00
FLATHEAD BASIN COMMISSION	AQUATIC INVASIVE SPECIES PREVENTION PROJECT	\$ 100,000.00
DUTTON, TOWN OF	WATER SYSTEM IMPROVEMENTS	\$ 100,000.00
FAIRFIELD, TOWN OF	WASTEWATER SYSTEM IMPROVEMENTS	\$ 100,000.00
BUFFALO RAPIDS DISTRICT 2	BUFFALO RAPIDS 2 TERRY PUMP STATION DISCHARGE LINE	\$ 100,000.00
CHOTEAU, CITY OF	CHOTEAU WASTEWATER SYSTEM IMPROVEMENTS PHASE 2	\$ 100,000.00
DALY DITCHES IRRIGATION DISTRICT	PRESERVATION AND CONSERVATION OF CANAL LINING	\$ 100,000.00
TOSTON IRRIGATION DISTRICT	TOSTON CANAL REHABILITATION PROJECT	\$ 100,000.00
GALLATIN COUNTY CONSERVATION DISTRICT	DARLINGTON CREEK ENHANCEMENT PROJECT AT COBBLESTONE ACCESS	\$ 100,000.00
MISSOULA COUNTY CONSERVATION DISTRICT	DISTRICT ORCHARD HOMES DITCH CO. INTAKE IMPROVEMENTS PROJECT	\$ 100,000.00
MISSOULA IRRIGATION DISTRICT	DISTRICT WATER CONSERVATION PROJECT	\$ 100,000.00
VALIER, TOWN OF	WASTEWATER SYSTEM IMPROVEMENTS	\$ 100,000.00
FORT BELKNAP INDIAN COMMUNITY	MAIN CANAL A UNDERDRAIN REHABILITATION PROJECT	\$ 100,000.00
BOZEMAN, CITY OF	BOZEMAN CREEK AT BOGERT PARK ENHANCEMENT PROJECT	\$ 100,000.00
HAMILTON, CITY OF	WASTEWATER SYSTEM IMPROVEMENTS, PHASE 2	\$ 100,000.00
LODGE GRASS, TOWN OF	WASTEWATER SYSTEM IMPROVEMENTS	\$ 100,000.00
PONDERA COUNTY CD	PCCRC KB2 CANAL REHABILITATION PROJECT	\$ 100,000.00
MANHATTAN, TOWN OF	WATER SYSTEM IMPROVEMENTS	\$ 100,000.00
GREENFIELDS IRRIGATION DISTRICT	MUDDY CREEK WASTEWATER AND EROSION REDUCTION	\$ 100,000.00
UNIVERSITY OF MONTANA	ALGAE BIOREMEDIATION OF INDUSTRIAL WASTEWATER	\$ 99,882.00
BLACK EAGLE-CASCADE COUNTY WATER & SEWER DIST	WASTEWATER SYSTEM IMPROVEMENTS	\$ 99,407.00
STEVENSVILLE, CITY OF	WASTEWATER SYSTEM IMPROVEMENTS, PHASE 2	\$ 100,000.00

TABLE 2
2015 BIENNIUM RENEWABLE RESOURCE PROJECT GRANTS
In order of priority established in House Bill 6
(Shaded projects not under contract as of January 31, 2014)

PROJECT SPONSOR	PROJECT TITLE	AMOUNT
HAVRE, CITY OF	WASTEWATER SYSTEM IMPROVEMENTS	\$ 100,000.00
ELK MEADOWS WATER DISTRICT	WATER SYSTEM IMPROVEMENTS	\$ 100,000.00
CASCADE, TOWN OF	WATER SYSTEM IMPROVEMENTS	\$ 100,000.00
MOORE, TOWN OF	WASTEWATER SYSTEM IMPROVEMENTS	\$ 100,000.00
SWEET GRASS CD	BIG TIMBER CREEK CHANNEL STABILIZATION, PHASE 2	\$ 100,000.00
ROUNDUP, CITY OF	WATER SYSTEM IMPROVEMENTS	\$ 100,000.00
GARFIELD COUNTY CD	CMR RANGE MONITORING PILOT PROJECT	\$ 99,994.00
JEFFERSON VALLEY CD	JEFFERSON CANAL HEADGATE IMPROVEMENTS	\$ 100,000.00
PHILIPSBURG, TOWN OF	WATER SYSTEM IMPROVEMENTS	\$ 100,000.00
CARBON COUNTY CD	PH 2, GROUNDWATER/SURFACE WATER ROCK CK WTR SHED	\$ 100,000.00
SUNNY HILLS SUBURBAN COUNTY WATER DISTRICT	WATER SYSTEM IMPROVEMENTS	\$ 100,000.00
DRUMMOND, TOWN OF	WASTEWATER SYSTEM IMPROVEMENTS	\$ 100,000.00
BIG HORN COUNTY CONSERVATION DISTRICT	EVALUATING INFLUENCE OF IRRIGATION ON GROUND WATER QUALITY	\$ 100,000.00
JOLIET, TOWN OF	WASTEWATER SYSTEM IMPROVEMENTS	\$ 100,000.00
MALTA, CITY OF	WATER SYSTEM IMPROVEMENTS	\$ 100,000.00
GALLATIN COUNTY	GRAYLING CREEK STREAM AND RIPARIAN RESTORATION	\$ 75,000.00
LOWER MUSSELSHELL CD	EAST BREWER IRRIGATION CHECK STRUCTURE REHAB	\$ 100,000.00
MADISON COUNTY	MOORE'S CREEK CULVERT REPLACEMENT	\$ 100,000.00
MT DNRC WATER RESOURCES DIVISION	INFILL DRILLING/PIEZOMETER INSTALLATION E. FORK FRED BURR	\$ 95,580.00
HAMILTON, CITY OF	WATER SYSTEM IMPROVEMENTS, WELL 5	\$ 100,000.00
PLEVNA, TOWN OF	WATER SYSTEM IMPROVEMENTS	\$ 100,000.00
STILLWATER CONSERVATION DISTRICT	ASSESSING GROUNDWATER RESOURCES OF BEDROCK AQUIFERS	\$ 100,000.00
SWEET GRASS COUNTY	GREYCLIFF REACH YELLOWSTONE RIVER STABILIZATION	\$ 100,000.00
EM KAYAN COUNTY WATER AND SEWER DISTRICT	WATER SYSTEM IMPROVEMENTS, PHASE 2	\$ 100,000.00
CHINOOK, CITY OF	WATER SYSTEM IMPROVEMENTS	\$ 100,000.00
EUREKA, TOWN OF	WATER TREATMENT IMPROVEMENT	\$ 100,000.00
BROADWATER COUNTY CONSERVATION DISTRICT	BIG SPRINGS DITCH WATER CONSERVATION & SPAWNING BED	\$ 100,000.00
PINESDALE, TOWN OF	WATER SYSTEM IMPROVEMENTS	\$ 100,000.00
JEFFERSON COUNTY	BIG PIPESTONE CREEK REMEDIATION	\$ 99,531.00

TABLE 2
2015 BIENNIUM RENEWABLE RESOURCE PROJECT GRANTS
In order of priority established in House Bill 6
(Shaded projects not under contract as of January 31, 2014)

PROJECT SPONSOR	PROJECT TITLE	AMOUNT
FORT SHAW IRRIGATION DISTRICT	A-SYSTEM MODIFICATION	\$ 100,000.00
JEFFERSON COUNTY	BIG PIPESTONE/JEFFERSON RIVER SLOUGH TASKS 1-4	\$ 1,096,836.00
JEFFERSON COUNTY	BIG PIPESTONE/JEFFERSON RIVER SLOUGH TASKS 5	\$ 176,850.00
MT DNRC WATER RESOURCES DIVISION	STATE WATER PLAN	\$ 200,000.00
TEN MILE/PLEASANT VALLEY PROJECT	WASTEWATER IMPROVEMENTS	\$ 250,000.00
WUA = Water Users Association CIP = Capitol Improvements Plan W&S D = Water & Sewer District WW = Wastewater CD = Conservation District PER = Preliminary Engineering Report MT DNRC = Montana Department of Natural Resources and Conservation		

Renewable Resource Project Planning Grants

The Renewable Resource Project Planning Grant program provides funds to plan projects that will measurably conserve, develop, manage, or protect Montana renewable resources. The 2013 Legislature authorized \$1,062,000 for project planning grants. No match funding is required.

DNRC awarded 87 grants to public entities for planning projects during the 2013 biennium and 51 planning grants in the first seven months of the 2015 biennium (**Table 3**). Planning grants are typically for amounts between \$5,000 and \$15,000 and used to subsidize a planning effort such as a feasibility study, alternatives analysis, or preparation of a preliminary engineering report for infrastructure projects. This biennium, DNRC offers a limited number of larger planning grants for amounts up to \$75,000. These fund large-scale watershed planning efforts that will lead to a renewable resource project grant application.



The town of Belt received a planning grant to evaluate options for meeting Department of Environmental Quality water supply requirements

The Renewable Resource Planning Grant program helps local governments to better understand and describe their project needs. In 2013, more than half of the applications DNRC received for the larger grants in 2013 were prepared by communities that used a planning grant.



Sanders County received a Watershed Planning Grant to evaluate alternative solutions to bank erosion on the Clark Fork River upstream from the Plains Wastewater Treatment Plant. High sediment loads also adversely affect fish habitat and reservoir capacity.

**TABLE 3
2015 BIENNIUM RENEWABLE RESOURCE PLANNING GRANTS
(as of January 31, 2014)**

PROJECT SPONSOR	PROJECT TITLE	AMOUNT
BRIDGER PINES COUNTY W&SD	PER FOR WATER SYSTEM IMPROVEMENTS	\$ 3,000.00
BLACK EAGLE COUNTY W&SD	CIP FOR BLACK EAGLE WATER & SEWER DISTRICT	\$ 5,000.00
CASCADE COUNTY	FEASIBILITY STUDY WINDY ACRES SUBDIVISION	\$ 15,000.00
CITY OF MILES CITY	FEASIBILITY STUDY FOR FLOOD MITIGATION ALTERNATIVES	\$ 5,000.00
MT DEPT OF FISH, WILDLIFE & PARKS	PER FOR WASTEWATER SYSTEM IMPROVEMENTS-BRADEN TRACTS LAGOONS	\$ 8,000.00
FROMBERG, TOWN OF	PER FOR WASTEWATER SYSTEM IMPROVEMENTS	\$ 5,000.00
SWEET GRASS CD	PER FOR IRRIGATION INFRASTRUCTURE IMPROVEMENTS	\$ 10,000.00
RAE COUNTY WATER & SEWER DIST	TEST WELL DRILLING	\$ 5,000.00
MALTA IRRIGATION DISTRICT	PER FOR IRRIGATION SYSTEM IMPROVEMENTS	\$ 5,000.00
TRI-COUNTY WATER DISTRICT	PER FOR WATER SYSTEM IMPROVEMENTS	\$ 5,000.00
CITY OF LAUREL	PER FOR WATER SYSTEM IMPROVEMENTS	\$ 5,000.00
FORT SHAW IRR DISTRICT	PER FOR IRRIGATION INFRASTRUCTURE IMPROVEMENTS	\$ 5,000.00

**TABLE 3
2015 BIENNIUM RENEWABLE RESOURCE PLANNING GRANTS
(as of January 31, 2014)**

PROJECT SPONSOR	PROJECT TITLE	AMOUNT
GARDINER WATER & SEWER DISTRICT	PER FOR WASTEWATER SYSTEM IMPROVEMENTS	\$ 5,000.00
CITY OF SIDNEY	PER FOR WASTEWATER SYSTEM IMPROVEMENTS	\$ 5,000.00
TOWN OF BAINVILLE	PER FOR WATER SYSTEM IMPROVEMENTS	\$ 5,000.00
LAMBERT WATER & SEWER DISTRICT	PER FOR WASTEWATER SYSTEM IMPROVEMENTS	\$ 5,000.00
BITTER ROOT IRRIGATION DISTRICT	PER FOR IRRIGATION SYSTEM IMPROVEMENTS FOR BITTER ROOT ID	\$ 5,000.00
GREENFIELDS IRRIGATION DISTRICT	PER FOR IRRIGATION INFRASTRUCTURE IMPROVEMENTS	\$ 5,000.00
CITY OF GLASGOW	PER FOR WATER SYSTEM IMPROVEMENTS	\$ 5,000.00
DALY DITCHES IRRIGATION DISTRICT	PER FOR IRRIGATION SYSTEM IMPROVEMENTS	\$ 5,000.00
TOWN OF FLAXVILLE	PER FOR WASTEWATER SYSTEM IMPROVEMENTS	\$ 5,000.00
TOWN OF WESTBY	LAGOON LEAK TEST	\$ 5,000.00
CITY OF WHITEFISH	PER FOR WASTEWATER SYSTEM IMPROVEMENTS	\$ 5,000.00
CITY OF POPLAR	PER FOR WASTEWATER SYSTEM IMPROVEMENTS	\$ 5,000.00
TETON COUNTY	WATERSHED ASSESSMENT OF DEEP CREEK IN TETON COUNTY	\$ 5,000.00
TOWN OF TERRY	PER FOR WASTEWATER SYSTEM IMPROVEMENTS	\$ 5,000.00
EAST BENCH IRR DISTRICT	PER FOR IRRIGATION SYSTEM IMPROVEMENTS	\$ 8,000.00
HUNTLEY PROJECT IRRIGATION DISTRICT	PER FOR IRRIGATION SYSTEM IMPROVEMENTS	\$ 5,000.00
TOWN OF HYSHAM	PER FOR WATER SYSTEM IMPROVEMENTS	\$ 5,000.00
SANDERS COUNTY	WATERSHED ASSESSMENT	\$ 75,000.00
VAUGHAN COUNTY W&S DISTRICT	TECHNICAL REPORT FOR WASTEWATER SYSTEM IMPROVEMENTS	\$ 5,000.00
CITY OF VIRGINIA CITY	GROWTH POLICY	\$ 5,000.00
CLINTON IRR DISTRICT	PER FOR IRRIGATION INFRASTRUCTURE IMPROVEMENTS	\$ 5,000.00
HELENA VALLEY IRR DISTRICT	PER FOR IRRIGATION SYSTEM IMPROVEMENTS	\$ 5,000.00
FORT PECK TRIBES	PER FOR IRRIGATION INFRASTRUCTURE IMPROVEMENTS	\$ 5,000.00
PONDERA COUNTY CD	PER FOR IRRIGATION SYSTEM IMPROVEMENTS C-5 PIPE	\$ 3,000.00
GLEN LAKE IRR DISTRICT	PER FOR IRRIGATION SYSTEM IMPROVEMENTS	\$ 5,000.00
PONDERA COUNTY CD	PER FOR IRRIGATION SYSTEM IMPROVEMENTS	\$ 3,000.00
CITY OF WHITEFISH	WATERSHED ASSESSMENT OF WHITEFISH LAKE	\$ 50,000.00
MISSOULA COUNTY	RESTORATION PLAN FOR MILL CREEK	\$ 10,000.00
HYSHAM IRR DISTRICT	PER FOR IRRIGATION SYSTEM IMPROVEMENTS	\$ 5,000.00
MISSOULA VALLEY WATER QUALITY	FEASIBILITY STUDY TO RETROFIT PRETREATMENT DEVICE FOR STORMDRAIN SYSTEM	\$ 10,000.00
BUFFALO RAPIDS IRR PROJECT DIST 2	PER FOR IRRIGATION SYSTEM IMPROVEMENTS	\$ 5,000.00
WHITE SULPHUR SPRINGS	TECHNICAL REPT SUMMARIZING FINDINGS OF TELEVISIONING WW LINES	\$ 5,000.00

**TABLE 3
2015 BIENNIUM RENEWABLE RESOURCE PLANNING GRANTS
(as of January 31, 2014)**

PROJECT SPONSOR	PROJECT TITLE	AMOUNT
BUFFALO RAPIDS IRR PROJECT DIST 1	PER FOR IRRIGATION SYSTEM IMPROVEMENTS	\$ 5,000.00
FALLON COUNTY WSD-STANHOPE	PER FOR WASTEWATER SYSTEM IMPROVEMENTS	\$ 5,000.00
SUN PRAIRIE VILLAGE W&S DISTRICT	WASTEWATER SYSTEM IMPROVEMENTS	\$ 5,000.00
BROADWATER COUNTY	DEEP CREEK WATERSHED RESTORATION PLAN	\$ 50,000.00
LOCKWOOD IRR DISTRICT	IRRIGATION SYSTEM IMPROVEMENTS	\$ 5,000.00
SIMMS COUNTY SEWER DISTRICT	PER FOR WASTEWATER SYSTEM IMPROVEMENTS	\$ 10,000.00
LOWER MUSSELSHELL CD	PER FOR IRRIGATION SYSTEM IMPROVEMENTS	\$ 5,000.00
SAVAGE IRR. DISTRICT	TECHNICAL REPORT ON CANAL SEEPAGE AND WATER LOSS	\$ 10,250.00
MISSOULA IRR. DISTRICT	PER FOR IRRIGATION SYSTEM IMPROVEMENTS	\$ 5,000.00
TOWN OF SUNBURST	TECHNICAL REPORT FOR WASTEWATER SYSTEM IMPROVEMENTS	\$ 5,000.00
TOWN OF HOTSPRINGS	WASTEWATER SYSTEM IMPROVEMENTS	\$ 5,000.00
TOWN OF BELT	TECHNICAL REPORT ON GENERATOR FOR PUMPS	\$ 3,000.00
RUBY VALLEY CD	PER FOR LOGAN-SMITH DITCH AND SPAWNING CHANNEL	\$ 5,000.00
WUA = Water Users Association W&S D = Water & Sewer District CD = Conservation District	CIP = Capitol Improvements Plan WW = Wastewater PER = Preliminary Engineering Report	



Daly Ditches Irrigation District received a Renewable Resource planning grant and project grant to repair the Hedge Canal. The Irrigation Development Grant program sponsored a flow meter user training session in the Daly Ditches system.

Renewable Resource Emergency Grants And Loans

In addition to the regular funding available during each RRGL funding cycle, limited funds are available for immediate projects to address qualified emergencies. These funds are reserved to help finance emergency projects which otherwise would be eligible for grant or loan funding, and, if delayed until legislative approval during the next funding cycle, would result in substantial damages or legal liability for the project sponsor.

DNRC accepts applications for emergency grants and loans from public entities when an emergency occurs. No application fee is required.

To request funds, applicants are required to submit a letter containing:

- A description of the problem;
- A statement of when the problem occurred;
- The proposed solution;
- Cost estimates, with documentation; and,
- Documentation of the community's financial condition and ability to otherwise pay for the proposed repairs

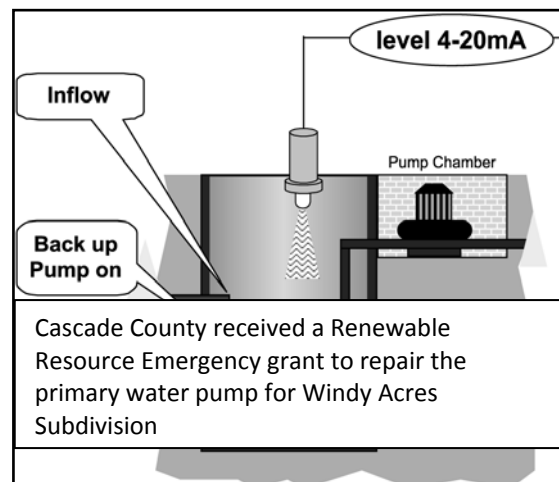
Application Review

As with funding for other renewable resource projects, emergency funds must be used for projects that manage renewable resources in the state through conservation, management, development or preservation; for assessing feasibility or planning; for implementing renewable resource projects; or for similar purposes approved by the Legislature. Requests for emergency funds are reviewed by DNRC staff.

Funding Recommendations

The 2013 Legislature authorized \$350,000 in House Bill 6 to fund emergency grants for this biennium. Of that amount, \$250,000 is earmarked for an emergency sewer repair project. Typically, a grant for an individual emergency project is limited to a maximum of \$30,000. The limited total amount of funding available each biennium dictates close management of funding limits for each emergency project. The amount available for emergency loans is \$10,000,000 per biennium. The amount available per loan is based on the applicant's ability to repay the loan.

As of January 31, 2014, two 2015 biennium emergency grants have been awarded. **Table 4** shows emergency grants awarded during the 2013 and 2015 biennium.



**TABLE 4
RENEWABLE RESOURCE EMERGENCY GRANTS
CONTRACTED FY2012 - 2014**

PROJECT SPONSOR	PROJECT TITLE	AMOUNT
FY2014		
WHITE SULPHUR SPRINGS	DESIGN & CONSTRUCTION UPGRADES TO PUBLIC WATER SYSTEM	\$ 15,000.00
CASCADE COUNTY	EMERGENCY REPAIR OF WINDY ACRES PRIMARY WATER PUMP	\$ 1,500.00
10-MILE PLEASANT VALLEY SEWER DISTRICT	WASTEWATER SYSTEM IMPROVEMENTS	\$250,000
TOWN OF FAXVILLE	EMERGENCY REPAIR OF TOWN WATER TANK	\$25,500
FY2012 - 2013		
WARD IRRIGATION DISTRICT	EMERGENCY REPAIR OF WARD CANAL	\$ 10,000.00
MONTANA CITY SCHOOL DISTRICT #27	EMERGENCY REPAIRS TO SEPTIC SYSTEM	\$ 25,000.00
DALY DITCHES IRRIGATION DISTRICT	EMERGENCY REPAIRS TO SLEEPING CHILD SIPHON	\$ 10,000.00
VAUGHN CASCADE COUNTY WATER AND SEWER DISTRICT	FAILED VERTICAL SHAFT TURBINE PUMP	\$ 7,500.00
MELSTONE, TOWN OF	EMERGENCY WELL TREATMENT	\$ 12,500.00
VAUGHN CASCADE COUNTY WATER AND SEWER DISTRICT	EMERGENCY REPAIR PUMP NO.1	\$ 4,000.00



Whitefish received a Renewable Resource project grant to develop a nutrient reduction plan for discharges to Whitefish Lake. Implementing this plan will protect renewable resources and save Whitefish the cost of expensive wastewater treatment upgrades. This is a pilot project for other communities facing stricter discharge requirements.

SECTION 2 IRRIGATION DEVELOPMENT GRANTS

The Irrigation Development Grant (IDG) Program was initiated by the 1999 Legislature to foster development of new irrigation projects and production of high-value crops such as potatoes and sugar beets. Program staff provide financial, technical and legal assistance to government and private entities. The program also works with numerous irrigation districts and associations to address current issues and training needs. This work includes assistance with repairing aging infrastructure, learning new technologies, understanding options for drought and flood protection, and addressing subdivision encroachment.

Grants range from \$400 to \$20,000 per project. Project examples include feasibility studies on irrigation system improvements or new irrigation projects, purchase and training for flow monitors to improve irrigation efficiencies and add to instream flows, and agriculture tours to educate producers on new technology.

The Irrigation Development Grant Program has assisted producers and irrigators to develop over 40,000 acres of new irrigation since 2001. Projects funded by this program have played an important role in improving the management and conservation of over 220,000 acres of existing irrigation so that more water is available for all uses.



The Beaverhead County Conservation District received a Renewable Resource Project Grant to construct a siphon across Swamp Creek located near Wisdom. The Siphon will replace a diversion structure allowing water users more flow control and restoring connectivity to the Big Hole River for fish passage.

In Eastern Montana, the Irrigation Development Grant Program assisted in increasing the acres used for malting barley, dairy feed and potatoes. Program staff has also worked closely with the Fort Peck Tribes in their efforts to implement the proposed Fort Kipp Irrigation Project. This 2,200 acre project will be a blueprint for how the Tribes can build new irrigation projects along the Missouri River. Efforts have also begun to assist the Dry Fork Farms of the Chippewa Cree Tribe to finish developing an additional 1,400 acres and pipeline on the Rocky Boy's Reservation.

Project Solicitation and Review

To request funds, applicants are required to describe the project, identify the sources and uses of funding, and provide an implementation schedule. All submitted applications are evaluated for completeness and compliance with the intended purposes of the program. Requests for irrigation development grants funds are reviewed by DNRC staff and funded, if appropriate, on a first come basis. There is more demand than there is available funding every year. **Table 5** lists Irrigation Development Grants awarded in the 2013 and 2015 bienniums.

TABLE 5 RENEWABLE RESOURCE IRRIGATION DEVELOPMENT GRANTS CONTRACTED FY 2012 - 2014		
PROJECT SPONSOR	PROJECT TITLE	AMOUNT
PONDERA COUNTY CANAL & RES CO	CAPITAL IMPROVEMENTS PLAN	\$ 7,500.00
HELENA VALLEY IRRIGATION DISTRICT	HYDROPOWER FEASIBILITY STUDY	\$ 10,000.00
HELENA VALLEY IRRIGATION DISTRICT	ENHANCE GIS CAPABILITIES	\$ 15,000.00
GLEN LAKE IRRIGATION DISTRICT	GLEN LAKE ID IRRIGATION EFFICIENCIES	\$ 15,000.00
DELPHIA MELSTONE CANAL WUA	WUA TECHNICAL ASSISTANCE	\$ 5,000.00
PONDERA COUNTY CANAL & RESERVOIR CO	AUTOMATION PROJECT	\$ 15,000.00
CENTRAL MONTANA RC&D AREA, INC.	DATA COLLECTION ON THE MUSSELSHELL	\$ 4,436.00
MISSOULA IRRIGATION DISTRICT	CAPITAL IMPROVEMENTS PLAN	\$ 5,000.00
ORCHARD HOMES IRRIGATION COMPANY	CAPITAL IMPROVEMENTS PLAN	\$ 5,000.00
GRASS VALLEY FRENCH DITCH COMPANY	COMPLETE CHANGE APPLICATION PROCESS	\$ 11,850.00
SUN RIVER WATERSHED GROUP	WATERSHED GROUP FLOW METER	\$ 10,000.00
GREENFIELD IRRIGATION DISTRICT	GIS MAPPING	\$ 15,000.00
MISSOULA IRRIGATION DISTRICT	TOPOGRAPHIC SURVEY	\$ 5,000.00
BITTERROOT IRRIGATION DISTRICT	INVENTORY OF SIPHON #1	\$ 4,850.00
ORCHARD HOMES DITCH COMPAY	TOPO SURVEY FOR INTAKE IMPROVEMENTS	\$ 5,000.00
DEER LODGE VALLEY CD	CIP TO RACETRACK WATER USER ASSN	\$ 15,000.00
HELENA VALLEY IRRIGATION DISTRICT	FLOW METERS	\$ 9,500.00
HUNTLEY PROJECT IRRIGATION DISTRICT	GRANT WRITING WORKSHOP	\$ 395.00
WATERSHED RESTORATION COALITION	CAPITAL IMPROVEMENT PLAN K&M DITCH	\$ 5,000.00
FRED BURR LAKE CORP	REPLACE RAMP	\$ 8,090.00
UPPER MUSSELSHELL WUA	GRANT WRITING WORKSHOP	\$ 395.00
DELPHIA MELSTONE CANAL WUA	GRANT WRITING WORKSHOP	\$ 395.00
PETROLEUM COUNTY CD	GRANT WRITING WORKSHOP	\$ 395.00
HELENA VALLEY IRRIGATION DISTRICT	GRANT WRITING WORKSHOP	\$ 395.00
CARBON COUNTY CD	GRANT WRITING WORKSHOP	\$ 395.00
UPPER MUSSELSHELL WUA	WATER MEASURE DEVICE MARTINSDALE	\$ 14,995.00
HYSHAM IRRIGATION DISTRICT	CAPITAL IMPROVEMENTS PLAN	\$ 15,000.00

**TABLE 5
RENEWABLE RESOURCE IRRIGATION DEVELOPMENT GRANTS
CONTRACTED FY 2012 - 2014**

PROJECT SPONSOR	PROJECT TITLE	AMOUNT
MADISON CONSERVATION DISTRICT	CAPITAL IMPROVEMENTS PLAN	\$ 5,000.00
WEST CRANE IRRIGATION DISTRICT	IRRIGATION WELLS WATER USE PERMITS	\$ 3,000.00
WARD IRRIGATION DISTRICT	SURVEY & ANALYZE CONTROL STRUCTURE	\$ 3,380.00
DELPHIA-MELSTONE CANAL WUA	ROTARY LASER LEVEL	\$ 1,545.00
HELENA VALLEY IRRIGATION DISTRICT	GIS TRAINING	\$ 9,660.00
MONTANA ASSN OF DAM & CANAL SYSTEMS	CONSULTANT/EDUCATOR	\$ 13,000.00
JACKSON'S COMMUNITY GARDEN INC.	IMPROVE IRRIGATION METHODS	\$ 10,000.00
BIG DITCH COMPANY	FLOW METER AND TRAINING	\$ 8,690.00
CITY HIGH WATER USERS	WATER MEASURING	\$ 2,290.00
PONDERA COUNTY CANAL & RESERVOIR CO.	FLOW METER	\$ 7,756.14
LOWER MUSSELSHELL CONSERVATION DIST	BMP-BASIN-WIDE WATER USE PLAN	\$ 12,000.00
FLATHEAD IND IRRIGATION PROJECT CME	TOPOGRAPHIC SURVEY & EXHIBITS	\$ 4,900.00
KARL CHRISTIANS	CONVERSION TO SPRINKLER IRRIGATION	\$ 6,622.00
FORT SHAW IRRIGATION DISTRICT	UPGRADE DISTRICT'S FLOW MONITORING	\$ 9,200.00
HUNTLEY PROJECT IRRIGATION DISTRICT	REHAB AND LINING OF SUB-LATERAL	\$ 12,000.00
MONTANA ASSN OF DAM & CANAL SYSTEMS	WORKSHOP	\$ 3,000.00



Jefferson County received \$1.3 million from the Renewable Resource program to reduce flooding in Whitehall, improve irrigation infrastructure on the Jefferson River, reduce sediment load in Big Pipestone Creek and eliminate Eurasian Water Milfoil in Jefferson Slough. These pictures show Whitehall and construction of a new headgate.

**SECTION 3
CAPACITY BUILDING GRANTS**

The 2013 Legislature initiated a new grant opportunity as part of the Renewable Resource Grant and Loan program. Capacity grants are available to conservation districts to help watershed groups build their capacity to define concerns, set priorities, design projects, and generate revenue. These grants help organizations develop core capabilities such as staff and board leadership, financial management, fundraising, assessments of resource issues, development of self sustaining education or outreach project or program, use of technology, and evaluation. The purpose of this grant program is not to fund long-term, ongoing projects, but to enhance an organization’s ability to meet goals on its own.

The Capacity Grant program was funded at \$200,000 for the biennium. Size of grants range from \$5,000 to \$20,000. As of January 31, 2014, 10 capacity grants have been awarded since the beginning of the 2015 Biennium. Grants are listed in **Table 6**.

TABLE 6 RENEWABLE RESOURCE CAPACITY GRANTS 2015 BIENNIUM		
PROJECT SPONSOR	PROJECT TITLE	AMOUNT
MADISON CONSERVATION DISTRICT	2013 Mt. Watershed Coalition WATERSHED SYMPOSIUM	\$ 10,000.00
PETROLEUM COUNTY CD	PROJECT MONITORING	\$ 20,000.00
NORTH POWELL CD	BLACKFOOT STEWARD	\$ 20,000.00
DEER LODGE VALLEY CONSERVATION DISTRICT	WATERSHED RESTORATION COALITION OF UPPER CLARK FORK	\$ 20,000.00
BITTERROOT CONSERVATION DISTRICT	INCREASE RESOURCE EDUCATION, ENGAGE COMMUNITY, OUTREACH PROG.	\$ 10,000.00
FLATHEAD CONSERVATION DISTRICT	FLATHEAD RIVER STEWARD PILOT PROGRAM	\$ 10,000.00
GALLATIN CONSERVATION DISTRICT	MONITOR/IMPLEMENT EDUCATION AND OUTREACH CENTER CONSTRUCTION	\$ 5,000.00
LOWER MUSSELSHELL CONSERVATION DISTRICT	DEVELOPING WATERSHED COALITION CAPACITY TO PURCHASE FUNDING	\$ 20,000.00
MADISON CONSERVATION DISTRICT	EMPLOYEE TRAINING AND BIG SKY CONSERVATION CORPS WATERSHED EDUCATION	\$ 7,000.00
PHILLIPS CONSERVATION DISTRICT	CAPACITY BUILDING ACTIVITIES FOR MILK RIVER WATERSHED ALLIANCE	\$ 5,000.00

SECTION 4 LOANS TO PUBLIC ENTITIES

The Resource Development Bureau also accepts applications for public loans at the same time grant applications are due from public applicants under this program. These loans are funded with proceeds from the sale of coal severance tax secured bonds and frequently are offered at a subsidized interest rate.

Application Review

The RRGL team follows the same methodical review process for the project grants described in Section 1 with the exception of comparative ranking. DNRC assigns a favorable funding recommendation to all feasible public loan applications that are eligible for funding. The DNRC recommendation includes the amount of financing needed to meet project and financing expenses and a suggested interest rate. There is no maximum allowable loan amount. Public loans are limited to the amount an applicant has the ability to repay under the standard repayment terms and by the bonding capacity of DNRC.

Interest Rates

Loans may be provided at a rate less than the rate at which the State bond is sold for all or part of the term. During the financial review of each loan application, DNRC prepares a funding recommendation that may include a recommended interest rate subsidy based on the affordability of the proposed project. Recommendations are developed to be consistent with past direction provided by the Long Range Planning subcommittee of the Legislature.

The basic interest rate on coal severance tax loans is determined by the bond market at the time coal severance tax bonds are sold. The rate of interest on most loans from the program will vary in accordance with the rate on the State coal severance tax bonds. The basic rate of interest for each public loan financed from the proceeds of a single bond issue is the same. Subsidies may vary depending on legislative authorization.

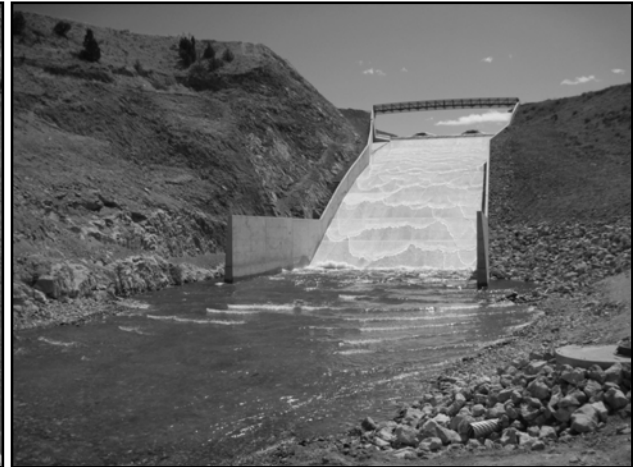
Project Management

After a public loan is authorized by the Legislature and the project sponsor is ready to secure financing, DNRC performs a more thorough review of the applicant's ability to repay the loan. If the borrower provides documentation of the ability to repay a loan and all legal requirements to incur debt are met, a bond purchase agreement is prepared and executed. The agreement

includes specific requirements and covenants with respect to a project or improvements to the project being financed. Borrowers must acquire all property rights necessary for the project, including water rights, rights-of-way, and interest in land needed for a project's construction, operation, and maintenance. As appropriate, these and other stipulations also are contained in a bond resolution.



New Labyrinth Weir Above Ruby Dam Spillway




Completed Ruby Dam Spillway


The DNRC received two loans over two bienniums and a Renewable Resource grant to fund repair of the Ruby Dam Spillway and to construct a labyrinth weir at the top of the spillway. The loans will be repaid by the Ruby Water Users Association and revenue generated by Toston Dam Broadwater Power Project.

Loan agreements require quarterly progress reports during construction, expenditure reports during construction, a final project report, and annual financial reports over the term of the loan. Projects are closely monitored during construction. Active Renewable Resource loans to public entities are presented in **Table 7**. Loans authorized by the 2013 Legislature are listed in **Table 1**.

TABLE 7	
RENEWABLE RESOURCE ACTIVE LOANS TO PUBLIC ENTITIES	
As of January 31, 2014	
GOVERNMENT ENTITY – BORROWER	LOAN BALANCE
BEAVERHEAD CO-RED ROCK WATER AND SEWER DISTRICT	939,810.71
BITTER ROOT IRRIGATION DISTRICT	429,521.77
BITTER ROOT IRRIGATION DISTRICT	115,196.05
BRADY WATER & SEWER DISTRICT	126,633.50
BRIDGER PINES COUNTY WATER AND SEWER DISTRICT	1,177,040.44
BUFFALO RAPIDS IRRIGATION DISTRICT #1	504,998.81
DALY DITCHES IRRIGATION DISTRICT	177,987.21
DALY DITCHES IRRIGATION DISTRICT	298,215.02
DNRC-ACKLEY LAKE DAM REHAB	139,460.97
DNRC-BAIR DAM REHAB	438,240.14
DNRC-BROADWATER-MISSOURI PIPE	64,989.76
DNRC-DEADMANS BASIN	176,436.73
DNRC-DEADMANS BASIN WATER USERS ASSOCIATION	36,026.07
DNRC-DEADMANS BASIN WATER USERS ASSOCIATION	330,312.89
DNRC-EAST FORK SIPHON	175,936.19
DNRC-EAST FORK-ROCK CREEK DAM	200,000.00
DNRC-MARTINSDALE RESERVOIR	66,953.68
DNRC-NORTH FORK OF THE SMITH WATER USERS ASSOCIATION	278,363.59
DNRC-NEVADA CREEK DAM	249,577.42
DNRC-PETROLIA WATER USERS ASSOCIATION	79,343.81
DNRC-RUBY DAM	1,940,000.00
DNRC-RUBY RIVER WATER USERS ASSOCIATION	1,727,255.56
DNRC-RUBY RIVER WATER USERS ASSOCIATION	3,176,639.70
DNRC-TOSTON DAM	2,910,000.00
EAST BENCH IRRIGATION DISTRICT	128,219.06
FAIRFIELD, TOWN OF	82,725.62
FORSYTH, CITY OF	46,543.17
FORT BENTON, CITY OF	161,765.74
HUNTLEY IRRIGATION DISTRICT	65,995.43
HUNTLEY IRRIGATION DISTRICT	24,153.00
HUNTLEY IRRIGATION DISTRICT	128,815.14
HUNTLEY IRRIGATION DISTRICT	271,062.25
HYSHAM, TOWN OF	51,413.18
LIBBY, CITY OF	248,511.96
LIBBY, CITY OF	680,175.00
LOCKWOOD WATER AND SEWER DISTRICT	532,506.16
LOWER WILLOW CK-GRANITE COUNTY	12,450.10
MALTA IRRIGATION DISTRICT	1,126,463.03

TABLE 7 RENEWABLE RESOURCE ACTIVE LOANS TO PUBLIC ENTITIES As of January 31, 2014	
GOVERNMENT ENTITY – BORROWER	LOAN BALANCE
MANHATTAN, TOWN OF	1,102,542.36
MILL CREEK IRRIGATION DISTRICT	442,972.42
MILL CREEK WATER AND SEWER DISTRICT	202,656.99
ST IGNATIUS, TOWN OF	196,671.55
THOMPSON FALLS, CITY OF	201,854.36
TIN CUP WATER AND SEWER DISTRICT	69,763.79
TOWN OF BRIDGER	89,553.75





Hebgen Lake Estates Water and Sewer District (WSD) received a renewable resource project grant from the 2011 legislature to replace a failing wastewater treatment system leaking nitrates to groundwater. DNRC extended the grant contract to enable the WSD to address permitting issues that delayed the project. The project was recently completed.

SECTION 5 GRANTS AND LOANS TO PRIVATE ENTITIES

Applications for water-related projects from any individual, association, for-profit corporation, or not-for-profit corporation, may be considered for funding. Only water-related projects may be funded. Projects must have quantifiable benefits that will exceed costs. Projects must also provide public benefits in addition to any private benefits.



Grant Application Review and Recommendations

All applications are evaluated and ranked according to the extent each application presents a project that is critically needed, will protect public health, provides opportunities for resource conservation, and improves the environment. Any potable water system project must be approved by the Montana Department of Environmental Quality to ensure that it meets State standards.

According to the Montana Constitution, the Legislature may not appropriate funds to private individuals. However, State entities have the authority to distribute public funds to private individuals. To provide for private grants, the 2013 Legislature appropriated \$100,000 to DNRC to fund grants for private entities.

DNRC reviews and screens grant requests to determine whether the proposed projects are technically feasible. By law, grant funding for any project may not exceed 25% of the total estimated cost of the project.

Grant Project Management

Project sponsors must: (1) pay all project costs, (2) submit a claim and obtain a reimbursement of allowable costs from DNRC, or (3) arrange for an advance of funds. Invoices may be submitted monthly, and all costs must be supported by invoices, receipts, or both. DNRC does not reimburse any project cost incurred before a formal funding agreement is executed.

Private Grant Activity

DNRC has awarded three private grants in the 2014 biennium. **Table 8** shows private grants awarded between 2012 and January 31, 2014.

TABLE 8 RENEWABLE RESOURCE PRIVATE GRANTS AWARDED 2012 - 2014		
Grant Title	Recipient	Amount
REPLACE OBSOLETE SEPTIC/DRAINFIELD	ILEY, DENNIS	\$2,150.00
NEW WELL & PIPELINE FOR DRINKING WATER	HEFCO LLC	\$2,500.00
SEPTIC UPGRADE	SNYDER, ROBERT H	\$965.00
REPLACE NON-COMPLIANT SEWER SYSTEM	THELEN, ROBERT	\$2,500.00
REPLACE NON-COMPLIANT DRINKING WATER SYSTEM	THELEN, ROBERT	\$1,976.00
HIGH HAZARD DAM INSPECTION	COTTONWOOD COUNTRY CLUB	\$510.00
ANNUAL DAM INSPECTION	BIG CREEK LAKES RESERVOIR ASSN	\$675.00
INSPECTION OF ESTLER DAM	RATTLESNAKE RESERVOIR & WATER COMPANY	\$1,374.00
INSPECTION OF KELLY DAM	KELLY RESERVOIR & IRRIGATION COMPANY	\$981.00
FAILED SEPTIC SYSTEM REPLACEMENT	STEELE, CHARLES N	\$3,125.00

Renewable Resource Loans to Private Individuals and Groups

Loan funding became available in 1981 when the Legislature earmarked \$350,000 under the former Renewable Resource Development program to finance loans to private individuals. At the same time, DNRC was given the authority to issue general obligation bonds to finance private loans. Loans to private individuals must promote and advance the beneficial use of water and allow Montana citizens to fully use State waters.

Projects must be technically and economically feasible, and must pay for themselves over the life of the installation through water savings, increased crop production, or other measurable benefits. Applications that meet feasibility and eligibility criteria are funded if the applicant demonstrates the ability to repay the loan.

The maximum loan amount allowable for private individuals under the RRGL is \$400,000. Water user associations may borrow up to \$3,000,000 based on ability to pay. Loans are for a

term not longer than either 30 years or the estimated useful life of the equipment purchased or materials installed. For new irrigation equipment, the allowable term is 15 years; for used irrigation equipment, the term usually is 10 years or shorter.

Interest Rates

The rate of interest on the State's general obligation bond determines the interest rate for private loans. The basic rate for private loans has typically varied from 4.03% to 9.5 %. In fiscal year 2014, the program has delivered a lower rate of 3.3%.

Loan Project Management

Borrowers must acquire all property rights necessary for the project, including rights-of-way and interest in land needed for the construction, operation, and maintenance of the project. Title insurance, a title opinion or other documents showing the ownership of the land, mortgages, encumbrances, or other liens must be provided to DNRC. Loans must be secured with real property valued higher than the loan amount requested.

Private Loan Projects Funded

As of December 31, 2013, about 525 private loans have been approved and about \$44 million has been advanced since the beginning of the program. In Fiscal Year 2014, DNRC approved 8 private loans (**Table 9**). Loans are typically used to finance new and refurbished irrigation systems to increase irrigation efficiencies, drill irrigation wells, and refurbish private drinking water systems.

TABLE 9		
PRIVATE LOANS AUTHORIZED DURING 2014 BIENNIUM		
CONTRACT NUMBER	LOCATION BY COUNTY	LOAN AMOUNT
WDL-12-3645	TETON	\$69,700.00
WDL-12-3646	TETON	\$152,100.00
WDL-12-3647	BROADWATER	\$14,000.00
WDL-12-3649	TETON	\$25,000.00
WDL-13-3651	TETON	\$294,800.00
WDL-13-3652	TETON	\$174,000.00
WDL-13-3653	YELLOWSTONE	\$220,500.00
WDL-14-3661	TETON	\$65,000.00
TOTAL		\$1,015,100.00

SECTION 6

ADDITIONAL INFORMATION

Volume 6 of the Governor's Executive Budget Fiscal Years 2014 – 2015 includes summaries of each project recommended for funding to the 2013 Legislature and contains a comprehensive description of RRGL program policies and procedures. It is available at the following website:

<http://dnrc.mt.gov/AboutUs/Publications/2013/2014-2015RRGLExecutiveBudget.pdf>

Every grant program under the Renewable Resource Grant and Loan umbrella has an application and guidelines for applicants. These are available by contacting the Resource Development Bureau and at the following website:

<http://dnrc.mt.gov/cardd/LoansGrants/>

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