

June 15, 2021

Yellowstone County Commission
217 North 27th
Billings, MT 59101

**Re: Worden-Ballantine Yellowstone County Water and Sewer District
ARPA Funding Request**

Dear Commissioners:

We wanted to take this opportunity to follow up with you after attending your meeting on June 3, 2020. Our District is tasked with providing safe drinking water to the unincorporated communities of Worden and Ballantine. We also provide water and sewer service to the Huntley Project Schools, which additionally affects the unincorporated communities of Huntley and Pompey's Pillar. All of the unincorporated area known as the Huntley Project is adversely affected by deficiencies in our system as a result.

The District was proactively completing planning to address deficiencies with our municipal water system when we received a nitrate violation for our current water source in May 2019. Additional inspections and testing of the source led to it being classified as Groundwater Under the Direct Influence of Surface Water (GWUDISW). The combination of the nitrates and surface water influence makes the water unsafe to drink without advanced treatment, and our customers, including the Huntley Project Schools, have been forced to drink bottled water for nearly two years.

We have been working diligently with our consulting engineers and the Montana Department of Environmental Quality (DEQ) to rectify the situation. We have identified a new source of drinking water for the District utilizing groundwater wells and are finalizing funding from the USDA Rural Water program to finance the first three required phases of the project. We anticipate being able to go to bid on Phase 1 of the project, drilling the new municipal wells, in July. Once the wells are completed and a water rights application submitted, design of the Phase 2 and 3 improvements to connect the wells to the distribution system will be completed and put out to bid.

While the funding package from Rural Development generously includes a \$2.1 million grant, the remainder of the \$4.8 million project is being paid with a \$2.6 million loan from Rural Development and \$100,000 from District reserves. The Rural Development loan will be repaid through a combination Special Assessment Bond and Revenue Bond. This debt will have a significant financial impact on property owners and users of the water system in our communities.

Unfortunately, the 2020 Preliminary Engineering Report (PER) identified numerous other deficiencies in the water system including the need to increase the size of the main transmission line between Ballantine and Worden to provide adequate flow and pressure and the need to replace significant portions of the original distribution systems in both communities due to excessive leaking and substandard pressure and flow.

These remaining needs are summarized in the attached Amendment No. 1 to the 2020 PER. The new transmission main and related improvements have been identified as Phase 4. Phase 5 includes the necessary water main replacements in the distribution systems for Worden and Ballantine. Estimated costs for the two phases are:

Phase 4	\$ 2,137,000
<u>Phase 5</u>	<u>\$ 7,346,000</u>
Total	\$ 9,483,000

These improvements are not financially feasible for the District to take on in addition to the current project to develop a new source. We have been closely monitoring the American Recover Plan Act (ARPA) since it was passed by Congress are hopeful that it may be a once in a lifetime opportunity to fully bring our water system up to current standards.

We understand the County is receiving over \$31 million in ARPA funding through its direct allocation from the Treasury Department. The allowable uses of these funds are restricted but water projects are clearly an eligible use. In addition, the County is eligible to apply for over \$2.8 million from the minimum allocation grants created in House Bill 632 (HB 632) by the State Legislature to distribute its ARPA funding. The minimum allocation grants must be used on water and sewer projects.

As unincorporated communities, Ballantine, Worden, Huntley, and Pompey's Pillar did not receive any direct allocation of ARPA funds and are not eligible to receive the minimum allocation grants created in HB 632. We are all part of Yellowstone County, though. As such, we respectfully and formally request that the County consider funding all or a major portion of the Phase 4 and 5 improvements necessary to bring our water system up to current standards and to insure its long-term resiliency and sustainability with its ARPA funding.

The District intends to apply for grant through the competitive grant program created in HB 632 for the difference between what the County is willing to contribute and the total estimated cost of the two additional phases. The grant applications are due by July 15, 2021, so we need a definitive answer from the County on whether they will assist our communities or not and to what extent by July 1, 2021 to complete the competitive grant application by the deadline.

However, the ONLY guarantee that this project will be built will have to come from ARPA funding through the County. ALL other options are a gamble at best with no funding guarantees of any kind. Partial funding may mean no funding at all simply because the residents of the Huntley Project are already burdened with a punishing tax load. The result of having to build a new School coupled with the current water emergency cost burden places our citizens in a financially precarious position. ARPA is about RECOVERY. Our communities have been hard hit by the pandemic and its destructive economic impact. The examples may be seen by the defunct and closed businesses and idled construction projects. Infrastructure such as we seek (and need) to build provides a basis for economic investment and growth. It provides for the safety of the public through safe drinking water, enhanced fire protection and adequate system improvements to meet future growth for decades to come.

The funding we are asking for will utilize less than 1/3 of the available ARPA funding to Yellowstone County leaving more than 2/3 of that funding for Yellowstone County to use in other infrastructure investments.

Finally, it is important to note that our Huntley Project Community is predominately independent minded and seldom asks the County for help of this nature and scope. However, in this matter the need is paramount and significant and is demonstrable. We are an important part of Yellowstone County. Our District includes Yellowstone County in its name and, on behalf of our hard working Operators, Board Members, School personnel and long suffering citizens we are formally and publicly asking for your help.

Thank you for your consideration of our request. If you need any additional information, please feel free to contact us.

Sincerely,

Worden-Ballantine Yellowstone County Water and Sewer District

Dan Ewen
District Board Chairman

Gary Fredericks
Board Member & Yellowstone County Board Representative