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STATE OF MONTANA

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EASTERN MONTANA IMPACT AND INFRASTRUCTURE PROJECT

OVERVIEW:

The Bakken development is bringing jobs and economic opportunities to communities that were previously struggling, however it is also posing challenges to local communities that they could not have imagined even a decade ago. Soaring prices, inadequate infrastructure, and a massive influx of new residents is vexing local governments like never before. Some of these challenges require solutions that can be handled at the local level, but many of them require help and resources from the state.

Under the auspices of the Main Street Montana Project, Governor Bullock has developed the Eastern Montana Impact and Infrastructure Project. The project has three main components, two of which will begin immediately, and one which requires legislative approval. The key points of each component are listed below and consist of a significant reduction in SRF interest rates – saving local entities millions of dollars in interest payments, a Rapid Response Team designed to assist local governmental entities with planning and grant requests where capacity does not currently exist, (both of which will be implemented immediately), and a \$45,000,000 grant program for sewer and water improvements which will be financed through state bond proceeds and therefore require legislative approval.

As further evidence of the Bullock Administration's commitment to Eastern Montana, the Governor's Office of Economic Development has opened an office in Billings to help coordinate the needs of businesses and local governmental entities in the eastern part of Montana.

Key points of the plan:

SEWER AND WATER IMPROVEMENTS

\$45,000,000 in grants to cities, towns, tribal governments and water and sewer districts financed through state bond proceeds.

• **Eligible projects include:**

- Planning;
- Design;
- Repair;
- Improvement;
- Expansion;
- New construction; and
- Payment of eligible existing debt incurred on or after July 1, 2011 for drinking water and wastewater treatment systems

- **Quick Start – Expedited Applications:**
 - On the day the bill is signed, the Department will have applications posted.
 - First round awards will be announced Summer 2015.
 - The program will run for 4 years.

- **Criteria for project grant awards:**
 - Need for financial assistance, including consideration of how much the local government is contributing to the project.
 - Projects ready to break ground, including whether the local government has completed all preliminary engineering and plan and specification review.
 - Extend of previous efforts by local government to plan and manage the project and future growth in the community, and seek proportional contributions from new development for the project and other public facilities serving the community.
 - Incorporation of long-term operation and maintenance into the design, cost, and financing of the project.

- **The program will be targeted to communities within a 13 county region that is affected by oil and gas development. We have broken this region into tiers:**
 - Tier One: areas in the Montana portion of the Bakken where there is currently drilling as well as growth from North Dakota
 - Tier Two: areas adjacent to Tier I that have less drilling but are feeling the impacts of growth in North Dakota and Tier I
 - Tier Three: communities along the main highways that lead into the region.

IMMEDIATE REDUCTION IN STATE REVOLVING FUND INTEREST RATE

The State of Montana will work with impacted communities to offer immediate funding for construction. Through the State Revolving Fund (SRF) loan programs, construction loans will be available at an interest rate of 1.25 percent. This compares to a 3 percent long-term loan that would otherwise be necessary.

Because some communities need to get infrastructure projects underway now, impacted communities will be provided financing at a low cost to provide the time necessary to go to the 2015 legislature for authorization of the Eastern Montana Impact and Infrastructure Project.

Construction can be initiated immediately as we work with our local partners to meet this current and pressing need for water and wastewater investments. We are not limiting this opportunity to impacted communities but are offering low cost construction loans for all eligible projects across the state.

Ratepayers in communities that take advantage of the SRF construction loan program will realize immediate savings over other potential financing options. For example, several Eastern Montana communities are initiating construction projects this summer. In many cases construction expenses will be in excess of \$10 million. Using an SRF construction loan the interest payment on \$10 million payments for a 3-year period will be reduced by a total of \$1.6 million.

TECHNICAL ASSISTANCE FROM STATE TO IMPACTED COMMUNITIES

Understanding that what impacted communities often need most is technical assistance to get a project off the ground, the State will offer Rapid Response Teams to local governmental entities that would benefit from the expertise provided. These Rapid Response Teams would be constituted according to the needs of the local entity and drawn from experts in the field currently employed by the State.

To request assistance, a community would call the Governor's office and detail their need for additional expertise. The Governor's office would shape a team of experts able to address the problem at hand – primarily, if not exclusively, made up of existing state employees. The team would travel to the requesting community to meet with local partners, provide follow up help and, if necessary, follow up visits.

Rapid Response Teams will focus on three key areas:

- Land Use Planning;
- Affordable Housing; and
- Grant Application processing.

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