

Long-Range Planning Presentation – Senate

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HB 11 – Montana Coal Endowment Program (MCEP) & MCEP Regional Water

MT Coal Endowment Program

Program Staff:

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MCEP Program Description: The Montana Coal Endowment Program (MCEP), formerly known as the TSEP program & which is administered by the Department of Commerce (DOC), is a state infrastructure finance program approved by Montana voters with the passage of Legislative Referendum 110 in June 1992. Grant funding for the program is derived from the interest earnings of the Montana Coal Endowment Program sub-trust.

Infrastructure grants are for local governments, and projects include drinking water systems, wastewater treatment facilities, sanitary sewer or storm sewer systems, solid waste disposal and separation systems, and bridges. The maximum grant award is \$750,000. Bridge projects are limited in the program to awards of up to 20.0% of the interest earnings from the MCEP trust in 90-6-710, MCA. As a result, the MCEP projects are provided in two sections in HB 11, one for bridge projects and another for infrastructure projects.

The MCEP administrative costs and grant appropriations are funded with the interest earnings from a coal severance tax endowment trust. The MCEP trust is a “sub-trust” of the permanent coal severance tax trust. The corpus of the sub-trust is fixed at \$268.0 million. The interest earned from the trust is transferred into the state special revenue fund authorized in 90-6-701, MCA.

General Notes:

- As proposed by the executive, for the MCEP program, HB 11 included:
 - 40 infrastructure grants, totaling \$20.3 million.
 - 12 bridge grants, totaling \$3.5 million.
 - Planning grant funding to be awarded by Dept of Commerce totaling \$1.7 million.
- The Senate Finance and Claims Committee adopted amendment 11.002.002 which restores the Arlee/Lake County Water and Sewer District Infrastructure Project \$327,500.

**MCEP Fund Balance Analysis - 2027 Biennium
Funds 02270**

	FY 2024 Actual	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	2027 Biennium Projected
Beginning Fund Balances	\$ 25,613,318	\$ 31,998,822	\$ 7,395,600	\$ (6,908,930)	\$ 7,395,600
Coal SubTrust Earnings ¹	\$ 12,036,439	\$ 11,549,776	\$ 11,853,967	\$ 12,223,374	\$ 24,077,341
Expenditures					
HB 2 MCEP Administration ²	\$ 603,285	\$ 854,437	\$ 804,256	\$ 807,088	\$ 1,683,867
Emergency Grants	\$ 30,000	\$ 70,000	\$ 150,000	\$ -	\$ 150,000
Planning Grants	\$ 40,000	\$ 860,000	\$ 1,500,000	\$ -	\$ 1,500,000
Prior Biennia Grants	\$ 3,533,296	\$ 5,603,202			\$ -
Current Biennium Grants	\$ 1,444,354	\$ 28,765,359	\$ 23,704,241	\$ -	\$ 23,704,241
Total Expenditures/Appropriations	\$ 5,650,935	\$ 36,152,998	\$ 26,158,497	\$ 807,088	\$ 27,038,108
Projected Ending Fund Balance	\$ 31,998,822	\$ 7,395,600	\$ (6,908,930)	\$ 4,507,356	\$ 4,434,833
¹ HJ 2 Projections					
² HB 2					

MCEPRW – Regional Water Program

Program Staff:

- Autumn Coleman, Resource Development Bureau Chief – MCEP Regional Water

MCEPRW Program Description: The 1999 Legislature created the Montana coal endowment regional water system fund as a new sub-trust within the coal tax permanent trust. The program is administered by the Department of Natural Resources and Conservation (DNRC). The program, established in 90-6-715, MCA, was created to finance the regional drinking water systems that supply water to large geographical areas and serve multiple local governments.

Funding for MCEPRW is from the MCEPRW trust which is a “sub-trust” of the permanent coal severance tax trust. The corpus of the sub-trust is fixed at \$98.1 million. The interest earned from the trust is transferred into the state special revenue fund authorized in Title 90, Section 6, part 7, MCA, to provide a match for the development of large “regional” water systems.

There are currently 4 regional water systems, including:

- Fort Peck Indian Reservation/Dry Prairie Regional Water System
- The Rocky Boy’s Indian Reservation/North Central Montana Regional Water system
- The Central Montana Musselshell-Judith Regional Water System
- The Dry-Redwater Regional Water System

The regional water authorities submit prioritized construction projects for funding consideration, and then the DNRC and then DNRC prioritizes project funding based on several criteria, but the top 3 being: need, feasibility, & cost/funding.

General Notes

- The original proposed funding amount was \$10.0 million for regional water system projects.
- Revenue is anticipated to be \$7.8 million from coal sub-trust earnings, and the 2027 biennium is anticipated to begin with a balance of \$1.3 million.
- The Senate Finance and Claims Committee did not recommend any changes for MCEPRW funding.

**MCEPRW Regional Water System Fund Balance Analysis - 2027 Biennium
Funds 02015**

	FY 2024 Actual	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	2027 Biennium Projected
Estimated Beginning Fund Balance	\$ 5,930,547	\$ 8,965,521	\$ 1,368,992	\$ (106,418)	\$ 1,368,992
Revenue Projections ¹					
Coal Subtrust Earnings	\$ 4,018,031	\$ 3,628,296	\$ 3,801,339	\$ 3,989,587	\$ 7,790,926
Expenditures					
Administration - DNRC ² & Regional Water Authority	\$ 206,691	\$ 305,625	\$ 276,749	\$ 276,749	\$ 553,498
Regional Water Authority Admin. Grants ²	\$ 608,000	\$ 891,923			\$ -
Prior Biennia Grants	\$ 24,483	\$ 168,000			\$ -
2025 Biennium Grants	\$ 140,724	\$ 9,859,276	\$ 5,000,000	\$ 5,000,000	\$ 10,000,000
Fund Balance Adjustment	\$ 3,160	\$ -			\$ -
Total Expenditures/Appropriations	\$ 983,058	\$ 11,224,824	\$ 5,276,749	\$ 5,276,749	\$ 10,553,498
Estimated Ending Fund Balance	\$ 8,965,520	\$ 1,368,992	\$ (106,418)	\$ (1,393,580)	\$ (1,393,580)

¹HJ 2

²HB 2

Montana Coal Endowment Program (MCEP)									
HB 11 - 2027 Biennium									
Rank	Applicant	Project	County	Type of Project	Total Project Cost	Grant Requested	AMEND	Cumulative Total	Grant % of Total Project Cost
HB 11 - Bridge Program									
1	Lewis & Clark County	Replace Augusta Clemons Road Bridge	Lewis & Clark	Bridge	\$ 1,543,700	\$ 750,000	\$ 750,000	\$ 750,000	49%
2	Madison County	Replace Silver Springs Bridge	Madison	Bridge	\$ 1,519,100	\$ 750,000	\$ 750,000	\$ 1,500,000	49%
3	Petroleum County	Replace Horse Creek Road Bridge	Petroleum	Bridge	\$ 837,000	\$ 627,900	\$ -	\$ 2,127,900	75%
4	Park County	Replace Main Street Bridge	Park	Bridge	\$ 1,225,500	\$ 612,750	\$ 612,750	\$ 2,740,650	50%
5	Powder River County	Replace Randall/Moorhead Road Bridge	Powder River	Bridge	\$ 727,200	\$ 363,600	\$ 363,600	\$ 3,104,250	50%
6	Wibaux County	Replace Pine Unit Road Bridge	Wibaux	Bridge	\$ 881,500	\$ 440,500	\$ 440,500	\$ 3,544,750	50%
7	Missoula County	Styler Creek West Bridge	Missoula	Bridge			\$ 500,000		
Total HB 11 Bridge Projects					\$ 6,734,000	\$ 3,544,750	\$ 3,416,850	\$ 3,544,750	53%
HB 11 - Infrastructure Program									
1	Hysham, Town of	Water treatment plant and infiltration gallery improvements	Treasure	W	\$ 2,568,571	\$ 750,000	\$ 750,000	\$ 4,294,750	29%
2	Roundup, City of	Treatment facility upgrades including new headworks, backup generator, blower and the disposal of sludge from existing lagoons	Musselshell	WW	\$ 4,952,500	\$ 750,000	\$ 750,000	\$ 5,044,750	15%
3	Twin Bridges, Town of	Distribution system improvements	Madison	W	\$ 2,119,800	\$ 750,000	\$ 750,000	\$ 5,794,750	35%
4	Harrison Water and Sewer District	Treatment system improvements, Lift Station improvements, and rehabilitate and replace components of irrigation and center pivot	Madison	WW	\$ 3,852,860	\$ 750,000	\$ 750,000	\$ 6,544,750	19%
5	Wolf Point, City of	Wastewater collection system improvements	Roosevelt	WW	\$ 2,520,303	\$ 625,000	\$ 625,000	\$ 7,169,750	25%
6	Dutton, Town of	Distribution system improvements and replacing chlorination vault	Teton	W	\$ 1,722,700	\$ 750,000	\$ 750,000	\$ 7,919,750	44%
7	Alder County Water and Sewer District	New submersible Lift Station pump and flow meter, upgraded Lift Station control panel	Madison	WW	\$ 1,847,000	\$ 750,000	\$ 750,000	\$ 8,669,750	41%
8	Shelby, City of	Install or rehabilitate approximately 1,750 feet of 8 and 10 inch mains with PVC 8 and 10 inch mains and connect existing services	Toole	WW	\$ 750,000	\$ 375,000	\$ 375,000	\$ 9,044,750	50%
9	Red Lodge, City of	Cast in place pipe lining of 1,360 feet of 12-inch vitrified clay pipe, 1,015 linear feet of existing 10-inch VC pipe, and 1,200 linear feet of existing 8-inch VC pipe along with miscellaneous manhole replacements, and open-cut replacement of	Carbon	WW	\$ 2,102,500	\$ 500,000	\$ 500,000	\$ 9,544,750	24%

		approximately 2,020 linear feet of 8-inch with High Density Polyethylene pipe							
10	White Sulphur Springs, City of	Intake pond improvements and replacement of filter media	Meagher	W	\$ 1,787,080	\$ 625,000	\$ 625,000	\$ 10,169,750	35%
11	South Wind Crosswinds Community Water and Sewer District	Expand the treated wastewater drain field, new secondary water well, hydrogeologic study and water rights application, and provide fencing for well head protection	Cascade	W&WW	\$ 2,129,588	\$ 750,000	\$ 750,000	\$ 10,919,750	35%
12	Circle, Town of	Replace water mains, gate valves, and fire hydrants	McCone	W	\$ 2,625,000	\$ 750,000	\$ 750,000	\$ 11,669,750	29%
13	Arlee/Lake County Water and Sewer District	Installation of new locking manhole rims, extension of sanitary sewer main, re-classification of lagoons, and upgrades to the irrigation pump state	Lake	WW	\$ 655,000	\$ 327,500	\$ 327,500	\$ 11,997,250	50%
14	Deer Lodge, City of	Repairing and replace sewer lines, manholes, and replacing leaking service connections	Powell	WW	\$ 878,000	\$ 439,000	\$ 439,000	\$ 12,436,250	50%
15	Willow Creek Sewer District	Wastewater collection system improvements	Gallatin	WW	\$ 2,003,625	\$ 750,000	\$ 750,000	\$ 13,186,250	37%
16	Hinsdale County Water and Sewer District	Water distribution system improvements	Valley	W	\$ 4,125,400	\$ 500,000	\$ 500,000	\$ 13,686,250	12%
17	Fairfield, Town of	Two new water supply wells and distribution system improvements	Teton	W	\$ 3,859,700	\$ 500,000	\$ 500,000	\$ 14,186,250	13%
18	Darby, Town of	Rehab gravity collection mains	Ravalli	WW	\$ 2,084,993	\$ 750,000	\$ 750,000	\$ 14,936,250	36%
19	Joliet, Town of	Lagoon reconfiguration and upgrades	Carbon	WW	\$ 1,656,685	\$ 625,000	\$ 625,000	\$ 15,561,250	38%
20	Ronan, City of	Replace the lagoon system with a SAGR operation, miscellaneous upgrades to support the SAGR operation, and sludge removal from existing lagoon	Lake	WW	\$ 10,859,000	\$ 750,000	\$ 750,000	\$ 16,311,250	7%
21	Bigfork County Water and Sewer District	Install new natural gas generator, distribution system improvements, extend new water supply main	Flathead	W	\$ 4,400,000	\$ 500,000	\$ 500,000	\$ 16,811,250	11%
22	Richey, Town of	Replace water mains on south side of town, including replacement of gate valves and hydrants	Dawson	W	\$ 2,385,000	\$ 500,000	\$ 500,000	\$ 17,311,250	21%
23	Malta, City of	Install new water tank	Phillips	W	\$ 3,777,000	\$ 500,000	\$ 500,000	\$ 17,811,250	13%
24	Big Timber, City of	Construct new water storage tank, new transmission main to connect tank to distribution system, new valve vault, control valves, and bypass piping; and SCADA control improvements	Sweet Grass	W	\$ 2,854,000	\$ 500,000	\$ 500,000	\$ 18,311,250	18%
25	St. Ignatius, Town of	Replace all clay tile mains, approximately 12,640 LF of the collection system	Lake	WW	\$ 5,752,559	\$ 750,000	\$ 750,000	\$ 19,061,250	13%

26	Ennis, Town of	Construct new wellhouse, develop 2 new redundant water supply, replace existing water storage tank	Madison	W	\$ 4,008,000	\$ 500,000	\$ 500,000	\$ 19,561,250	12%
27	Pinesdale, Town of	Improvements to water distribution and treatment systems	Ravalli	W	\$ 2,019,541	\$ 750,000	\$ 750,000	\$ 20,311,250	37%
28	Basin County Water and/or Sewer District	Replace 2,400 lineal feet of water main and install 4 new hydrants	Jefferson	W	\$ 1,514,240	\$ 500,000	\$ 500,000	\$ 20,811,250	33%
29	Martinsdale Water and Sewer District	Distribution system improvements including main replacement and service meter replacement	Meagher	W	\$ 1,323,000	\$ 750,000	\$ 750,000	\$ 21,561,250	57%
30	Sun Prairie Village County Water and Sewer District	Install new security fence, repair clearwell, repair storage tank, and replace pump station	Cascade	W	\$ 2,238,000	\$ 500,000	\$ 500,000	\$ 22,061,250	22%
31	Judith Basin County for Geyser Water and Sewer District	Rehabilitation of the lift station, replace piping, valve components and pumps, and lagoon upgrades	Judith Basin	WW	\$ 1,081,783	\$ 520,891	\$ 520,891	\$ 22,582,141	48%
32	Whitehall, Town of	Construct a 2,300 feet long water main extension to and a 2,200 feet long water main loop. Project includes new hydrants, valves, and appurtenances	Jefferson	W	\$ 1,681,951	\$ 750,000	\$ 750,000	\$ 23,332,141	45%
33	Libby, City of	Replace Lift Station, install new concrete wet well, and permanent backup generator	Lincoln	WW	\$ 1,059,000	\$ 500,000	\$ 500,000	\$ 23,832,141	47%
Total HB11 Water & Wastewater Projects					\$ 89,194,379	\$ 20,287,391	\$ 20,287,391	\$ 23,832,141	23%
Total MCEP Projects					\$ 95,928,379	\$ 23,832,141	\$ 23,704,241	\$ 23,832,141	25%