

SECTION C – DEPARTMENT OF ENVIRONMENTAL QUALITY

5301 Department Of Environmental Quality							All Programs	
Legislative Budget Comparison Table								
Federal Stimulus Budget Version	Base	Approp	Budgeted	Budgeted	Biennium	Biennium	Biennial	Biennial
Budget Item	FY 2008	FY 2009	FY 2010	FY 2011	FY 2008-09	FY 2010-11	Change	Percent
Personal Services	-	-	1,798,358	1,496,189	-	3,294,547	3,294,547	0.0%
Operating Expenses	-	-	6,810,497	4,712,539	-	11,523,036	11,523,036	0.0%
Equipment & Intangible Assets	-	-	-	-	-	-	-	0.0%
Grants	-	-	9,328,158	1,500,000	-	10,828,158	10,828,158	0.0%
Total Costs	-	-	17,937,013	7,708,728	-	25,645,741	25,645,741	0.0%
General Fund	-	-	493,775	434,791	-	928,566	928,566	0.0%
Federal Spec. Rev. Funds	-	-	17,443,238	7,273,937	-	24,717,175	24,717,175	0.0%
Total Funds	-	-	17,937,013	7,708,728	-	25,645,741	25,645,741	0.0%

Agency Narrative

The Department of Environmental Quality includes funding requests totaling \$23.6 million for the biennium. The request includes \$24.7 million federal funds from the American Recovery and Reinvestment Act of 2009 (ARRA) and approximately \$1.0 million from general funds freed up from Montana’s receipt of ARRA funds. Funding requests within the department are for: 1) water quality support; 2) the state energy program; 3) diesel emissions reduction; 4) state revolving funds; and 5) leaking underground storage tanks. The general fund requested is to provide for support of permitting and compliance activities required for infrastructure construction.

Purpose of Funds:

Funding from the U.S. Environmental Protection Agency (EPA) is designed to provide jobs and stimulate the economy through the building of waste water and drinking water systems, as well as provide environmental protection through cleanup of leaking underground tanks and reduced diesel emission.

The U.S. Department of Energy (DOE) funds are designed to provide assistance to local governments on energy issues and assist states in energy retrofits of state-owned buildings.

Statutory Changes

Statutory changes in the alternative energy program are required to allow for larger loans and a longer period for repayment. Funds for these loans will come from the state energy program grant.

Conditions and Limitations

Revolving Loan Funds

These funds are for the development of new drinking water and wastewater infrastructure. The department is responsible for plan review and construction oversight.

Diesel Emissions Reduction Act

These funds may be used to develop and implement grant and loan programs for clean diesel projects that maximize job creation and preservation through the implementation of verified and/or certified retrofit technologies and EPA verified idle reduction technologies. States may also elect to include emerging diesel emission reduction technologies in their grant and loan programs.



SECTION C – DEPARTMENT OF ENVIRONMENTAL QUALITY

Leaking Underground Storage Tanks

These funds can only be used to oversee cleanup of underground tank leaks or to directly pay for cleanup of leaks from federally regulated tanks where the responsible party is unknown, unwilling, or unable or the cleanup is an emergency response.

State Energy Program

Funds from the U.S. Department of Energy for the state energy program are available for two purposes. The block grant is for local governments for projects that develop jobs and save energy, such as building alternative transportation systems. The second purpose is for the state building energy conservation program.

SECTION C – DEPARTMENT OF ENVIRONMENTAL QUALITY

Figure 2

5301 Department Of Environmental Quality				All Programs		
Legislative Budget	General Fund	General Fund	General Fund	Total Funds	Total Funds	Total Funds
Decision Package	FY 2010	FY 2011	FY 2010-11	FY 2010	FY 2011	FY 2010-11
<i>Federal Stimulus New Proposal Decision Packages</i>						
NP02992 Energy Development and Demonstration Grant Addtl	-	-	-	-	1,000,000	1,000,000
NP02993 Energy Development and Demonstration Grant	-	-	-	1,000,000	-	1,000,000
NP02994 Fed Stimulus-EPA Diesel Emissions Reduction Act	-	-	-	1,033,287	666,713	1,700,000
NP02995 Fed Stimulus-EPA Water Quality Grant	-	-	-	193,886	-	193,886
NP02996 Fed Stimulus-EPA Clean Water SRF Admin	-	-	-	382,034	307,828	689,862
NP02997 Fed Stimulus-EPA Drinking Water SRF Admin	-	-	-	388,673	313,400	702,073
NP02998 Fed Stimulus-DOE Energy Efficiency Block Grant	-	-	-	7,253,289	323,711	7,577,000
NP02999 Fed Stimulus-DOE State Energy Programs	-	-	-	5,509,281	3,202,719	8,712,000
NP03999 Federal Stimulus-Enforcement Division	32,481	66,873	99,354	32,481	66,873	99,354
NP04999 Fed Stimulus-Remediation Division (L.U.S.T.)	-	-	-	1,075,491	924,509	2,000,000
NP05998 Fed Stimulus-P/C Div Admin-EPA DW SRFGrant	-	-	-	607,297	535,057	1,142,354
NP05999 Fed Stimulus-P/C Div Admin	461,294	367,918	829,212	461,294	367,918	829,212
New Proposal Total	493,775	434,791	928,566	17,937,013	7,708,728	25,645,741
Total All Decision Packages	493,775	434,791	928,566	17,937,013	7,708,728	25,645,741

Decision Package Narrative

DP2992 – Energy Development and Demonstration Grant Added Funding -The legislature approved and additional \$1.0 million to the grant program if the state receives more than \$25.8 million in funds and those additional funds are not designated for a specific purpose.

DP2993 – Energy Development and Demonstration Grant -The legislature approved \$1.0 million of federal funds from the Department of Energy, State Energy Program for a energy development and demonstration grant program to promote advancement in energy storage and alternative energy systems.

DP 2994 - Diesel Emissions Reduction Act – The legislature approved \$1.7 million from the U.S. Environmental Protection Agency to address diesel emissions in areas with poor air quality. The department would work with the Office of Public Instruction to develop a program to assist school districts in replacing buses to reduce diesel emissions.

DP 2995 – Water Quality Grant – The legislature approved \$193,866 of federal special revenue authority in FY 2010 to address water quality data collection and planning efforts currently implemented by local, regional, and interstate areas. This includes \$28,000 to the Flathead Lake Biological Station and \$50,000 to the aquatic task group. The task group focuses on the Tongue River watershed. Remaining funds will be used toward total maximum daily load (TMDL) development.

DP 2996 – Clean Water SRF Administration – The legislature approved \$689,682 of federal special revenue for the biennium for administrative activities associated with the clean water revolving fund. The department intends to use this funding to provide project planning, plan and specification review, project management, construction oversight, one-year certifications, and program reporting through the use of modified FTE, increased overtime, and temporary staff.



SECTION C – DEPARTMENT OF ENVIRONMENTAL QUALITY

DP 2997 – Drinking Water SRF Administration – The legislature approved \$702,073 of federal revenue for the biennium for administrative activities associated with the drinking water revolving fund. The department intends to use this funding to provide project planning, plan and specification review, project management, construction oversight, one-year certifications, and program reporting through the use of modified FTE, increased overtime, and temporary staff.

DP 2998 - Energy Efficiency Block Grant – The legislature approved the federal block grant for local governments of \$7.5 million over the biennium. Fund would be awarded to local government for activities that create jobs and save energy, including but not limited to building improvements, street and traffic lighting, recycling education, and pedestrian and bike lanes. The department anticipates utilizing 2.0 modified FTE and an intern to manage this program.

DP 2999 – State Energy Program – The legislature approved \$8.7 million federal funding for the state buildings energy conservation program that renovates state buildings for energy efficiency and provides the non-construction costs of the program, including tracking energy costs and savings, tuning up boilers, installing meters, and monitoring and reporting results. In addition, this decision package increases the amount of funding for loans through the existing alternative energy loan program by \$2.0 million, provides for information and outreach on federal and state energy conservation tax credits designed to spur homeowner investment in energy upgrades, and provides funds to develop recycling infrastructure in communities. To complete this work, the agency anticipates using modified FTE including an energy engineer, data analyst, renewable energy specialist, recycling and market development specialist, environmental science specialist, as well as part time administrative specialists, three interns and contracts for the private sector to support the work.

DP 3999 – Enforcement Support – The legislature approved \$32,481 general fund in FY10 and \$66,873 general fund in FY11 to cover potential increased enforcement cases due to increased construction activity.

DP 4999 – Remediation Division (LUST) – The legislature approved the \$2.0 million allocation to Montana for the leaking underground storage tank (LUST) program. These funds are for investigation and cleanup of federally-defined underground storage tank sites (USTs) where an owner or operator is unidentified, unable, or unwilling to perform the necessary work themselves. The department is also required to recover expended funds from owners and operators responsible for the USTs following expenditure. The department anticipated utilizing 2.0 modified FTE, environmental specialists, to complete necessary tasks. The department anticipates beginning in this work in FY 2009. Therefore the legislature may wish to adjust the appropriation to allocate funds for FY 2009.

DP 5998 – Permitting and Compliance Division – SRF Admin – The legislature approved \$1,142,354 for the biennium of federal special revenue from EPA Drinking Water and EPA Clean Water SRF Grants for administrative purposes. This would fund plan and specification review and approval for construction or modification of public water systems and public wastewater systems. This work will be completed by modified environmental engineers and through contract services. Work is anticipated to begin during FY 2009.

DP 5999 – Permitting and Compliance Division Administration – The legislature approved \$829,212 of general fund for the biennium to support increased work loads associated with infrastructure development. This includes \$622,039 for the opencut mining program to adequately address the increased activities in sand and gravel mines related to highway construction activities. The remaining \$207,713 is for increased permit writing for ground water discharge permits related to wastewater infrastructure and storm water permits related to highway construction activities. The department anticipates utilizing 3.00 modified FTEs for this work.

SECTION C – DEPARTMENT OF ENVIRONMENTAL QUALITY

Alternatives and Policy Options

The legislature may wish to align the appropriation for the state revolving funds and LUST activities with when the projects will begin. Both programs indicate that those functions will begin in FY 2009, but are appropriated for FY 2010 and FY 2011.



SECTION C – DEPARTMENT OF TRANSPORTATION

Figure 1

5401 Department Of Transportation Legislative Budget Comparison Table							All Programs	
Federal Stimulus Budget Version	Base FY 2008	Approp FY 2009	Budgeted FY 2010	Budgeted FY 2011	Biennium FY 2008-09	Biennium FY 2010-11	Biennial Change	Biennial Percent
Personal Services	-	-	13,200,000	8,800,000	-	22,000,000	22,000,000	0.0%
Operating Expenses	-	-	118,800,000	79,200,000	-	198,000,000	198,000,000	0.0%
Grants	-	-	9,367,026	6,244,684	-	15,611,710	15,611,710	0.0%
Total Costs	-	-	141,367,026	94,244,684	-	235,611,710	235,611,710	0.0%
Federal Spec. Rev. Funds	-	-	141,367,026	94,244,684	-	235,611,710	235,611,710	0.0%
Total Funds	-	-	141,367,026	94,244,684	-	235,611,710	235,611,710	0.0%

Agency Narrative

The American Recovery and Reinvestment Act of 2009 includes \$235.6 million federal stimulus funds for the Department of Transportation in two areas: 1) highway infrastructure investment; and 2) transit capital assistance. Stimulus funding is delivered to Montana via the existing formula mechanisms as those currently in the department's existing programs.

Purpose of Funds

Highway Infrastructure Investment

Funding for highway infrastructure investment may only be used for eligible projects under the surface transportation section of Title 23 of the U.S. Codes. Given this eligibility requirement, the following type of highway infrastructure investment projects are eligible for stimulus funding:

- Construction, reconstruction, rehabilitation, resurfacing, restoration, and operational improvements for highways and bridges
- Capital costs for eligible transit projects
- Carpool projects, fringe and corridor parking facilities and programs, bicycle transportation and pedestrian walkways, and modification of public sidewalks to comply with the Americans with Disabilities Act of 1990
- Highway and transit safety infrastructure improvements and programs, hazard eliminations, projects to mitigate hazards caused by wildlife, and railway-highway grade crossings
- Highway and transit research and development and technology transfer programs
- Capital and operating costs for traffic monitoring, management, and control facilities and programs
- Surface transportation planning programs
- Transportation enhancement activities
- Transportation control measures
- Development and establishment of management systems
- Projects relating to intersections that have disproportionately high accident rates or have high levels of congestion
- Infrastructure-based intelligent transportation systems capital improvements
- Environmental restoration and pollution abatement
- Control of noxious weeds and aquatic noxious weeds and establishment of native species



Transit Capital Assistance

Funding provided under transit capital assistance is for grants to local public transportation systems for eligible costs under the public transportation section of Title 49 of the United States Codes. Given the eligibility requirements, the following costs would fall under this funding:

- Acquiring, constructing, supervising, or inspecting equipment or facilities for use in public transportation
- Rehabilitating or remanufacturing buses
- Preventive maintenance
- Leasing equipment or a facility for use in public transportation
- A public transportation improvement that enhances economic development or incorporates private investment
- The introduction of new technology, through innovative and improved products, into public transportation
- Public transportation crime prevention and security projects
- Establishing a debt service reserve, made up of deposits with a bondholder's trustee, to ensure the timely payment of principal and interest on bonds issued by a grant recipient to finance an eligible project
- Public transportation mobility management

Statutory Changes

No statutory changes are anticipated for Montana to receive funding in areas applicable to the Department of Transportation.

Conditions and Limitations

Highway Infrastructure Investment

The department must obligate half of the funds awarded to Montana within 120 days after they are apportioned or risk having the unobligated portion of these 50 percent of awarded funds withdrawn and redistributed to other states that have obligated their funds. The remaining funds not withdrawn must then be obligated by one year of allocation to the state or the unobligated funds will be withdrawn. Furthermore, if Montana has any funds withdrawn, it is no longer eligible to receive any of the reallocated funds withdrawn from other states. Funds must be expended by September 30, 2015, and any unexpended funds are cancelled.

To receive the stimulus funds, Montana must also maintain its current maintenance of effort and funding for planned activities under the regular federal-aid highway construction program. These costs are contained in HB 2.

Transit Capital Assistance

The department must obligate half of the funds awarded to Montana within 180 days after they are apportioned or risk having the unobligated portion of these 50 percent of awarded funds withdrawn and redistributed to other states that have obligated their funds. The remaining funds not withdrawn must then be obligated by one year of allocation to the state or the unobligated funds will be withdrawn. Furthermore, if Montana has any funds withdrawn, it is no longer eligible to receive any of the reallocated funds withdrawn from other states.

Figure 2

5401 Department Of Transportation				All Programs		
Legislative Budget Decision Package	General Fund FY 2010	General Fund FY 2011	General Fund FY 2010-11	Total Funds FY 2010	Total Funds FY 2011	Total Funds FY 2010-11
<i>Federal Stimulus New Proposal Decision Packages</i>						
NP00299 Federal Stimulus-Construction Program	-	-	-	132,000,000	88,000,000	220,000,000
NP05999 Federal Stimulus-Planning Division	-	-	-	9,367,026	6,244,684	15,611,710
New Proposal Total	-	-	-	141,367,026	94,244,684	235,611,710
Total All Decision Packages	-	-	-	141,367,026	94,244,684	235,611,710

Decision Package Narrative

Construction Program

NP 299 - Federal Stimulus-Construction Program – Biennium funding of \$220.0 million federal special revenue was approved for projects in accordance with the requirements for the highway infrastructure investment section of the American Recovery and Reinvestment Act of 2009 that are eligible under Section 133 of Title 23, United States Code. Total highway infrastructure investment funding in this decision package includes \$211.0 million in funding under formula allocation and \$9.0 million for anticipated competitive grant awards of stimulus funds.

Rail, Transit, and Planning Division

NP 5999 -Federal Stimulus-Planning Division – Biennium funding of \$15,611,710 federal special revenue was approved for projects in accordance with transit capital assistance section of the American Recovery and Reinvestment Act of 2009 that are eligible under Section 5302(a)(1) of Title 49, United States Code.



SECTION C – DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

5706 Dept Of Natural Resources & Conservation								All Programs	
Legislative Budget Comparison Table									
Federal Stimulus	Budget Version	Base	Approp	Budgeted	Budgeted	Biennium	Biennium	Biennial	Biennial
Budget Item		FY 2008	FY 2009	FY 2010	FY 2011	FY 2008-09	FY 2010-11	Change	Percent
Personal Services		-	-	225,804	226,392	-	452,196	452,196	0.0%
Operating Expenses		-	-	7,599,336	2,599,320	-	10,198,656	10,198,656	0.0%
Local Assistance		-	-	20,895,146	-	-	20,895,146	20,895,146	0.0%
Grants		-	-	-	-	-	-	-	0.0%
Transfers		-	-	-	-	-	-	-	0.0%
Total Costs		-	-	28,720,286	2,825,712	-	31,545,998	31,545,998	0.0%
General Fund		-	-	5,230,000	230,000	-	5,460,000	5,460,000	0.0%
Federal Spec. Rev. Funds		-	-	23,490,286	2,595,712	-	26,085,998	26,085,998	0.0%
Total Funds		-	-	28,720,286	2,825,712	-	31,545,998	31,545,998	0.0%

Agency Narrative

The Department of Natural Resources and Conservation includes funding requests totaling \$31.5 million for the biennium. The department's request includes \$26.1 million from the American Recovery and Reinvestment Act (ARRA) and \$2.8 general funds freed up from Montana's receipt of ARRA funds. Federal funding includes within the department are for: 1) revolving loan programs and 2) state and private forestry programs. General fund is requested for increased administrative costs associated with expanded revolving loan programs.



Purpose of Funds

This department will receive funding from the US Environmental Protection Agency for the clean water and drinking water state revolving funds (SRF) and from the US Forest Services for state and private forestry programs.

Statutory Changes

The stimulus bill contains statutory changes to allow for the acceptance of the American Recovery and Reinvestment Act funds and allow for those funds to be used for subsidization activities. See Section 16.

Conditions and Limitations

Revolving Loan Funds

The federal stimulus bill requires that no less than 50 percent of the funding provided to the states under the clean water and drinking water revolving loan programs be used for loan subsidization. The subsidization may be provided as principal forgiveness, negative-interest loans, and grants. Subsidization funds are required to be committed by February 10, 2010. The remaining funds are deposited to the revolving loan fund. The revolving loan fund, for the purposes of making loans, is statutorily appropriated. These funds are available for refinancing projects that incurred debt on or after October 1, 2008 or new projects.

State and Private Forestry –

The US Forest Service will provide grants to state and private forestry programs for the purpose of forest health, fuel reduction and bio mass energy activities. Funding will be allocated based on the state's unemployment rate, forest health issues and total land mass. At this writing, the amount to be allocated to Montana is not known.



5706 Dept Of Natural Resources & Conservation				All Programs		
Legislative Budget Decision Package	General Fund FY 2010	General Fund FY 2011	General Fund FY 2010-11	Total Funds FY 2010	Total Funds FY 2011	Total Funds FY 2010-11
<i>Federal Stimulus New Proposal Decision Packages</i>						
NP02199 Fed Stim-CSD Admin	-	-	-	75,140	75,712	150,852
NP02396 Fed Stimulus-HB6 and HB 7 Admin	230,000	230,000	460,000	230,000	230,000	460,000
NP02397 Fed Stimulus-Clean Water SRF-Loan Forgiveness	-	-	-	10,365,146	-	10,365,146
NP02398 Fed Stimulus-Drinking Water SRF-Loan Forgiveness	-	-	-	10,530,000	-	10,530,000
NP02399 Federal Stimulus-Conserv & Resource Dvlp Division	-	-	-	20,000	20,000	40,000
NP02598 Fed Stimulus-Fort Belknap Water Compact	1,000,000	-	1,000,000	1,000,000	-	1,000,000
NP02599 Fed Stimulus-Blackfeet Tribe Water Compact	4,000,000	-	4,000,000	4,000,000	-	4,000,000
NP03599 Fed Stimulus-Forestry Assistance-USFS	-	-	-	2,500,000	2,500,000	5,000,000
New Proposal Total	5,230,000	230,000	5,460,000	28,720,286	2,825,712	31,545,998
Total All Decision Packages	5,230,000	230,000	5,460,000	28,720,286	2,825,712	31,545,998

Decision Package Narrative

DP 2199 – CSD Administration – The legislature approved funding for an accountant to assist with the increased work load in the drinking water state revolving loan program.

DP 2396 – HB 6 and HB 7 Administration – Section F of the stimulus added a \$4.5 million general fund transfer to the renewable resources and reclamation and development grant programs. The legislature approved \$230,000 of one-time only general fund for increased grant administration. The funding would be used for contract management and contracted engineering services

DP 2397 – Clean Water SRF – Loan Forgiveness – The legislature approved \$10.3 million for loan forgiveness or subsidization for state revolving fund (SRF) loans granted for clean water infrastructure projects after October 1, 2008.

DP 2398 – Drinking Water SRF – Loan Forgiveness – The legislature approved \$10.5 million for loan forgiveness or subsidization for state revolving fund (SRF) loans granted for drinking water infrastructure projects after October 1, 2008.

DP 2399 – Conservation and Resource Development Division – The legislature approved \$20,000 for loan administration support for the SRF programs.

DP 2598 – Fort Belknap Water Compact – The legislature approved \$1.0 million of general fund to be deposited to the People’s Creek minimal flow fund. Upon final approval of the compact, the funds will be made available or the cost of improvements for irrigation in the People’s Creek basin. The stimulus bill contains contingent language that if this appropriation is approved, the appropriation in HB 135 for the same purpose is void.

DP 2599 – Blackfeet Tribe Water Compact – The legislature approved \$4.0 million of general fund to be deposited in the Blackfeet Tribe water rights compact infrastructure account. Upon final approval of the compact, funds would be made available for infrastructure improvements within the boundaries of the Blackfeet reservation. The stimulus bill contains contingent language that if this appropriation is approved, the appropriation in HB 161 for the same purpose is void.



DP 3599 – Forestry Assistance – USFS – The legislature approved \$2.5 million from the US Forest Service to the state and private forestry program for the purpose of forest health, fuel reduction and biomass activities. This is an estimate of Montana’s allocation; the state may receive additional funds.

Alternatives and Policy Options

Forestry Assistance – The legislature may wish to determine if the state and private forestry funds could be used to fund legislation related to forest fuel management requested by the Fire Suppression Interim Committee. This includes:

- HB 42: Establish a forest management program for lands managed by the Department of Fish, Wildlife and Parks. The fiscal requirement is \$150,000 each year of the biennium.
- SB 113: Establish and implement a private contracting mechanized equipment fuels reduction pilot program on state land within the wildland-urban interface.