

Mr. Chairman and Members of the committee, for the record, my name is Dave Jones. I am the President of the Hill County Water District. Thank you for this opportunity to discuss our project.

Hill County Water District is requesting **\$285,000** from the Treasure State Endowment Program to complete **upgrades to our pump house for our operator safety and for the future connection to the Rocky Boy's/North Central Montana Regional Water System.** The estimated project cost is \$570,000. The District will match the TSEP grant with a loan and with its cash reserves.

We are coming to you at the 11<sup>th</sup> hour because of our lack of communication. Hill County Water District had received a **\$500,000 TSEP grant in 1995 to construct a water treatment plant.** Our project was **ranked #1** during that funding cycle. We had received a letter from TSEP in 1996 with a Notice to Proceed. We have not proceeded because of our anticipation of the construction of the Regional Water System. **We assumed that the funds were still available to us.** It wasn't until April of this past year, 2004, that we fully realized that our contract with the TSEP program had been terminated by the 2003 legislature. By that time, it was too late to submit an application to the TSEP program for this funding cycle.

**The proposed project will replace the Kremlin pump house. The Kremlin pump house has three major problems:**

- 1. The pumps are 15 feet below ground level**
  - 2. The electrical system is outdated and hazardous**
  - 3. The chlorine treatment system is also hazardous**
- This project will not only address all three of these issues but also would be of a necessary size to facilitate our future connection to the Regional Water System.**

I would like to give a little history about our system:

In addition, we are also concerned that our second water source will be found to **be under the influence of surface water**, which will require the construction of a second water treatment plant and more costs.

For this reason we have been actively pursuing the connection the Rocky Boy's/North Central Montana Regional Water System of which I am a member of the Executive Committee of the Authority.

EPA has given us a **compliance schedule**. In order to comply with the schedule, the District must complete upgrades to its system and/or connect to the RWS by 2008. **These improvements will help us upgrade our system so we will be able to connect to RWS system.**

**Once we passed the deadline to reapply for TSEP funds, we then submitted an application to the USDA Rural Development Program. Due to federal cutbacks, RD will only offer a 25% grant, instead of the 45% grant that we would have been eligible to receive.**

**With the TSEP funding cycle, the District could not apply for another two years, meaning construction could not occur until 2008.**

**If we are unable to meet the EPA schedule, we could be forced to construct our original water treatment plant. That would force us to withdraw from the RWS, which could jeopardize the whole RWS project.**

Thank you for considering this request. I am available for any questions that you may have.

The Hill County Water District was constructed in 1966 to provide better quality water to an area that begins just west of Havre and includes the six towns (Kremlin, Gilford, Hingham, Rudyard, Inverness and Joplin) and 11 rural water systems. We currently have approximately 800 hookups and serve a population of 3,500. The District assesses \$40 per hookup per month plus usage cost of \$2.00 per 1,000 gallons in winter and \$1.50 per 1,000 gallons in the summer. **A typically household pays \$65.00 per month for water alone, which is not only one of the highest rates in Montana but also a burden to the low-income and elderly population in our service area.**

Hill County has two water sources. The main source is pumped from Fresno Dam. The second source consists of an infiltration gallery near the Marias River approximately 20 miles south of Inverness that was completed in 1987 in response to the difficulty of meeting peak demands at the west end of the system.

In 1994, Hill County received an EPA **Administrative Order** for non-compliance with the 1986 Safe Drinking Water Act. The act requires all **surface water to be filtered**. Presently the water from Fresno is not filtered. We currently add chlorine to the water. Even with that, the District is under a **boil-order** for the six-mile radius of Kremlin. It should be noted that the **KG elementary school** is located in Kremlin.

In order to comply with this order, Hill County must either construct a water treatment plant, which was estimated at \$1 million in 1994, or find alternative water source such as the Regional Water System. **Had we proceeded with our original project to construct the water treatment plant, it was estimated that our monthly user rate would have increased to over \$80 per month.**



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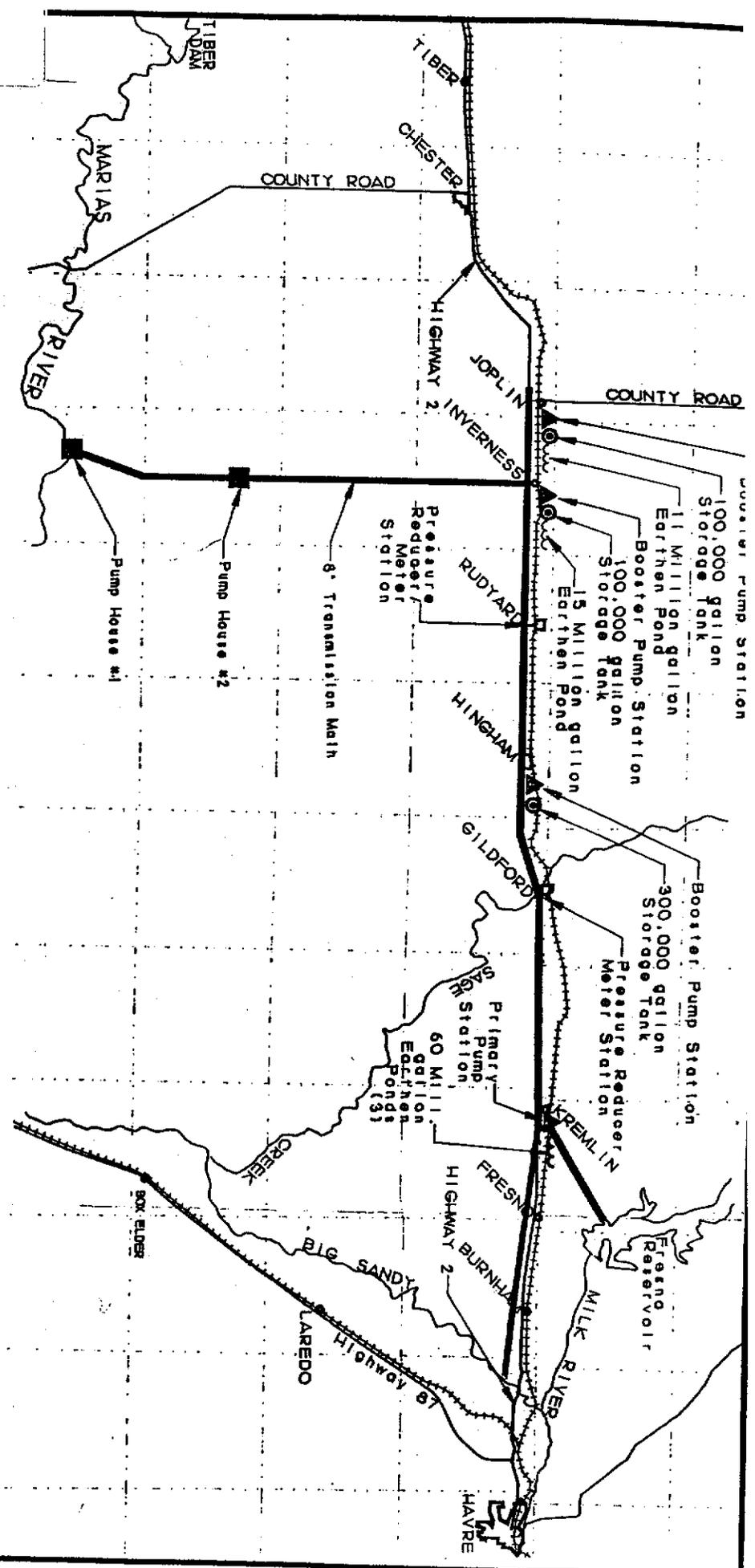


Figure 1  
 Existing Water System for  
 Hill County Water District