

LOCAL GOVERNEMENT INFRASTRUCTURE PROJECT

A Report Prepared for the
Legislative Finance Committee

By
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Introduction

The Legislative Finance Committee (LFC) included a local government infrastructure project in the FY 2013-2014 work plan. This brief report, along with the executive and local government presentations, will serve to kick-off the work related to this project.

Infrastructure Overview

As defined by the Oxford Dictionary, infrastructure is “the basic physical and organizational structures and facilities (e.g. buildings, roads, power supplies) needed for the operation of a society or enterprise.” Infrastructure facilities have several common characteristics. These facilities 1) have high capital costs, 2) are time-consuming to plan and build, 3) are durable, exhibiting a long useful life, 4) may have low operating costs, 5) are often systems, and 6) have costs that may not be fully recovered by user charges. Infrastructure typically exhibits economies of scale¹ and are socially desirable but may not be privately profitable, leading governmental provision of the facilities.

This report addresses “basic infrastructure”, or infrastructure used by individuals and business every day. Under this premise, the project will not concentrate on what may be referred to as “soft infrastructure”, meaning the network of support services needed for the operation of communities, such as police, fire, and social services. The project will involve the various types of “hard” infrastructure, for which the list is extensive and includes:

- airports
- bridges
- broadband
- canals
- dams
- energy generation
- energy transmission
- hazardous waste
- hospitals
- parks
- mass transit
- public housing
- schools
- public spaces
- rail facilities
- roads
- sewage
- solid waste
- telecommunications
- utilities
- water supply
- wastewater

Infrastructure facilities may be owned and operated by all levels of government, as well as private business interests (electricity and energy generation and transmission, rail facilities, hospitals, etc.). The federal government owns/operates/maintains infrastructure such as the interstate highway system, generally beneficial to the wider national population, and the state operates and maintains the state highway system and other state government facilities, primarily for the beneficial use of the state population. For this project, local government infrastructure will describe facilities that provide services to the smaller community populations of cities and counties.

Infrastructure Investment

A recently released survey by the American Association of Civil Engineers ranked the nation with a “D+” in infrastructure categories, stating that while the nation has shown improvement in upgrades and maintenance, “our infrastructure systems are failing to keep pace with the current and expanding needs, and investment in infrastructure is faltering.”² While individual state grades were not provided, the report leads to the conclusion that improvements are needed within all the states.

There are numerous factors that necessitate infrastructure investments. Much of Montana’s local government infrastructure is approaching the end of its useful life, requiring if not full replacement of systems then significant rehabilitation of the existing facilities. Beyond life-cycle concerns, local governments must be aware of anticipated population growth in relation to system capacity, which can necessitate system expansion. Events

¹ The cost advantages that enterprises obtain due to size, with cost per unit of output generally decreasing with increasing scale as fixed costs are spread out over more units of output.

² American Association of Civil Engineers (2013). 2013 Report Card for America’s Infrastructure. <http://www.infrastructurereportcard.org/a/#p/overview/executive-summary>.

such as floods and fires can trigger unplanned repairs and maintenance. Additionally, technological advancements drive the need for improvements to existing systems. Another significant driver in infrastructure investments are regulatory requirements at both the federal and state level that can cause local governments to find their systems out of compliance with law.

The local government investment in infrastructure construction and maintenance is typically financed through fees and taxes, which require public participation in the funding decisions. Consequently, constraints may be imposed by the population, often leading to fees and user charges which are inadequate to manage the maintenance and replacement costs of their facilities. Many of the widely spread communities of Montana have small populations, and are unable to benefit from the economies of scale. Smaller communities are often unable to collect fees and taxes that will adequately provide for the costs of maintenance and upgrades to their infrastructure assets. Consequently, routine maintenance may be deferred to the point where projects become more extensive and necessitate greater investment.

Recent Infrastructure Costs

Most forms of infrastructure have high capital costs, which often exceed the local government's ability to finance. Additionally, major repairs and maintenance can also be costly. Recent examples of the significant project costs include:

- \$8.9 million for the rehabilitation and expansion of the current waste water plant in Havre
- \$8.8 million for a dam (drinking water containment) replacement in Libby
- \$3.0 million to replace inflatable rubber gates, procure new steel bulkheads, and replace the existing wooden flashboards at the Toston Dam
- \$72.8 million to reconstruct the Tongue River Rd., pavement and gravel sections (funding not approved at this time)

In Montana, federal and state governments partner with local governments to finance some of the critical infrastructure investments. Local governments benefit when infrastructure partnerships are developed. The assistance can mitigate financial stresses related to the management of critical infrastructure. Furthermore, partnering on infrastructure investment tends increase the amount of routine systems maintenance and ultimately reduces costs at the local government level.

Conclusion

This report is meant to provide a kick-off for the LFC local government infrastructure project by providing a definition of infrastructure and a brief discussion of the challenges underlying infrastructure investment. The construction and maintenance of local government infrastructure is a costly endeavor, and local governments benefit when financial partnerships are formed. Because infrastructure is such a broad topic area, even when limited to local government infrastructure, the staff requests further guidance on the local government infrastructure project. In that light, the LFC may wish to discuss and address the following questions:

- 1) What is the ultimate goal of this project?
- 2) What types of infrastructure does the committee want to consider?
- 3) What information is important to consider?
 - a. Inventories?
 - b. Condition?
 - c. Adequacy?
 - d. Regulatory or other obstacles?
- 4) Adequacy of current programs?
 - a. Funding availability?
 - b. Funding delivery?
 - c. Current rules?

“Rigorous analysis around all aspects of infrastructure spending is needed to improve... performance to date. Perhaps the worst time to relieve under-provision of infrastructure is during a (financial) crisis, especially when evaluation and delivery have not been thought through well in advance. A more transparent process of evaluation and delivery, as well as an improved understanding of the complexities of infrastructure, are investments in policy infrastructure well worth making.”

Timo Henckel (2010). *The Economics of Infrastructure in a Globalized World: Issues, Lessons and Future Challenges*

Attachments

Local Government Waste Water and Water Projects

The first attachment to this report makes use of the project lists from the local government grants programs authorized in the 2013 Legislative Session. These project lists are used to demonstrate 1) the cost of system construction/maintenance and 2) the governmental partnerships formed to reduce the pressures on local government budgets. For example, in this biennium's program waste water system improvements average \$3.7 million and water improvements average \$2.3 million. As demonstrated in the table, the funding for these projects is anticipated (not all funding sources have been secured as of this time) from four state sources and six federal sources. The local governments make use of two governmental loan programs to round out the complete project funding. The various funding sources may be read across the columns with the acronyms meaning:

- TSEP-Treasure State Endowment Program
- RRGL-Renewable Resource Grant and Loan Program
- Coal Board-Coal Board Grants Program
- SRF-State Revolving Loan Funds Programs (loans and loan forgiveness)
- CDBG-Community Development Block Grant Program
- RD-Rural Development (grants and loans)
- WRDA-Water Resource Development Act Grants
- STAG-State and Tribal Assistance Grants
- BOR-Bureau of Reclamation Grants Programs

Additional information on the above mentioned funding sources is found in the third attachment,

TSEP Project Funding Graphic

The second attachment provides a graphic of the TSEP infrastructure funding proposals. The TSEP program is a state program that provides funding for the construction and major maintenance of water infrastructure and bridges. In the series of pie charts, the first depicts the total distribution of TSEP funds by project type. For example, of the total TSEP funding appropriated in the 2015 biennium, 56% is anticipated to be granted to local governments for waste water projects and 27% for water projects. The two pie charts below show the overall project funding by source of funds. These charts provide the average of "partnership" funding for the infrastructure projects. For water system improvements, local governments are anticipating state grants to contribute 31% of the total cost and federal grants contributions of 26%. Ultimately, the local governments will cover the remaining 43% in part with 40% of the investment taking the form of governmental loans, generally thought to have lower interest rates than other types of debt financing. The chart for waste water projects can be read in the same way.

Note: The attached TSEP charts shows waste water and water projects that were approved by the legislature for grants in the 2015 biennium. The table does not include combined waste water/water, storm water, and bridge projects included in the full list of TSEP grant awards. Additionally, it should be noted that the proposed project funding packages have not been fully secured at the time of this writing, and some of the planned grants and loans may not materialize in the overall funding presentation.

Funding Source Matrix

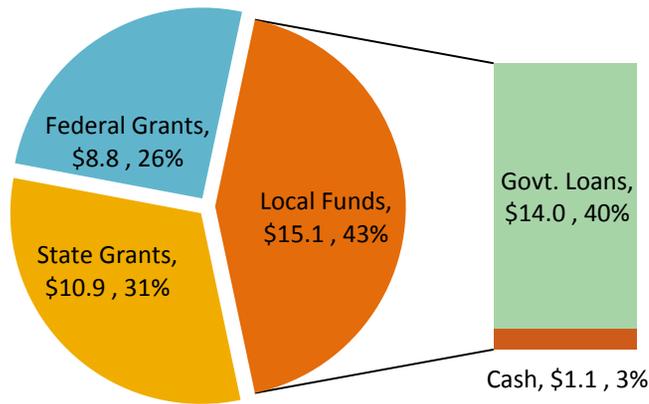
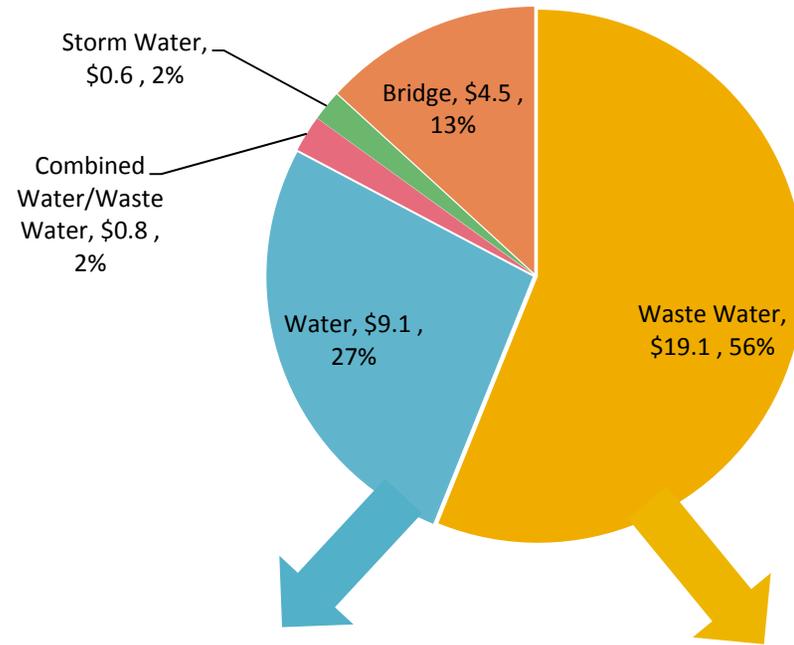
The third attachment to this report provides a matrix of local government infrastructure funding available. The matrix shows various local government funding programs by the providing government entity and then by the governmental unit that houses the program. The matrix is not, at this time, fully inclusive and additions will be made to the matrix over time. Of note, are the financial partnerships formed in the construction, maintenance, and upgrades of local government infrastructure.

S:\COMMON_ANALYSTS\CD\2013-14 Interim LFC Projects\Local Government Infrastructure\Local Government Infrastructure Project.docx

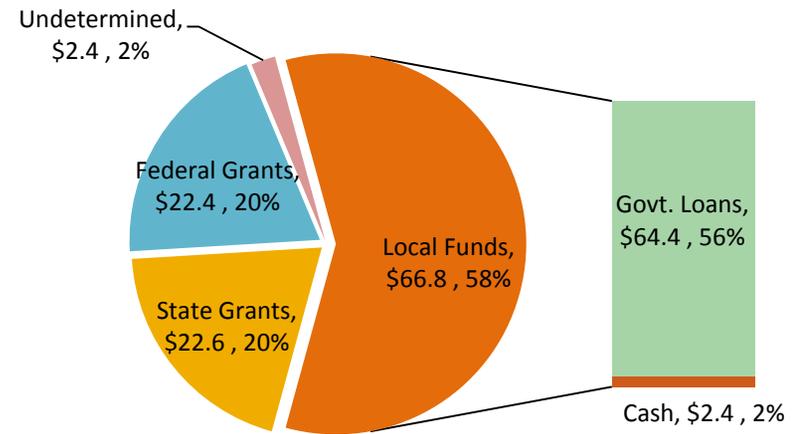
Local Government Water and Waste Water Projects With TSEP and RRGL Grants Authorized in the 2013 Session																
Applicant/County	Pop. Served	Project Cost	Anticipated State Grant Funding				Anticipated Federal Grant Funding						Anticipated Govt. Loans			
			TSEP	RRGL	Coal Board	SRF (loan forgiveness)	CDBG	RD Grant	WRDA	STAG	BOR	Water SMART	SRF Loan	RD Loan	Local Funds	Unknown
Waste Water Projects																
Craig Co WSD, Lewis & Clark	103	\$3,332,755	\$750,000	\$100,000				\$1,328,115								
Glendive, Dawson	4,729	8,879,392	750,000	100,000								8,029,392	\$1,086,640	\$68,000		
Valier, Pondera	498	1,983,930	750,000	100,000				523,350					610,580			
Hill County - North Havre, Hill	973	423,000	211,500									105,750			105,750	
Dawson Co/West Glendive, Dawson	1,833	3,047,631	750,000	100,000								2,197,631				
Seeley Lake Sewer Dist, Missoula	780	6,907,000	750,000	100,000			450,000	1,300,000	680,000	1,521,700			2,105,300			
Three Forks, Gallatin	1,728	4,529,155	750,000	100,000								3,679,155				
Richland County, Richland	297	2,165,000	750,000	100,000	100,000			364,500					850,500			
Amsterdam/Churchill Sewer Dist., Gallatin	727	3,160,368	750,000	100,000									2,310,368			
Fort Benton, Chouteau	1,594	4,230,000	750,000	100,000				2,366,000					1,014,000			
Moore, Fergus	186	1,880,000	625,000	100,000				512,500					512,500	5,000	125,000	
Forsyth, Rosebud	1,944	3,434,700	500,000	100,000	250,000							2,199,700		385,000		
Vaughn Co WSD, Cascade	701	1,972,645	750,000	100,000								1,122,645				
Choteau, Teton	1,781	7,804,370	750,000	100,000			450,000	250,000					6,254,370			
Boulder, Jefferson	1,300	4,882,000	625,000	100,000			450,000	750,000					2,757,000	200,000		
Cut Bank, Toole	3,105	8,131,000	625,000	100,000									7,406,000			
White Sulphur Springs, Meagher	984	988,000	460,500	100,000								427,500				
Winnett, Petroleum	185	2,304,000	750,000	100,000			450,000						1,004,000			
Harlowton, Wheatland	1,062	1,611,000	625,000	100,000				210,000					676,000			
Stevensville, Ravalli	1,553	3,755,630	750,000	100,000			450,000	676,689					1,578,941	200,000		
Lodge Grass, Big Horn	510	3,721,000	750,000	100,000	200,000		450,000						2,221,000			
Harlem, Blaine	848	2,363,829	625,000	100,000			450,000	355,749					833,080			
Winifred, Fergus	208	2,513,000	500,000	100,000			450,000	122,850			300,000		150,150	125,000	765,000	
Havre, Hill	9,621	8,966,411	500,000	100,000				2,569,923					5,271,488	400,000	125,000	
Fairfield, Teton	659	2,629,753	625,000	100,000				518,926					1,210,827	50,000	125,000	
Miles City, Custer	8,487	8,400,800	500,000	100,000				1,950,200					5,850,600			
Drummond, Granite	318	2,342,000	750,000	100,000				445,000					1,037,000	10,000		
Alberton, Mineral	374	623,000	292,000	100,000								192,000			39,000	
Belt, Cascade	633	2,525,205	625,000	100,000				500,000			300,000		830,205		170,000	
Joliet, Carbon	575	2,388,000	154,200	100,000				831,500					831,500		470,800	
Hamilton, Ravalli	3,705	2,301,000	322,262	100,000			450,000							1,001,000	427,738	
Total Waste Water Projects		\$114,195,574	\$19,065,462	\$3,000,000	\$550,000	\$0	\$4,050,000	\$15,575,302	\$680,000	\$1,521,700	\$300,000	\$300,000	\$17,953,773	\$46,402,049	\$2,444,000	\$2,353,288
% of Total Funding			16.7%	2.6%	0.5%	0.0%	3.5%	13.6%	0.6%	1.3%	0.3%	0.3%	15.7%	40.6%	2.1%	2.1%
Average Waste Water Project Cost		<u>\$3,683,728</u>	% State Share <u>19.8%</u>				% Federal Share <u>19.6%</u>						% Local Share <u>58.5%</u>			
Water Projects																
Manhattan, Gallatin	1,520	\$1,855,000	\$750,000	\$100,000		\$200,000			\$300,000				\$505,000			
Cascade, Cascade	819	2,069,051	750,000	100,000		219,000	450,000						550,051			
Pinesdale, Ravalli	742	2,541,939	750,000	100,000			450,000	372,582						869,357		
Musselshell Co WSD, Musselshell	60	900,250	450,125		150,000			207,500						92,625		
Hot Springs, Sanders	531	1,185,100	592,550				450,000						142,550			
Chinook, Blaine	1,386	2,998,900	750,000	100,000				644,220						1,503,180	1,500	
Roundup, Musselshell	1,931	1,250,273	500,000	100,000			450,000							200,273		
Libby, Lincoln	2,626	8,797,000	750,000	100,000			450,000	3,204,000						3,916,000	377,000	
Philipsburg, Granite	914	1,120,000	550,000	100,000				112,500						357,500		
Dutton, Teton	389	832,555	408,500	100,000		92,500							231,555			
Polson, Lake	4,041	1,480,620	625,000	100,000									755,620			
Conrad, Pondera	2,753	1,479,995	625,000										854,995			
Malta, Phillips	2,120	6,157,500	500,000	100,000				1,667,250						3,890,250		
Eureka, Lincoln	1,017	1,100,000	550,000	100,000				90,000						360,000		
Plevna, Fallon	138	1,100,000	500,000	100,000										500,000		
Total Water Projects		\$34,868,183	\$9,051,175	\$1,200,000	\$150,000	\$511,500	\$2,250,000	\$6,298,052	\$300,000	\$0	\$0	\$0	\$3,039,771	\$10,988,912	\$1,078,773	\$0
% of Total Funding			26.0%	3.4%	0.4%	1.5%	6.5%	18.1%	0.9%	0.0%	0.0%	0.0%	8.7%	31.5%	3.1%	0.0%
Average Water Project Cost		<u>\$2,324,546</u>	% State Share <u>31.3%</u>				% Federal Share <u>25.4%</u>						% Local Share <u>43.3%</u>			

TREASURE STATE ENDOWMENT PROGRAM

**Project Funding 2015 Biennium
(millions)**



Water System Project Funding



Waste Water System Project Funding

**Local Government Infrastructure (construction and planning) Funding Programs
State and Federal**

		Infrastructure Types														
Program	About Program	Applicant/Population/Recipients	Uses	Terms/Conditions	Funding Type	Water	Waste-Water	Solid Waste	Bridges	Storm Water	Roads	Other Trans	Irrigation	Dams	Other	
MT Department of Commerce	Treasure State Endowment Program (TSEP)	Create jobs, encourage local public facility improvements, create a partnership between the state and local governments, support long-term, stable economic growth, protect future generations from undue fiscal burdens, coordinate and improve infrastructure financing, and protect the health, safety, and welfare of the citizens.	Cities, towns, counties, tribal governments, consolidated local governments, county or multi-county water, sewer or solid waste districts, other authorities as defined in 75-6-304, MCA	Facility construction	*Maximum grants of \$750,000 for construction projects and \$500,000 for bridge projects. *Grants are no greater than 50% of the eligible project *Hardship grants may be provided in cases of extreme financial hardship *Approved grant recipients must meet all "start-up" conditions to receive grant awards	Grants	X	X	X	X	X					
	TSEP Project Planning	The program helps local governments with infrastructure planning for the constructing or upgrading drinking water systems, wastewater treatment facilities, sanitary or storm sewer systems, solid waste disposal and separation systems, and bridges.	Same as above	Preliminary engineering, capital improvement, other	Maximum planning grant is \$15,000 and grants are awarded on a first come first serve basis until all appropriated funds are committed	Grants	X	X	X	X						
	Coal Board Grants *Administratively attached to Commerce	Provides funding to local governments, state agencies, and tribal governments with the impacts that are a direct consequence of coal development or as a result of major decline in coal-related activity.	Cities, towns, counties, school districts, water and sewer districts, state agencies, governing bodies of federally recognized Indian tribes	Governmental services and infrastructure	Awards grants on five statutory criteria: need, severity of impact, availability of funds, degree of local effort in meeting these needs, and community planning	Grants	X	X	X	X	X	X	X	X	X	
	InterCap Loans	The INTERCAP program is a variable rate loan program.	Eligible government units defined under 17-5-1604	Construction of all indicated types of infrastructure	Local governments may finance improvements to utility systems through the INTERCAP loan program using the revenues of the system to repay the loan	Loans	X	X	X							
MT Department of Natural Resources & Conservation	Treasure State Endowment Regional Water Program (TSEPRW)	Provide matching funds for federal dollars for the planning and construction of regional drinking water systems that supply water to large geographical areas and serve multiple local governments.	Regional water authorities. Construction grants to federally authorized projects only; administrative grants for all 4 existing regional water systems	Regional water system construction, must be a match to federal funds and project administration	Construction projects must fall within the authorized system.	Grants	X									
	Renewable Resource Grants (RRG)	For projects that conserve, manage, develop or protect Montana's renewable resources.	Political subdivisions of state, local and tribal government including state agencies and universities, counties, incorp. cities and towns, conservation districts, irrigation districts, water/sewer /solid waste districts and tribes	Improvements to infrastructure and other projects that benefit or sustainable use renewable resources	Limited to \$100,000 (not set in statute or rule)	Grants	X	X		X			X	X		
	RRG Project Planning	Facilitates the development of renewable resource projects, helping communities in infrastructure planning.	Same as Renewable Resource grants	Project planning such as preliminary engineering and community infrastructure planning	Grants between \$5,000 and \$15,000	Grants	X	X		X			X	X		
	Renewable Resource Loans (RRL)	This program makes loans to communities for renewable resource projects. Recently, the program has funded more irrigation loans, reflecting the need for repair of aging ditches, diversions, and other irrigation infrastructure. The program also provides a safety net for municipal projects, such as solid waste projects, that may not qualify for SRF funding.	Political subdivisions of state, local and tribal government including state agencies and universities, counties, incorporated cities and towns, conservation districts, irrigation districts, water/sewer/solid waste districts and tribes	Improvements to infrastructure and other projects that benefit or sustainable use renewable resources	Limited by the applicant's ability to repay the loan	Loans	X	X	X				X	X		
	Irrigation Development Grants	Assist producers with projects to grow high value crops and expand development of irrigated acreage.	Private individuals, associations, corporations or groups	Irrigation project planning and infrastructure improvements	Maximum grants of \$15,000	Grants								X		
	Renewable Resource Emergency Grants	This program provides funding for serious emergencies that meet program requirements. The emergency must pose an immediate threat to the beneficial management of a renewable resource.	Same as Renewable Resource grants	For emergencies not the result of inadequate system operation and maintenance	Applicant must demonstrate financial need. Limited to \$30,000 per project	Grants	X	X		X			X	X		
	Private Water Development Loans	This program provides loans for private water development projects.	Private individuals, associations, corporations or groups	Water-related projects that conserve, distribute, develop, store, and use water for beneficial uses. Most loans go toward sprinkler irrigation	Limited to applicant's ability to repay the loan. Private entities may not exceed the lesser of \$400,000 or 80 percent of the fair market value of the security given for the project. Private loans to individuals must be secured with real property. Loans up to \$3 million are available for such organizations as water user associations and ditch companies	Loans	X	X		X			X	X		
Private Entity Grants	Projects that conserve, manage, develop, use, develop, or preserve state waters.	Private individuals, associations, corporations or groups	Dam inspections, septic tank replacement, watershed group projects, drinking water well improvements, etc.	Grants may not exceed 25% of total estimated cost or 5% of the legislative appropriation (\$5,000 limit this biennium)	Grants	X	X		X			X	X			

		Program	About Program	Applicant/Population/Recipients	Uses	Terms/Conditions	Funding Type	Water	Waste-Water	Solid Waste	Bridges	Storm Water	Roads	Other Trans	Irrigation	Dams	Other			
State Infrastructure Funding Programs	Department of Transport	City Park Rest Areas	This program provides funding assistance to local governments to maintain or improve established city park rest area facilities	Municipalities	Facility improvements at city park rest areas	Proposals must directly benefit the traveling public												X		
		Rail Freight Loan Program	This program provides loans for railroad branch line improvements	Railroad owners, operators, and certain port authorities	Construction, reconstruction, or rehabilitation of rail lines and related facilities														X	
	MT Departments of Natural Resources & Conservation and Environmental Quality	Drinking Water, State Revolving Funds Loans (SRF)	To protect the public health and the environment by providing below-market loans for construction of public health-related infrastructure improvements as well as provides funding for other activities related to public health and compliance with the Safe Drinking Water Act (SDWA).	Municipalities, public or private community water systems & non-profit non-community water systems, public entities and state agencies	Acquisition of land integral to the project, consolidating water supplies, engineering, new sources, treatment, source water protection, storage, distribution	*Require completion of construction, alteration, or extension of a public system within three years of approval *Statutes mandate that each community and non-transient non-community water treatment plant and water distribution system and each public wastewater treatment plant system have a certified operator The current interest rate is 3% with payment schedules not to exceed 20 years. Drinking Water Projects qualifying as disadvantaged may extend term up to 30 years	Loans	X												
		Water Pollution, State Revolving Funds Loans (SRF)	Provides funds for training, technical assistance, and the issuance of low-interest loans to local governmental entities to finance wastewater facilities and implementation of the Clean Water Act.	Municipalities (meaning a state agency, city, town or other public body created pursuant to state law) Municipalities or Private Persons (meaning an individual, corporation, partnership or other non-governmental legal entity) to finance non-point source pollution control projects and wastewater projects	Wastewater treatment plant improvements, interceptors, collectors, lagoon rehabilitation, lagoons, storm drains, land used for treatment purposes, project design, inspection, facility plans, non-point source pollution control	The current interest rate is 3% with payment schedules not to exceed 20 years. Wastewater Projects qualifying as disadvantaged may extend term up to 30 years. Projects must meet state and federal wastewater system requirements	Loans		X	X			X							
State Administered Federal Funding Programs	US Department of Commerce, HUD	Community Development Block Grants (CDBG) (The MT Department of Commerce Administers Federal Block Grants provided through US Dept. of Commerce, Housing and Urban Development)	Provides assistance to communities with community development needs.	Limited to towns, cities, and counties with the exception of Billings, Great Falls and Missoula, which receive their own CDBG entitlement funds annually. Indian tribes are ineligible to apply as tribes receive funds directly from an Indian CDBG Program	Housing, public facilities, economic development and planning grants	Projects must be designed to principally benefit low and moderate-income families	Grants	X	X											
	Federal Transportation Administration	*Transit	Federal funding programs administered by MDT support community transit systems with operating, capital, and facility costs. A locally developed coordination plan is required, and must include general public services as well as services for the disabled and elderly. Federal Health and Human Services funds may be used to match federal transit funds.																	
		*Research Programs	MDT conducts research to discover, develop, or extend knowledge needed to operate, maintain, and improve Montana's multi-modal transportation system.																	
		*Bicyclist and Pedestrian Information	Clearinghouse for MDT's bicycle/pedestrian coordinator reviews planned construction projects for bicycle/pedestrian safety and access issues, and acts as a liaison between MDT and bicycle/pedestrian interest groups.																	
		*Tribal Employment Rights Office (TERO)		MDT withholds a fee from contractor's payments for projects on Tribal lands. The fee amount is agreed upon in the individual tribe's MOUs with MDT. The TERO fees are paid to the tribes immediately after being withheld from the contractor payments.	A Memorandum of Understanding is negotiated by the Governor's American Indian Nations Council and MDT and it is determined during the negotiation process whether the tribe will receive TERO fees and what percentage will be received.	A Project Specific Agreement (PSA) is entered into between the Tribes and MDT covering the project details including the TERO fees. Each payment to a contractor for projects with a signed PSA will have a TERO fee withheld and a claim to the tribes will be processed immediately from MDT.														
*Essential Air Service	An Essential Air Service Task Force providing coordination and assistance to the communities. Works as a partner with the USDOT and other governmental entities to ensure air service continuance. Task force direct expenses are funded by the communities.												X							

		Program	About Program	Applicant/Population/Recipients	Uses	Terms/Conditions	Funding Type	Water	Waste-Water	Solid Waste	Bridges	Storm Water	Roads	Other Trans	Irrigation	Dams	Other			
State Administered Federal Funding Programs	Federal Transportation Administration	*Aircraft Registration	Annual aircraft registration is required by Montana law (67-3-201, MCA). An annual fee is charged for each aircraft based on age of aircraft, size, number of engines, and horsepower of engine(s). Ninety percent of the fee is deposited in the general fund for distribution to the counties which amounts to approximately \$420,000 annually.											X						
		*Airport/Airway Navigation Aids	The Program helps communities across Montana troubleshoot operational problems with navigational aids associated with their public use airports.		State funds were used to purchase, install, and manage 67 Unicom air to ground communication radios in the state. Annual budget for this program is \$2,500									X						
		*Runway Lighting Resale Program	State funds are used to operate a runway lighting resale program. Items are purchased in quantities that allow price a break which is passed on to communities that purchase these items. Annual budget for this program is \$13,900.												X					
		*Aeronautical Grant and Loan Program	In the interest of fostering and promoting aviation and aeronautical purposes within Montana, MDT offers aeronautical grants and loans to eligible public sponsors as allowed in 67-1-301, MCA. The program may provide cost sharing grants and low interest loans for any aeronautically related project. The Montana Aeronautics Board, whose members are appointed by the governor's office, has sole authority on the annual awarding of grant and loan monies of approximately \$760,000.00. A portion of general aviation and airline gas tax revenues generated within the state of Montana provides the principal funding for this program.												X					
		*Pavement Preservation Grants	The Montana Department of Transportation offers pavement preservation grants to eligible public sponsors as allowed in 67-1-301, MCA. The program provides grants for pavement preservation purposes to eligible airports. The Montana Aeronautics Board, whose members are appointed by the governor's office, has sole authority on the annual awarding of pavement preservation grant monies of approximately \$80,000.00. A portion of airline gas tax revenues generated within the state of Montana provides the principal funding for this program.										X							
		*Highway Safety Improvement Program (HSIP)	Federal funds are available with nonfederal match for infrastructure projects that improve highway safety. These funds can be utilized for any public road projects such as signing, striping, guardrail installation, slope flattening, and intersection improvements.																	
		*CMAQ	Federal funds available under this program are used to finance transportation projects and programs to help meet the requirements of the Clean Air Act. Eligible activities include transit improvements, traffic signal synchronization, bike/ped projects, intersection improvements, travel demand management strategies, traffic flow improvements, and public fleet conversions to cleaner fuels.	CMAQ funds must be spent in nonattainment or maintenance areas, or on projects that strive to reduce transportation-related emissions. Eligible activities include transit improvements, traffic signal synchronization, bike/ped projects, intersection improvements, travel demand management strategies, traffic flow improvements, and public fleet conversions to cleaner fuels	MAP-21 provides CMAQ funding to areas in nonattainment or maintenance for ozone, carbon monoxide, and/or particulate matter. In addition, those State that have no nonattainment or maintenance areas still receive a minimum apportionment of CMAQ funding for either air quality projects or other elements of flexible spending															

		Program	About Program	Applicant/Population/Recipients	Uses	Terms/Conditions	Funding Type	Water	Waste-Water	Solid Waste	Bridges	Storm Water	Roads	Other Trans	Irrigation	Dams	Other			
State Administered Federal Funding Programs	Federal Transportation Administration	*Montana Air & Congestion Initiative (MACI)	This unique MDT program provides funds for strategies to proactively address air quality issues related to carbon monoxide and particulate matter. Projects in eligible nonattainment or at-risk areas are prioritized and selected based on air quality benefits. Eligible projects have included the purchase of street sweepers and flush trucks necessary to reduce particulate matter and the funding of intersection improvements and signal synchronization projects to reduce carbon monoxide emissions.	MDT requests project proposals from non-attainment and high-risk areas in the State. Local agencies and MDT meet and cooperatively develop a priority list of MACI projects that demonstrate quantitative and qualitative emissions reduction according to program eligibilities	MDT requests project proposals from non-attainment and high-risk areas in the State. Local agencies and MDT meet and cooperatively develop a priority list of MACI projects that demonstrate quantitative and qualitative emissions reduction according to program eligibilities															
		Transportation Investment Generating Economic Recovery (TIGER) (administered by MT Department of Transportation)	Discretionary grant funding for capital investments in surface transportation infrastructure.	Economically distressed areas	Highway or bridge projects, public transportation projects, passenger and freight rail transportation projects, port infrastructure investments	Near term economic development benefits coupled with job creation and secondarily to capture benefits of new and/or innovative approaches to achieving programmatic objectives while forging partnerships	Grants				X		X							
		Community Transportation Enhancement Program (CTEP) (administered by MT Department of Transportation)	Funding for transportation related projects designed to strengthen the cultural, aesthetic, and environmental aspects of Montana's intermodal transportation system. The CTEP allows for the implementation of a variety of non-traditional projects.	City, county, and tribal governments	Provision of facilities for pedestrians and bicycles; acquisition of scenic easements, scenic or historic sites, information signage, and related historic preservation; landscaping; preservation of abandoned railway corridors; control and removal of outdoor advertising; environmental mitigation of water pollution due to highway runoff or reduce wildlife mortality; establishment of transportation museums		Grants				X		X	X						
		Transportation Alternatives (TA) (administered by MT Department of Transportation)	Funding for programs and projects defined as transportation alternatives.	Local and tribal governments; transit, natural resource, and public land agencies; school districts, local education agencies, or schools; other local or regional governmental entity with responsibility for oversight of transportation or recreational trails (other than metropolitan planning organizations or state agencies)	Projects include, but are not limited to, pedestrian and bicycle facilities; turnouts, overlooks, and viewing areas; lighting and safety related infrastructure improvements; projects to achieve ADA compliance; environmental mitigation and wildlife connectivity	No requirement for projects to be located along federal-aid highways. Projects will be prioritized according to federal eligibilities and requirements under MAP-21	Grants						X	X						
State and Federal Infrastructure Funding Programs	Department of Transportation	Surface Transportation Program - Secondary	This program provides federal and state matching funds for improvements on Montana's secondary highway system.	Local governments	Reconstruction, rehabilitation, and pavement preservation improvements	Funds are allocated on a statutory formula. Capital construction projects are identified at the local level and coordinated with the agency	Allocation						X							
		Surface Transportation Program - Urban	This program provides federal and state matching funds for improvements to the urban highway system.	Local governments	Street reconstruction, rehabilitation, and traffic operation improvements	Funds are allocated on a statutory formula to areas with populations greater than 5,000. Projects are identified and prioritized at the local level	Allocation						X							
		Urban Highway Pavement Preservation	This program provides federal and state matching funds for cost effective treatments to urban highway routes.	Local governments	Improvements preserve the system, delay roadway deterioration, and improve roadway condition without adding capacity.	Priorities are identified through the MDT district and local government consultation based on pavement management systems maintained at the local level	Allocation						X							
Federal Infrastructure Funding Programs	US Department of Agriculture	Rural Development Grants (RD) Water and Environmental Grants	To develop water and waste disposal systems in rural areas and towns with a population not in excess of 10,000. Programs support such essential public facilities and services as water and sewer systems, housing, health clinics, emergency service facilities and electric and telephone service.	Public entities, tribes, and non-profit corporations in rural areas and places with up to 10,000 population	Construct, repair, modify, expand, or improve water supply and distribution systems, waste collection and treatment systems, and other related costs	Interest rates are set quarterly based on an index of current market yields for municipal obligations. Repayment maximum 40 years	Grants	X	X	X		X								
		Rural Development Loans (RD) Water and Environmental Loans	Provide technical assistance and information to help agricultural producers and cooperatives get started and improve the effectiveness of their operations.				Loans	X	X	X		X								

		Program	About Program	Applicant/Population/Recipients	Uses	Terms/Conditions	Funding Type	Water	Waste-Water	Solid Waste	Bridges	Storm Water	Roads	Other Trans	Irrigation	Dams	Other	
Federal Infrastructure Funding Programs	US Department of Agriculture	Water & Waste Predevelopment Planning Grants	Pay costs associated with developing a water or sewer preliminary engineering and/or environmental report for funding.	The applicant as shown above who can demonstrate that they do not have the funds available to pay for the preliminary costs	Pay for items needed for an application such as a preliminary engineering reports, environmental reports, etc. No payment for costs incurred before grant award	Rural areas and places with up to 10,000 population. MHI below 80% of the State Non-Metro MHI. Grant cannot exceed 75% of the planning costs or \$25,000, whichever is less	Grants	X	X	X		X						
		Search Grant (Planning)				Same as above, except only up to 2,500 population. Grant cannot exceed 100% of the planning costs or \$30,000, whichever is less	Grants	X	X	X		X						
	Interior: Reclamation	Water SMART	For projects that seek to conserve and use water more efficiently, increase the use of renewable energy, protect endangered species, or facilitate water markets.	Irrigation and water districts, tribes, states and other entities with water or power delivery authority	Facility construction	50/50 cost share funding for. Projects are selected through a competitive process and the focus is on projects that can be completed within 24 months that will help sustainable water supplies in the western US	Grants	X							X	X		
	EPA	State and Tribal Assistance Grants (STAG)	The grants for training, studies, surveys and investigations that help states improve their compliance assurance and enforcement for environmental laws. Projects can also address public health issues.				Grants	X										
Environmental Conservation: USACE	Water Resource Development Act (WRDA)	To provide loans or loan guarantees to state and local governments and certain nongovernmental entities to complete water infrastructure projects.	State and local governments and certain nongovernmental entities	Mitigating storm damage, restoring ecosystems, reducing erosion on inland and intracoastal waterways, levee safety and rehabilitation programs, water infrastructure projects	Public and private entities would be required to comply with regulations to prevent the spread of invasive species	Grants	X											
Directly Allocated Local Government Tax Revenue	Department of Revenue	Infrastructure User Fee Credit (Individual and Corporation Taxes)	The Board of Investments may make loans to local governments to finance infrastructure to serve a new or relocated business that will result in 15 or more new full-time jobs. The local government may charge fees to the users for extending the infrastructure. The business may claim a credit against income or corporation tax for the amount of the fee it pays.	Individuals and Corporations may claim this credit when they file their income tax return	This credit in effect pays the taxpayer for having local infrastructure extended to serve its business	If a business pays \$100 per year to its local government to cover the cost of having sewer service extended to the business, it is able to claim a credit of \$100 and deduct \$100 as a business expense	Tax	X	X	X	X	X	X	X	X	X	X	
		*Empowerment Zone Credit						Tax										
		*Infrastructure User Fee Credit							Tax									
		*Empowerment Zone Credit							Tax									
		*New or Expanding Industry Credit							Tax									
		*Remodeling/reconst-Commercial Prop							Tax									
		*Energy Production or Development							Tax									
	*Tax Increment Finance District	Tax increment financing is authorized for the segregation of the taxable value, in a qualified district, into base and increment values. The idea behind tax increment financing is that revenue for local governments and the state will be held at the same level as when the tax increment financing district (TIF) was created. The additional tax revenue created from growth in the TIF over time is used by the TIF to pay for development activities within the TIF. The increment is released back to the local governments and the state when the TIF expires.	Qualified districts may include urban renewal districts, industrial districts, technology districts, and aerospace transportation and technology dis- tracts. Local governing body, by ordinance and following a public hearing, may authorize the creation of a tax increment finance district. Prior to the authorization by a local governing body the district must fulfill the requirement laid out in Title 7, Chapter 15, Part 42 of the MCA.	Tax increment financing may be used to pay for a variety of development activities within the TIF, including: land acquisition, demolition and removal of structures, relocation of occupants, infrastructure costs, construction of publicly owned buildings and improvements, administration of urban renewal activities, and paying bonds that were issued to fund appropriate costs.		Tax	X	X	X	X	X	X	X	X	X	X	X	
MT Department of Transportation	Gas and diesel tax distributions to cities and towns (not a program, but funding through a distribution of tax dollars)	Statutorily designated tax revenues are distributed to cities and towns for road projects	Incorporated cities and towns (consolidated city/county governments are considered to have both city and county boundaries for the tax dist)	Construction, reconstruction, maintenance, and repair of rural roads and city or town streets and alleys	Distributions are made to local government entities by a statutory formula. Project payments must be disbursed to the lowest responsible bidder according to applicable bidding procedures followed in all cases in which the contract for construction, reconstruction, maintenance, or repair is in excess of \$25,000	Tax						X	X					
	Gas and diesel tax distributions to counties (not a program, but funding through a distribution of tax dollars)	Statutorily designated tax revenues are distributed to counties for road projects	Counties (consolidated city/county governments are considered to have both city and county boundaries for the tax distributions)			Tax						X	X					
	Gas and Diesel Tax Distributions to tribal governments (not a program, but funding through a distribution of tax dollars)	Statutorily designated tax revenues are distributed to tribes for road projects	State tribal governments with cooperative agreements			Tax						X	X					

* Items designated with an asterisk * were added to this document by OBPP. The LFD did not have sufficient time to review the items and will work to provide any information lacking from the items for the next distribution of the matrix.