EXHIBIT 8
DATE 1/13/05
HB 11, 6

TOWN OF VALIER
WASTEWATER COLLECTION SYSTEM UPGRADES
PROJECT UPDATE

JANUARY 13, 2005

The Town of Valier is in the planning phase of a wastewater collection system upgrade project to replace and repair portions of its aging and deteriorating sewer mains. The total project cost is estimated at $1,919,000. To make this project feasible, the Town identified four funding sources and has applied for three grants to date. Proposed funding sources were as follows:

TSEP Grant	$500,000
DNRC Grant	$100,000
CDBG Grant	$500,000
SRF Loan	$819,000
TOTAL	$1,919,000

The application submitted to the CDBG program was not successful, and it does not appear that this project would score high enough in subsequent competitions to ever be awarded a CDBG grants. The Town Council does not think that adding an additional $500,000 to the loan amount is feasible, since that would result in combined user rates of $71.46. Therefore, the Town Council has reassessed the project and associated funding and is now proposing to revise the scope of the project and the amount borrowed. The proposed project funding is as follows:

TSEP Grant	$500,000
DNRC Grant	$100,000
SRF Loan	$600,000
TOTAL	$1,200,000

The project scope would be modified such that the total length of sewer main to be upgraded would be reduced from the original 9700 feet to approximately 6200 feet. The scope reduction would include those sewer mains that serve the fewest residents. In other words, the sewer mains that would be upgraded with this project would be those mains farther downstream in the collection system and serve all of Valier's residents.

The SRF loan would finance that portion of the project not financed by the TSEP and DNRC grants. Debt service for the SRF loan would be covered with an increase in utility rates. With terms of $600,000, 20 years, and 3.75%, the average utility rate increase would be $13.19. This increase would result in a combined water and wastewater utility rate of $51.80/month. This compares to Valier's target utility rate of $51.75.

TOWN OF VALIER
WASTEWATER SYSTEM UPGRADES PROJECT

JANUARY 13, 2005

Mr. Chairman and members of the Committee, my name is Dorothy Stoddard, I am the Valier Town Council President. With me today is Mayor Velda Loch. We are here today on behalf of the Town of Valier to express support for passage of House Bill 11. Among various provisions in the Bill, it will provide necessary funding assistance for the infrastructure needs of numerous municipalities and utility districts throughout Montana. Specifically, we are here today to address House Bill 11 as it pertains to TSEP and DNRC grant funding for the Town of Valier Wastewater System Improvements project.

This Bill would provide funding for a project to upgrade approximately 10,000 feet of the Town's wastewater collection system. Valier's collection system consists of 35,000 feet of 6, 8, and 10-inch sewer mains and over 50 manholes. About 30 percent of the mains are the older-style vitrified clay pipe and much of this clay pipe is approaching a 100-year service life. The type and age of this pipe has caused problems in the past and will continue to cause problems unless upgrades are made.

The project will include three identified segments of the collection system. One section is the main collector on Montana Street which collects all of the wastewater flows from Valier and discharges it to the wastewater treatment facility. Various repairs on this and other sections have shown the need for immediate upgrades. A video inspection conducted in 2001 confirmed the deteriorating condition of the pipe; it showed root intrusion, cracked pipe, and mineral buildup at the cracks. The cracks and visibly broken pipes will lead to pipe failures and potential blockages at some point in the future; this would be especially troublesome on Montana Street which serves the entire Town. It is our intent to rehabilitate the worse mains before this happens.

Besides the risk of plugged sewer mains due to broken clay pipe, the current condition of the pipe is causing both infiltration of groundwater and exfiltration of raw sewage. When the groundwater level was above the pipe elevation, flow records at the system discharge point showed flows higher than expected, thus indicating a system-wide infiltration problem. On a more localized level, late night flow monitor was conducted at selected manholes and in one case, on a section of pipe programmed for upgrades, the infiltration rate was 60 gallons per capita per day. This compares to a typical wastewater flow of 100 gallons per capita per day without infiltration. The deteriorating condition of the manholes also allows significant inflow to the system during rain and snowmelt events, as shown by monitoring records at the wastewater treatment facility. The significant infiltration

and inflow to the wastewater system causes unnecessary overloading at the treatment facility.

When the groundwater falls to a level below the sewer mains, it stands to reason that the sewage would leak out of the pipes and into the local groundwater system. Flows recorded at the treatment facility indicate that this is indeed occurring. Summer time wastewater flows, when groundwater levels can be expected to be lower than the sewer mains, are about 20 percent less than the 100 gallons per capita per day referenced earlier. This in an indication that part of the wastewater flows are exfiltrating or leaking from the sewer mains and not discharging to the treatment facility. This would be a concern for local groundwater and nearby Lake Frances.

The Town of Valier has been proactive in updating our utility infrastructure. Ten blocks of the collection system were replaced in 1999. In 2002 we replaced a critical section of the sewer outfall to the treatment facility. A new wastewater treatment facility was constructed in the mid 1990s. Beyond that, we have maintained the system and made minor improvements as our limited finances allow. We have made as many upgrades as we can but financial assistance is necessary to continue with this specific, major project. The TSEP and DNRC grant funding would allow the Town to continue with implementation of its capital improvement program, which includes sewer main upgrades. The overall project was originally estimated to cost $1,919,000 which would have included an $819,000 SRF loan. In a project update summary sheet that is available to the Committee, we have outlined our proposed modification to the project. We are proposing a project modification since the Town's CDBG application was not successful. We are proposing to reduce the scope of the project to an estimated cost of $1,200,000 and reduce the amount of the SRF loan to $600,000. Servicing this debt would still increase the average combined utility rate to a minimum of $51.75 per month. This would meet Valier's target rate of $51.75.

Without this project, the condition of the collection system will continue to deteriorate and the risk of an emergency and resulting major repair will increase. The leakage problem will continue, allowing excessive wastewater flows to the treatment facility and seepage of sewage into the groundwater system. The Town and the individual residents of Valier do not have the financial resources to fund the entire project. Therefore, we have been proactive in seeking grant assistance. With the Committee's recommendation for funding of Valier's project and passage of House Bill 11, this project will become a reality. The Committee's favorable consideration of this request for financial assistance would be greatly appreciated.