

Testimony in support of Deer Lodge Wastewater Treatment Improvements  
Treasure State Endowment Program, Renewable Resource Grant – 2013 Biennium

Mr. Chairman and members of the Long Range Planning Committee, my name is Mary Ann Fraley and I am the Mayor of the City of Deer Lodge. I am here today representing the 3400 residents of Deer Lodge. I am here with our engineer, Nancy Cormier who is available to answer any technical questions.

The City of Deer Lodge consists of 1,244 households with a median household income of \$29,859. Forty-three percent of our residents are considered low and moderate income.

We have undertaken a project to replace our 30 year old lagoon system with a new mechanical treatment plant to allow us to meet stringent DEQ discharge limits into the Clark Fork River. We are under a DEQ Administrative Order and must complete the project by December 2015. The total project cost is over \$11 million dollars. The rate payers of Deer Lodge cannot afford this project without financial assistance!

In July 2011, the City of Deer Lodge was awarded a \$500,000 dollar TSEP grant and a \$100,000 Renewable Resources grant by the 62<sup>nd</sup> Legislature. In the 18 months since then, we have been working very diligently to pull together the \$11 million dollars needed to fund our project. But, this takes time.

I would respectfully ask the committee to take note of the fact that the average cost of the infrastructure projects funded by TSEP in the 2013 biennium was \$2.3 million dollars. The two most costly projects are Deer Lodge and Lockwood, both at around \$12 million dollars. Lockwood only just met start up conditions in the last week of December. The next most expensive project is only half the cost of Deer Lodge.

We have been working with USDA-Rural Development for 2 years to secure the remainder of the funding including a loan for \$7.7 million dollars. Our accomplishments include:

- Restructuring the project at the request of Rural Development and obtaining approval from TSEP and RRGL.
- Vetting of two treatment plant site alternatives including multiple public meetings.

- Two revisions of our Rural Development application and issuing the Environmental Assessment for public comment.
- Applications for federal grants in 2011 and 2012.
- Application for a Natural Resource Damage Program grant in 2012.
- And, finding a lender for \$10 million in interim financing needed during construction.

This process has been very challenging because our plant, which is located on City-owned property, is adjacent to the Grant-Kohrs Ranch, which is a National Historic Site. Before the environmental process can be completed, a Memorandum of Understanding has to be finalized between Rural Development, the National Park Service and the City. This work is proceeding.

In order to meet TSEP and RRGL startup conditions, we must have commitment from Rural Development. We cannot obtain that commitment until we complete the environmental process. We are very close! On behalf of the residents of Deer Lodge, I implore you to allow Deer Lodge a little more time to complete this process so that our efforts over the last 2 years are not wasted.

Loss of our TSEP and RRGL grants jeopardizes all of our funding and could delay the project. This would result in the City not meeting our DEQ compliance schedule. Keeping our TSEP and RRGL grants will keep the project on course for completion by December of 2015.

As I noted a moment ago, in the 18 months since receiving our TSEP and RRGL grants, we have been working very diligently to pull together the \$11 million dollars needed to fund our project. This takes time and we are very close to meeting our start up conditions! Please do not withdraw commitment of these important funds from our project.

Thank you for your consideration.