

*Capital Improvements Plan*

# **SWEET GRASS COUNTY**



Adopted in March of 2023

# SWEET GRASS COUNTY

## Capital Improvements Plan

March 2023

Reviewed by:  
Sweet Grass County Commissioners

Prepared for the:  
Sweet Grass County Commissioners

Prepared by:



Adopted by Resolution: March 27, 2023

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# EXECUTIVE SUMMARY

The main duty of the Sweet Grass County Commission is to manage the maintenance and improvement of the County’s capital infrastructure to support the services provided to residents. This includes roads and bridges, parks, buildings, office space, vehicles, large equipment, and computers. All of these must be purchased, maintained, and replaced on a timely basis or their value to residents and County employees will diminish. Therefore, the County’s five-year Capital Improvement Plan (CIP) is being developed to ensure adequate investment in these assets.

This CIP is meant to be a planning and budgeting tool for the County Commission. It is anticipated to be updated annually and subject to change as the County’s needs adjust, evolve, and become more defined. If used appropriately, this plan can provide the County with long-term project identification, evaluation, public discussion, high level cost estimating, and financing ideas. Ultimately it should help ensure that the County is positioned to:

- Protect and improve its basic infrastructure through construction, rehabilitation, and maintenance.
- Maximize the useful life of capital investments by scheduling major renovations, rehabilitations, or replacements at the appropriate time in the lifecycle of the facility or equipment.
- Identify and examine current and future infrastructure and equipment needs and establish priority projects to use available resources efficiently.
- Improve financial planning by balancing needs and available resources with potential fiscal implications.

The Commission used the planning process to evaluate individual capital projects against the County’s long-term goals and needs. This evaluation resulted in the overall project priority list that is found in Table 1 below. This table lists the most important capital improvement priorities for the County as determined by the County Commission.

Priority	Project Name	Recommended Improvements	Schedule	Cost
1	Courthouse Remodel or Construct New Facility	Preliminary architectural for evaluation of new courthouse vs rehabilitation of old building		\$40,000
2	Reed Point Cemetery	Water well and Irrigation		\$100,000
3	Emergency Dispatch	Console upgrades		\$400,000
4	Melville Fire Station	Construct new building		\$500,000
5	East Boulder Road Rockslide	Maintenance		\$615,000
6	Treasurer/Financial Officer Office	Remodel-office combine		\$150,000
7	North County Radio Repeater	Develop repeater site		\$500,000
8	Upper Main Boulder Bridges	(Fleming, Hilary, 4 Mile etc.)		\$600,000
9	State Highway Building Purchase (if available)			TBD

In addition to the nine (9) projects listed above in Table 1, the County Commission and County staff identified many other projects and equipment needs but they are of a lower priority.

# INTRODUCTION

Based on input from County residents, this Capital Improvements Plan (CIP) focuses on evaluating County roads, bridges, emergency service, administrative facilities and equipment, fairgrounds, shop facilities, equipment, and public buildings. The CIP describes the level of recommended upgrade or repair necessary for each asset and the available budgetary costs. The CIP will also help guide the County Commission in identifying viable funding sources for its infrastructure needs.

## WHAT IS A CAPITAL IMPROVEMENTS PLAN & WHY HAVE ONE?

This Plan (CIP) is a blueprint for identifying the County's capital (infrastructure/equipment) needs, priorities, and estimated costs. The plan also provides viable funding options for these capital projects. The objective of the CIP is to create a logical, transparent, data-driven strategy for investing in the County's infrastructure needs. The Plan strives to reflect the priorities of County residents and to exemplify sound financial practices.

The CIP process consists of six basic steps:

- Inventory and evaluation of infrastructure, facilities, and equipment.
- Prioritization of needs.
- Identification of funding options to meet the needs.
- Matching funding sources with improvements.
- Advice and guidance from residents on priorities.
- Formal adoption and use by the County Commission.

The process provides an orderly and routine method of identifying and financing capital improvements and makes capital expenditures more responsive to the needs of residents by informing and involving them in the process. Thus, the CIP process should ultimately save the County financial resources.

## KEY ELEMENTS

The development of this CIP required several essential elements, including:

- **Inventory/Analysis:** Evaluation of County infrastructure, including roads, bridges, emergency services, administrative facilities and equipment, fairgrounds, shop facilities, equipment, and public buildings. Based on County staff input, field reviews, previous data reports, and residents' input, the County created an inventory of existing infrastructure.
- **Prioritization:** Identifying the County's highest priority projects is essential to addressing critical public health and safety needs and avoiding long-term deferred maintenance costs that can result from neglecting infrastructure of equipment for too long.
- **Cost Estimates:** Preliminary cost estimates for proposed improvements were made using estimated budgetary unit prices. Due to the general nature of the analysis, these cost estimates are not accurate enough to be used as a definitive basis for establishing a specific improvement project's actual cost but are acceptable for budget level estimates. In some cases, not enough data was available to make estimates.
- **Funding Analysis:** The research and identification of funding sources to finance improvements are vital to making facility and equipment improvements a reality. Due to the fluctuation of available federal and state funding available at the completion of this CIP it is only possible to forecast funding availability from current sources.
- **Resident Involvement/Outreach:** The input of residents needed to be collected and considered during the preparation and adoption of the CIP. Public outreach methods for the CIP included: posting the final draft on the County website, and a public hearing by the County Commission.

# INTRODUCTION

- **Adoption and use of the CIP:** The County Commission formally adopted the CIP by resolution, and the final document will be utilized during the Commission's annual budgeting process.
- **Annual CIP Update:** The CIP should be a living document and used annually for budgeting for improvements. Thus, it should be updated on an annual basis as improvements are made, and additional improvements are identified. Cost accounting and reprioritization should occur at this annual update stage and are typically done during the budgeting process.

# SWEET GRASS COUNTY AT A GLANCE

Sweet Grass County is located in south central Montana and is the thirty seventh largest county in Montana. The County contains 1,191,857-acres of land. Of this total acreage, 849,158-acres are privately owned, and 342,699-acres are publicly owned. Ownership of public lands is held primarily by the United States Forest Service and the State of Montana, with a smaller amount owned by the Bureau of Land Management.

Land Ownership in the County (Acres)		
Private Ownership	1,191,857	71.2%
Federal Lands	294,232	24.7%
State of Montana	48,469	4.1%

Data Sources: U.S. Geological Survey, Gap Analysis Program. 2018

According to the 2022 Growth Policy, the County had an estimated population of 3,737 people in 2021. The City of Big Timber is the only municipality in the County and serves as the County Seat. According to the new Growth Policy, between 2010 and 2021, the County experienced a small population increase. The population went from 3,651 to 3,737 people, a 2.3% increase.

Sweet Grass County has a relatively diversified economy. According to Census data compiled by *Headwaters Economics, Economic Profiling System*, in 2020, the three industry sectors with the largest number of jobs were farm (364 jobs), construction (245) and accommodation and food services (193 jobs). From 2001 to 2020, the three sectors that added the most jobs were, real estate and rental and leasing (87 new jobs), healthcare (66 new jobs) and accommodation and food services (62 new jobs).

Sibanye Stillwater is one of the largest employers in SG Co and supplies over 40% of our tax base. From the May 2022 – Annual tax allocation worksheet, there are 117 employees that reside in SG Co. The mine life (with probable) reserves is estimated to last to 2061.

Demographically, the County’s median age of its residents has increased slightly. In 2010, the median age for County residents was estimated at 45.4 years of age and by 2020 it had increased to 46.8. The County has seen a significant decline in the number of people aged 45-64. This is another trend for the County to keep an eye on and is of concern as this age group represents people in their prime working and earning years. During that timeframe the County also experienced population declines in the age groups 35-44 and Under 18. Another trend that the County should watch closely is the increase in the number of people ages 65 and over. In 2010, the Census estimated this number at 631 persons, by 2020 it was approximately 1,017. Based upon these figures, 27.7 percent of the County’s population in 2020 was 65 years of age or older. *Demographic data was provided by Headwaters Economics, Economic Profiling System.* An increase in the County’s senior population may affect the ability of the County to provide services such as healthcare, transportation, and housing.

The Median Household Income (MHI) in Sweet Grass County in 2020 was estimated at \$53,796. 4.6 percent of individuals and 3.7 percent of families in the County are identified as being below the poverty line and 22.4 percent of County residents receive Retirement income and 42.2 percent receive Social Security. *Income data provided by Headwaters Economics, Economic Profile System.*

With regards to housing, in 2020, 21.4 percent of residents spent 30 percent or more of their income on housing, and 24 percent of renters paid more than 30 percent or more of their income in rent. When income share devoted to housing is above 30 percent of a person’s income, it can indicate housing unaffordability. In 2020, the County’s unemployment rate was 2.4 percent. *Housing and unemployment data provided by Headwaters Economics, Economic Profile System.*



# ADDITIONAL COUNTY PLANNING GUIDANCE

## ECONOMY

This Capital Improvements Plan (CIP) could be an important tool for implementing the coming update of the County's updated (2022) Growth Policy. Therefore, it is important for the CIP to examine the goals in the 2022 Growth Policy.

The 2022 Growth Policy discussed capital improvements in several sections and there is one clear goal and several specific objectives in the Growth Policy that are related to capital improvements. These include:

### *2022 Growth Policy Goals and Objectives Related to Infrastructure*

Goals	Objectives
<ul style="list-style-type: none"><li>Provide county infrastructure which satisfies transportation, utility and solid waste disposal needs of county residents, businesses/industries and visitors in an effective and efficient manner.</li></ul>	<ul style="list-style-type: none"><li>Obtain maximum usage of existing community and public facilities as multiple-use centers.</li><li>Maintain properly equipped and trained organizations for county police, fire, ambulance, and rescue services and be well prepared for emergency and disaster events.</li><li>Improve county road systems to efficiently serve transportation needs within the county.</li></ul>

The following are some of the implementation strategies by topic identified in the 2022 Growth Policy to achieve the infrastructure goals.

### *2022 Growth Policy Implementation Strategies Related to Infrastructure*

#### Law Enforcement, Fire Protection and Medical Services

- Locate fire substations within every service area. There are now substations in Big Timber, Melville and McLeod)
- Reduce the response time of emergency services, when possible, through well planned network of services and facilities.

#### Transportation

- Repair and routinely maintain county roads on a planned and prioritized schedule to achieve the most efficient results. Maintain and improve county roads and bridges according to the county's road and bridge standards and classification ratings.
- Maintain a Capital Improvement Plan for county roads and bridges. Include on-MDT system priorities, which are recommended to the Montana Department of Transportation.
- Produce a County Road Department annual work plan that will specify projects and budgets scheduled for the following year.

#### General Administration of Services

- Maintain all public facilities at acceptably safe levels. Provide for continued maintenance of public facilities and plan for future improvements and replacement needs.
- Prepare and maintain a capital improvement plan for all county facilities and property.

This new Capital Improvements Plan (CIP) will also serve as the County's strategy for maintaining infrastructure per the requirements of Montana's Growth Policy statute 76-1-601, MCA.

# BRIDGE PRIORITIES



The County is responsible for maintaining 63 bridges, 29 are classified as minor bridges and 34 as major bridges. Bridges that are major structures (clear spans greater than 20 feet in length) are inspected biennially by the Montana Department of Transportation and the County is responsible for inspecting minor bridges (clear spans less than 20 feet).

**Table 2**  
**Bridge Priorities**

Priority	Bridge	Proposed Project	Estimated Cost
1	East Boulder Bridge (Elk Creek)	New Bridge	\$150,000
2	East Boulder Bridge	New Bridge	\$150,000
3	East Boulder Bridge	New Bridge	\$150,000
4	East Boulder Bridge	New Bridge	\$150,000
5	Fleming Bridge	New Bridge	TBD
6	Bainter Bridge	New Bridge	\$150,000
7	Drange Bridge	New Bridge	TBD
8	McLeod Main Street	New Bridge	TBD
9	Terland Bridge	New Bridge	TBD
10	Miller Bridge	New Bridge	TBD
11	Speculator Bridge	New Bridge	TBD
<b>Approximate Total Cost:</b>			<b>TBD</b>

# ROAD PRIORITIES

Per the 2022 County Growth Policy there are approximately 570 miles of County-owned roads. The County Road Department maintains the County roads and 35 miles of the gravel surfaced state secondary roadway (Rapelje Road/Forest Service 478).

The following tables list the highest priority road projects. This table does not include annual maintenance improvements.

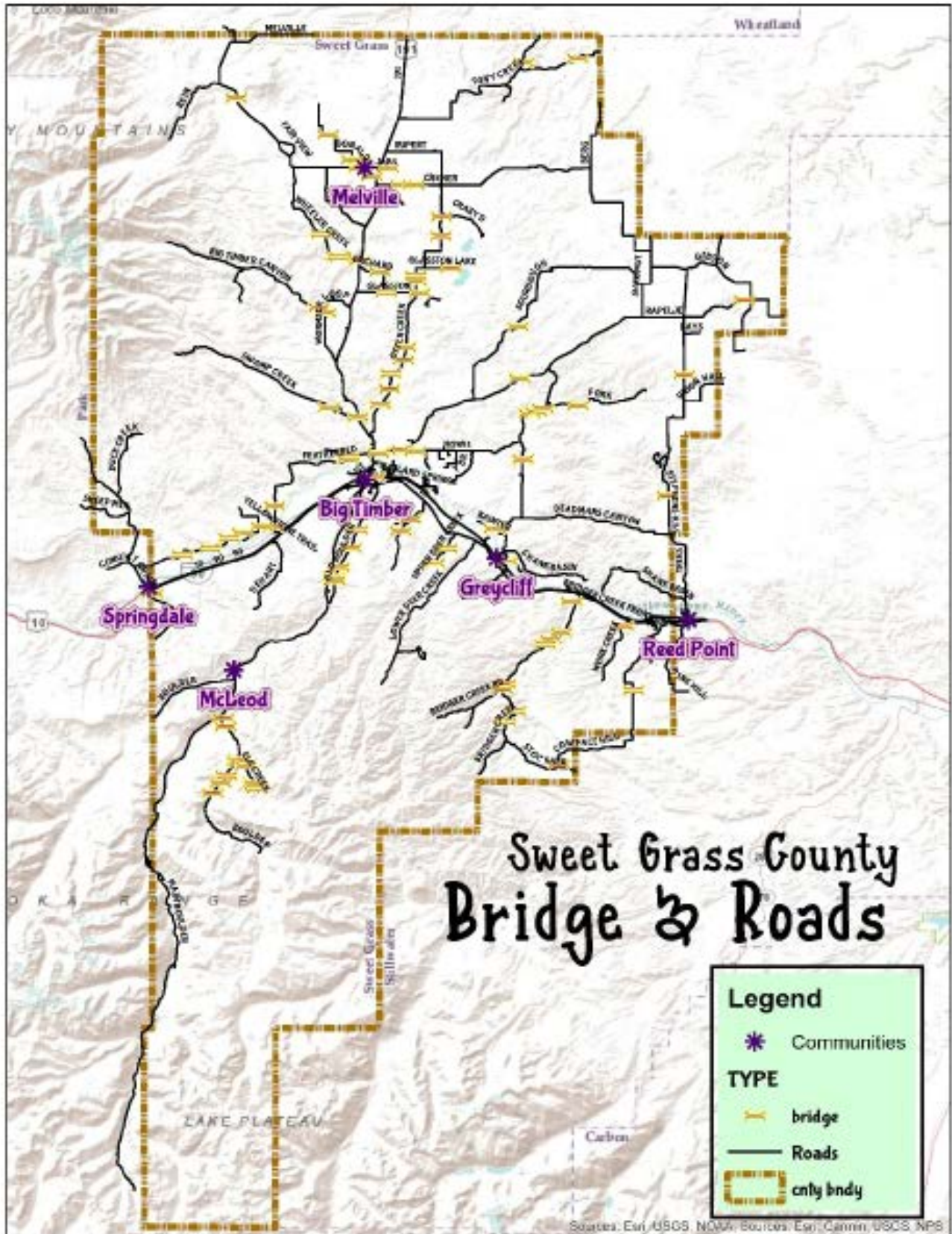


**Table 3  
Road Priorities**

Priority	Schedule	Road	Recommended Improvement	Estimated Cost
1		Howie Road (Spanning to Lower Sweet Grass)	Asphalt with chip seal	\$900,000
2		Spannring Road	Rehabilitation with asphalt or millings	\$1,000,000
3		Lower Sweet Grass	End of millings	\$50,000
4		East Boulder Road	Slide maintenance	\$615,000
5		Old Boulder Road	Rehabilitation	\$426,000
6		Melville	Chip seal	\$250,000
7		Airport Road	Patch and seal	\$100,000
8		Fairgrounds Roads	From base of hill to gates	\$25,000
9		Wheeler Creek	Rebuild shoulders and crush gravel (2 miles)	\$100,000
10		Wormser Loop	Shoulders pulled and crush gravel	\$200,000
11		Glasston Road	Rehabilitation (4 miles)	\$100,000
12		Cremer Road	Rehabilitation (3 miles)	\$150,000
13		Orchard Lane	Rehabilitation	\$150,000
14		Rupert Road	Complete rebuild	\$265,000
15		Sourdough Road	Rehabilitation (Final 7 miles)	\$391,000
<b>Approximate Total Cost:</b>				<b>\$4,722,000</b>

# ROAD PRIORITIES

▼ Figure 1 - Roads and Major Bridges in Sweet Grass County



# COUNTY BUILDING & EQUIPMENT PRIORITIES

Sweet Grass County is responsible for the operation and maintenance of numerous buildings, including the County Courthouse, Courthouse Annex County shops, medical clinic, nursing home, assisted living center and the buildings at the County Fairgrounds. Based on the building evaluations completed by County staff, the table below provides facility priorities, needs, and costs as available.

Each County department maintains a variety of structures and equipment necessary for the efficient provision of services. The tables below identify the current priorities for various County departments.

<b>Table 4 Annex Building Priorities</b>			
<b>Department</b>	<b>Schedule</b>	<b>Building Improvements</b>	<b>Estimated Cost</b>
Annex		Roof replacement	\$100,000
Annex		Repair HVAC system	\$25,000
Annex		Paint repairs	\$5,000
Annex		Wiring for generator	\$25,000
Annex		Move road records to the basement (Clerk and Recorder)	\$50,000
Annex		Letter folder for Clerk and Recorder's Office	\$30,000
Annex		Install walk up window for Treasurer's Office	\$30,000
Annex		Replace sewer service line and install backflow device	\$20,000
<b>Approximate Total Cost:</b>			<b>\$276,170</b>

<b>Table 5 Courthouse Priorities</b>			
<b>Department</b>	<b>Schedule</b>	<b>Equipment Needed</b>	<b>Estimated Cost</b>
Courthouse		Preliminary architectural report – accessibility issues	\$40,000
Courthouse		Install fire escape	TBD
Courthouse		Handicap access – install elevator to second floor	\$500,000
Courthouse		Install alarms, cameras, and emergency buttons	\$7,500
Courthouse		Roof rehabilitation	\$20,000
Courthouse		Ice dam mitigation on roof	\$5,000
<b>Approximate Total Cost:</b>			<b>\$572,500</b>

# COUNTY BUILDING & EQUIPMENT PRIORITIES

Table 6 Clerk and Recorder's Office Priorities			
Department	Schedule	Building Improvements	Estimated Cost
Clerk and Recorder		Election equipment	\$50,000
Clerk and Recorder		Future office reorganization	\$150,000
<b>Approximate Total Cost:</b>			<b>\$200,000</b>

Table 7 Cemetery Priorities			
Department	Schedule	Equipment Needed	Estimated Cost
Cemetery		Overhead sign	\$1,000
Cemetery		Address internal roads and tight turning radiuses/ corner	\$500
Cemetery		Install a well and irrigation system	\$100,000
<b>Approximate Total Cost:</b>			<b>\$101,500</b>

Table 8 Finance Office Priorities			
Department	Schedule	Equipment Needed	Estimated Cost
Finance		Install new window on northside of building	\$10,000
<b>Approximate Total Cost:</b>			<b>\$10,000</b>

Table 9 Road Department Building and Equipment Priorities			
Department	Schedule	Equipment Needed	Estimated Cost
Road Department		Fence	\$200,000
Road Department		Security cameras and equipment	\$10,000
<b>Approximate Total Cost:</b>			<b>\$210,000</b>

# COUNTY BUILDING & EQUIPMENT PRIORITIES

**Table 10**  
**Treasurer Office Priorities**

Department	Schedule	Equipment Needed	Estimated Cost
Treasurer		Remodel the office	\$150,000
Treasurer		Copy machine	\$10,000
<b>Approximate Total Cost:</b>			<b>\$160,000</b>

**Table 11**  
**Weed Department Priorities**

Department	Schedule	Equipment Needed	Estimated Cost
Weed Department		Outside security camera	\$3,000
Weed Department		Two (2) ATV with tanks	\$22,000
Weed Department		Truck	\$52,000
Weed Department		Computers	\$5,000
<b>Approximate Total Cost:</b>			<b>\$82,000</b>



# EMERGENCY SERVICES EQUIPMENT AND FACILITY PRIORITIES

Department	Schedule	Equipment Needed	Estimated Cost
Sheriff's Department		Camera system (see Courthouse Table 4)	\$7,500
Sheriff's Department		Building evaluation to consider alternatives for 5 to 10 bed jail (see Courthouse Table 4)	\$40,000
Sheriff's Department		Dispatch console	\$400,000
<b>Approximate Total Cost:</b>			<b>\$447,500</b>

Department	Schedule	Equipment Needed	Estimated Cost
Sweet Grass County Fire Department	2023	Fire station in Melville	\$500,000
Sweet Grass County Fire Department	2027-2028	Structure engine	\$650,000
Sweet Grass County Fire Department	2026-2027	Air Packs SCBA	\$200,000
Sweet Grass County Fire Department	2028-2029	Dozer with 6-way blade	\$200,000
Sweet Grass County Fire Department	TBD	Training facility	\$1,000,000
Sweet Grass County Fire Department	TBD	Tactical wildland tender	\$350,000
Sweet Grass County Fire Department	TBD	Type 6 Wildland Engine	\$225,000
Sweet Grass County Fire Department	TBD	Drive through car wash	\$300,000
Sweet Grass County Fire Department	TBD	Radios	TBD
<b>Approximate Total Cost:</b>			<b>\$3,425,000</b>



# EMERGENCY SERVICES EQUIPMENT AND FACILITY PRIORITIES

**Table 14**  
**Disaster and Emergency Services Priorities**

Department	Schedule	Equipment Needed	Estimated Cost
Disaster and Emergency Services	TBD	HVAC in the office	\$4,000
Disaster and Emergency Services	TBD	NG 911 GIS Addressing and mapping	\$35,000
Disaster and Emergency Services	TBD	Radio consoles	\$350,000
Disaster and Emergency Services	TBD	Software server	\$20,000
<b>Approximate Total Cost:</b>			<b>\$409,000</b>



# FAIRGROUNDS PRIORITIES

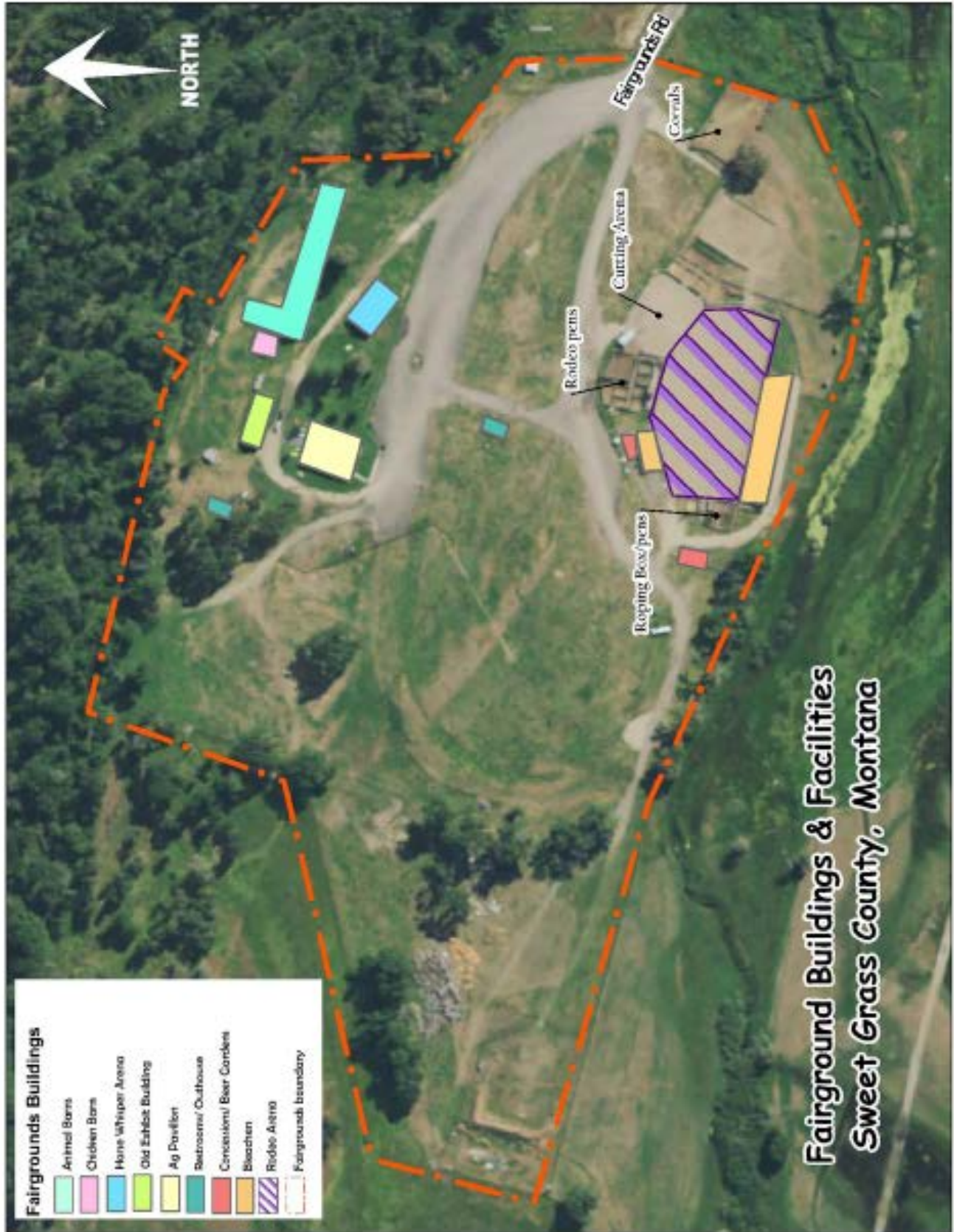
The Sweet Grass County Fairgrounds in Big Timber hosts the annual County Fair and Rodeo. The Fairgrounds has both indoor and outdoor facilities and hosts a variety of events.

Priority	Schedule	Improvements	Estimated Cost
1		Construct new grandstands	\$1,500,000
2		South Canopy and new bleachers for 4H Auctions	\$150,000
3		Septic system upgrades	\$50,000
<b>Approximate Total Cost:</b>			<b>\$1,700,000</b>



# FAIRGROUNDS PRIORITIES

▼ Figure 2 - County Fairgrounds Features



# RESIDENT OUTREACH

Please note, the County Commission will need to determine how they wish to address outreach to residents. This is only draft narrative. The Sweet Grass County Commissioners posted the draft Capital Improvements Plan on the County website for residents to review, published legal notices in the Big Timber Pioneer to advertise the date of the Commission's public hearing on March 22, 2023 at the Sweet Grass County Commission office in Big Timber. The Commission took public comment.

# NEXT STEPS

## FUNDING CONSIDERATIONS

The County Commissioners value the input of residents and each county department's staff regarding their list of critical needs and priorities. This information is invaluable for planning and prioritizing the capital improvements that the County pursues. However, due to Sweet Grass County's budgetary constraints, residents and County staff needs to understand the County faces financial challenges. This is particularly true when viewed in the context of national and state budget conversations and how they affect the County's overall budget.

Given the uncertain future of federal and state funding, the importance of capital improvements planning is greater than ever. Sweet Grass County has established this CIP to determine priorities during their annual budgeting process. The CIP will also allow the County to be more fiscally proactive and resilient. The County has made a significant effort to include department and community input into establishing the priorities listed in this document. While all projects have been identified as needs in Sweet Grass County, the Commissioners made the difficult decision on the final priorities based on various impacts to the entire county.

## PRIORITY RECOMMENDATIONS

Sweet Grass County has established this Capital Improvements Plan (CIP) with the intended purpose of establishing priorities during the budgeting process. While all projects have been identified as needs in the County, the Commissioners made the difficult decision to identify the final priorities. Their prioritizations were based on various impacts to the entire County.

The Sweet Grass County Commission met on March 6, 2023 to discuss how to prioritize projects. The Commissioners prioritized projects depending upon whether a project was already committed to being developed, provides, or supports an essential service, eliminates a threat to public health or safety, or is necessary to meet state or federal regulations such as the Americans with Disabilities Act. The responsibility of prioritizing each project belonged solely to the County Commissioners with input from their department managers, staff, and the public.

## TIMELINE

In general, Sweet Grass County will initiate the development of priority projects within one to three years of the adoption of the CIP. The Commissioners might commence with the development of lower-priority projects sooner if funding becomes available, but the undertaking of many of the less urgent projects will likely not occur within the five-year planning period of this document.

The implementation for all the projects listed in this CIP is contingent on the availability of funding.

## FINANCING IMPROVEMENTS

Determining how to finance a project is one of the most difficult and important parts of completing a capital improvement project. The County's analysis to fund projects is meant to keep user rates and tax rates stable and maximize state and federal loan and grant aid for capital expenditures. Incurring some debt is expected with large capital projects, and evaluation will need to balance debt service and operating expenditures and determine the County's available debt capacity and acceptable debt service levels. The goal of this CIP is to plan for improvements that will reduce the overall financial burden of capital improvements on County residents.

The following is a brief description of the most common funding sources used by Montana communities to fund capital improvement projects. Funding options include bonding, creating special improvement districts and capital improvement funds, impacting service charges, and federal, state, and private grant and loan funding. This is not an all-inclusive list of

# NEXT STEPS

funding opportunities. The method of financing the County selects will depend on the scope and budget of a project. Each option should be carefully evaluated based on the project and needs and capacity of the community.

## ***Bonding***

The different types of bonds authorized under state law have applications and requirements.

### A. General Obligation Bonds

General obligation (G.O) bonds are guaranteed by the full faith and credit of the local government issuing the bonds. By pledging the jurisdiction's full faith and credit, the government undertakes a legally binding pledge to repay the principal and interest by relying upon its taxing authority (7-7-4204, MCA). This obligation must, therefore, be ratified by an affirmative vote of the citizens before the bonds may be issued (7-7-4221, MCA). Due to the relative security of the repayment of G.O. bond principal and interest, and because the interest paid to the bondholders (lenders) may be exempt from state and federal taxes, lenders are usually willing to accept a lower rate of interest. As a result, the cost of the capital project will be somewhat less for the local government and its taxpayers.

### B. Revenue Bonds

Revenue bonds are not guaranteed by the taxing authority of the local government entity issuing the bonds, and they are, therefore, somewhat less secure than G.O. bonds. Even though the bondholder's interest earnings on revenue bonds may also be tax exempt, the bond market will usually demand somewhat higher interest rates to attract lenders. Revenue bonds are backed only by the revenues from fees paid by the users of the capital facility, such as a municipal water or wastewater system or Rural Improvement District (RID) for County improvements such as roads and bridges. Because revenue bonds do not involve a pledge of the full faith and credit (taxing authority) of the municipal government, revenue bonds do not require voter approval (7-7-4104 and 7-7-4426, MCA).

## ***Rural Improvement Districts***

Rural Improvement Districts (R.I.D.) may be formed to repay loans and have been used extensively to install water lines, sewer lines, paved streets, curbs, gutters, sidewalks, etc. Certain steps and requirements must be followed, and Title 7, Chapter 12 of Montana Code Annotated should be reviewed and followed.

The steps required to form a R.I.D. are as follows:

- Define the purpose (construct/reconstruct a road, bridge, water main, sewer main, stormwater management, etc.
- Define the boundaries – which property owners benefit from the improvement.
- Determine the costs – engineering, construction, bond counsel, financing.
- Prepare a Resolution of Intent, outlining the above.
- Conduct a public hearing.
- Prepare a Resolution to Create the District, and levy the assessment.
- Send to the county treasurer to put on property tax bills.

An R.I.D. can be requested either by property owners or by the County Commission. If during the public hearing portion of the process, 51% or more of the property owners protest the issue, it cannot proceed. Timing is important because the “financing” of these types of projects is through the taxation process.

# NEXT STEPS

## *Capital Improvement Fund*

Montana budget law provides that municipal governments may appropriate money to a capital improvement fund from any of the several government funds in the amount up to 10 % of the money derived from that fund's property mill tax levy (7-6-616, MCA). The CIP must be formally adopted by resolution of the governing body and should include a prioritized schedule for replacement of capital equipment or facilities with a minimum \$5,000 value and a five-year life span, as well as the estimated cost of each item.

## *Grant and Loan Funding*

*Planning Grants: An important part, and the initial step to addressing capital improvement projects is adequate planning. Like this CIP, the County must plan for specific projects to be successful at making improvements.*

## *American Rescue Plan Act (ARPA) Planning Grant Program*

In June 2022, Montana's Infrastructure Advisory Commission (IAC) approved a recommendation by Montana's Department of Natural Resources & Conservation (DNRC) to create a planning grant program with "reverted" ARPA funding. Reverted funds are fundings that had been allocated to projects, but for whatever reason were not used and returned to the DNRC. The amount of funding available has not yet been confirmed, but in November 2022 the DNRC's estimate was \$1.4 million. The DNRC is expected to open the application cycle in the second quarter of 2023. The maximum grant award will likely be \$50,000 and eligible uses of the funds include capital improvement plans (CIPs) and preliminary engineering reports (PERs) for water, wastewater, stormwater, and solid waste systems. It is not yet known if bridge PERs will be eligible for funding. Also, a local contribution of cash or in-kind services will likely be required. More information about the ARPA Planning Grant Program will be available after February's IAC meeting.

***Department of Natural Resources and Conservation (DNRC) Renewable Resource Grant and Loan Program (RRGL)*** offers planning grants that can be used for the preparation of a new PER or Technical Narrative (\$15,000 max) and updates to Technical Memorandums and PERs, as well as CIPs (\$8,000 max). The planning document must address the preservation, conservation, development, or management of Montana's natural resources

***Department of Commerce Community Development Block Grant (CDBG) Planning Grants*** are available on a quarterly basis (up to \$50,000) for planning activities and documents (Growth Policy, CIP, Housing Plans, CEDS, etc.) and preparation of Preliminary Engineering Reports (PER) and Preliminary Architectural Reports (PAR). CDBG may consider funding applications for a PER or CIP secondary to other planning priorities due to other available State and Federal Program funds. CDBG planning grants require a 1:3 local match contribution.

In late 2022, the Montana Department of Commerce announced a significant change to the program that allows communities to have two CDBG planning grant contracts simultaneously. Since its inception, Montana's CDBG Program has limited communities to having one planning grant at a time. This change allows communities more opportunities to obtain CDBG funding for their planning projects.

***Montana Office of Tourism and Business Development Tourism Grants*** are available to Certified Regional Development Corporations (CRDCs), tribal governments, or other economic development organizations not part of a CRDC region to support economic development planning activities. This program is administered through the Department of Commerce, and projects include central business district redevelopment; industrial development; feasibility studies; creation and maintenance of baseline community profiles; matching funds for federal funding; preproduction costs for film or media; and administrative expenses. In general, the Department will award up to \$1 for every \$1 in documented matching funds up to a total of \$25,000 in BSTF funding.

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**USDA Rural Development (RD) Special Evaluation Assistance for Rural Communities and Households (SEARCH)** grants are available for rural areas with populations of 2,500 or less and have a median household income below the poverty line or less than 80 percent of the statewide non-metropolitan median household income. Funds can be used to pay for predevelopment planning costs, including feasibility studies to support applications for funding water or waste disposal projects, preliminary design and engineering analysis, and technical assistance for the development of an application for financial assistance.

*Construction Grants and Loans: Once a project is identified and appropriate planning has been completed, there is a variety of grant and loan sources to fund construction of the capital project.*

**Montana Coal Enhancement Program (MCEP)** is a State funded grant program administered by the Montana Department of Commerce (MDOC). MCEP provides financial assistance to local governments for infrastructure improvements, including water, wastewater, stormwater, solid waste, and bridge systems. Grants can be obtained from MCEP for up to \$500,000 if the projected user rates are less than 125% of the target rate, \$625,000 if projected user rates are between 125% and 150% of the target rate, and up to \$750,000 if the projected user rates are over 150% of the target rate. MCEP grant recipients are required to match the grant dollar for dollar; however, the match may come from various sources, including other grants, loans, or cash contributions.

**Renewable Resource Grant and Loan Program (RRGL)** is funded through interest accrued on the Resource Indemnity Trust Fund and the sale of Coal Severance Tax Bonds. RRGL is administered by the Montana Department of Natural Resources and Conservation (DNRC). RRGL's primary purpose is to conserve, manage, develop, or protect Montana's renewable resources. Grants of up to \$125,000 are available for projects that meet one or more of these objectives.

**Community Development Block Grant (CDBG) Public and Community Facilities Program** is a Federally funded program managed by the US Department of Housing and Urban Development (HUD) and administered in Montana by the Montana Department of Commerce. The primary purpose of the CDBG Program is to benefit low to moderate-income (LMI) families. To be eligible for CDBG funding, an applicant must have an LMI of 51% or greater. The CDBG grant funds can be applied for in an amount of up to \$750,000 with a limit of \$20,000 per LMI household, so a community needs approximately 38 LMI households to apply for the maximum grant funds. The use of CDBG funds requires a 25% local match that can be provided through cash loans, or a combination thereof.

In late 2022, the Montana Department of Commerce announced a major change to the program that allows communities to have two CDBG Public or Community Facilities grants simultaneously. Since its inception, Montana's CDBG Program has limited communities to having one construction grant at a time. This change allows communities more opportunities to obtain CDBG funding for their infrastructure and community facility projects.

**USDA Rural Development (RD) Water and Waste Disposal Loan & Grant Program** provides funding for clean and reliable drinking water systems, sanitary sewage disposal, sanitary solid waste disposal, and stormwater drainage to households



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and businesses in eligible rural areas. Communities with populations less than 10,000 are eligible to apply; however, RD gives the highest priority to projects that serve rural areas with populations equal to or less than 1,000. RD bases grant eligibility and loan interest rates on a community's median household income and user rates. If the area to be served has an MHI of \$38,205 or lower, and the project is necessary to alleviate a health and/or sanitation concern, up to 75% of the RD-funded project costs are grant eligible. RD generally advises communities not to expect grant awards greater than 25% of the RD-funded project costs.

**USDA Rural Development (RD) Community Facilities** provides grant and loan funding to develop essential community facilities in rural areas. Funds can be used to purchase, construct, and or improve essential community facilities, purchase equipment, and pay for related project expenses. Examples of essential community facilities include health care facilities, public facilities (town halls, courthouses, airport hangars, streets), community support and educational services (childcare centers, community centers, fairgrounds), public safety, educational services, local food systems, and food banks. Grant funding is based on population and median household income.

**Drinking Water and Water Pollution Control State Revolving Fund (DWSRF & WPCSRF)** provides low-interest loans for water, wastewater and stormwater projects. If applicable in the County, SRF will also finance solid waste projects that will protect groundwater from contamination. The SRF program is administered cooperatively by the Montana Department of Environmental Quality and the DNRC. Current loan terms include an interest rate of 2.5% for a 20-year term. In some cases, SRF will allow a 30-year term. SRF requires a debt service reserve (1/2-year payment) and requires 10% annual loan coverage.

SRF also has limited "principal forgiveness" funds to assist economically disadvantaged communities. A community is considered disadvantaged when its combined annual water and wastewater system rates are greater than or equal to 2.3% of the community's Median Household Income (MHI). The DWSRF loan program will provide to qualifying communities with 75% principal forgiveness of the loan amount, up to a maximum of \$750,000. DEQ also provides principal forgiveness to wastewater projects, but the criteria are a bit more stringent. The Clean Water Act specifically requires states to develop affordability criteria for the distribution of principal forgiveness based on income, unemployment data, and population trends. The criteria Montana uses for awarding principal forgiveness include unemployment rates, median household income and population trends

If the County has future eligible wastewater projects principal forgiveness is capped at \$750,000 or 35% of the long-term SRF loan amount, whichever is less for the base cap grant, and at \$750,000 or 49% of the long-term SRF loan amount, whichever is less for the supplemental cap grant. These caps and percentages may change slightly depending on the projects selected in the final IUP, and the actual loan closed amounts.

## ***Economic Development Administration (EDA) Public Works and Economic Adjustment Assistance (EAA) Program***

The Public Works and EAA programs provide economically distressed communities and regions with comprehensive and flexible resources to address a wide variety of economic needs. Projects funded by these programs will support work in Opportunity Zones and will support the mission of the Department by, among other things, leading to the creation and retention of jobs and increased private investment, advancing innovation, enhancing the manufacturing capacities of regions, providing workforce development opportunities, and growing ecosystems that attract foreign direct investment.

Through its competitive grant process, EDA evaluates all project applications to determine the extent to which they:

- Align with EDA's investment priorities,
- Effectively address the creation and/or retention of high-quality jobs, and

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- Document that the applicant can or will leverage other resources, both public and private, and demonstrate the applicant's capacity to commence the proposed project promptly, to use funds quickly and effectively, and provide a clear scope of work that includes a description of specific, measurable project outputs.

**Montana Department of Transportation, Transportation Alternatives (TA) Program** is a Federally-funded program that provides funding for programs and projects defined as transportation alternatives. Transportation alternatives include on and off-road pedestrian and bicycle facilities, infrastructure projects for improving non-driver access to public transportation, and enhanced mobility. They also include community improvement activities, environmental mitigation, recreational trail program projects, safe routes to schools projects, and projects for planning, design, or construction of boulevards and other roadways largely in the right-of-way of former Interstate System routes or other divided highways. A 13.42% match is required for all off-system projects. The primary objective of Montana's TA Program is to support projects that improve connectivity within a community. For example, constructing sidewalks that allow school children to walk from their homes to school or to a community's downtown business district, public swimming pool, or parks.

**Recreational Trails Program (RTP)** is administered by Fish Wildlife and Parks (FWP). It's a federally funded program that supports Montana's trails. RTP funds come from the Federal Highway Trust Fund and represent a portion of the motor fuel excise tax collected from nonhighway recreational fuel use. Eligible projects include maintenance and restoration of existing recreational trails, development and rehabilitation of recreational trailside and trailhead facilities and trail linkages, purchase and lease of recreational trail construction and maintenance equipment, construction of new recreational trails, acquisition of easements and fee simple title for recreational trail corridors, and development and dissemination of publications and operation of educational programs to promote safety and environmental protection. A 20% match is required with a maximum grant award of \$100,000.

**Trail Stewardship Program (TSP)** is administered by Fish Wildlife and Parks (FWP) and was established in 2019 through senate bill 24. Funding for TSP comes from a portion of Montana's \$9.00 light vehicle registration fee, as well as a portion of marijuana tax revenue. Eligible projects include new trail and shared-use path construction, rehabilitation and maintenance of trails and shared-use paths, including winter grooming, and construction and maintenance of trailside and trailhead facilities. A 10% match is required with a maximum grant award of \$75,000.

**Land & Water Conservation Fund (LWCF)** is a federal grants program established by the Land & Water Conservation Fund Act of 1965. Eligible projects include ball fields, open space, acquisitions, public parks, outdoor swimming pools, playgrounds, picnic facilities, walking trails and more. A 50% match is required with a maximum grant award of \$250,000. For all LWCF projects, the public must be assured legal access and the program requires the land where the project occurs to become a perpetual easement for public access.

**National Park Service Rivers, Trails and Conservation Assistance** provide Technical Assistance to community groups, nonprofits, tribes, and state and local governments to design trails and parks, conserve and improve access to rivers, protect special places, and create recreation opportunities.

**National Endowment for the Arts (NEA)** has several assistance programs to fund Creative place-making including art into revitalization work, including parks, downtown pathways, plazas, green spaces, wayfinding, and cultural tourism. All programs require a 1:1 Match.

**Department of Health and Human Services- Community Economic Development (CED) Program** works to address the economic needs of individuals and families with low income through the creation of sustainable business development and employment opportunities. CED projects create employment opportunities.

**Bridge and Road Safety and Accountability Act (BaRSAA)** was passed by Montana's 65th Legislature and provides for graduated increases in the motor fuel tax by fiscal year 2023 (6 cents in gasoline/2 cents in diesel). Each year, 35% or \$9.8 million of the proceeds (whichever is greater) is allocated to the Montana Department of Transportation (MDT)

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and the remainder (approximately \$21 million by FY 2021) is allocated to local governments. BaRSSA funds can be used by local governments to pay for the construction, reconstruction, maintenance, and repair of rural roads, city or town streets and alleys, bridges, or roads and streets that the city, town, county, or consolidated city-county government has the responsibility to maintain. Capital equipment is not eligible.

Funding can also be used as the match for federal awards. Local governments must match all distributions from the BaRSAA account with a 5% funding match. The projected 2019 distribution amount for Sweet Grass County is \$48,022.95, with a local match of \$2,401.15. Local governments can apply for their disbursement through Montana's WebGrants online grants portal through November 1, 2019. The MDT will distribute the requested fund within 30 days of completed requests.

***Federal Highway Bridge Replacement and Rehabilitation Program (HBRRP)*** provides funding, via the Montana Department of Transportation (MDT) for the rehabilitation and replacement of deficient bridges. There is funding for both On-System and Off-System bridges:

- 1) **On-System Bridge Replacement and Rehabilitation Program:** The On-System Bridge Program receives funding through the Federal HBRRP. The On-System Bridge Program receives 65% of the HBRRP funds. In general, On-System Bridge projects are funded with 80% federal funds and 20% state funds. Projects eligible for funding under the On-System Bridge Program include all highway bridges on the State system. The funds can be used for either rehabilitation or replacement.
- 2) **Off-System Bridge Replacement and Rehabilitation Program:** The Off-System Bridge program receives 35% of the Federal HBRRP allocation. Off-System Bridge projects are funded with 80% Federal funds and 20% State funds. Projects eligible for funding under the Off-System Bridge Program include all bridges not "on-system," at least 20 feet long in length, and have a sufficiency rating of less than 80.

Procedures for selecting bridges into both programs are based on a ranking system that weights various elements of a structure's condition and considers local priorities. MDT Bridge Bureau personnel conduct a field inventory of off-system bridges on a two-year cycle.



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**Federal Land Access Program (FLAP)** was created to improve transportation facilities that provide access to, are adjacent to, or are located within federal lands. FLAP supplements state and local resources for public roads, transit systems, and other transportation facilities, with an emphasis on high-use recreation sites and economic generators. With 386,833 acres of federal lands, Sweet Grass County is an excellent candidate for FLAP funding. Grant awards can be substantial; however, the program requires a 13.42% match. The Federal Highway Administration is expected to issue its next call for projects in December 2018.

**FEMA Assistance to Firefighters (AFG)** The goal of the Assistance to Firefighters Grants (AFG) is to enhance the safety of the public and firefighters with respect to fire-related hazards by providing direct financial assistance to eligible fire departments. This funding is for critically needed resources to equip and train emergency personnel to recognized standards, enhance operations efficiencies, foster interoperability, and support community resilience. Grant awards range from a few thousand dollars to hundreds of thousands of dollars. Eligible uses of funds include fire trucks, EMS equipment, personal protective equipment, equipment, and modifying facilities. FEMA also has funds available for fire prevention and safety programs, fire station construction, and staffing for adequate fire and emergency response. The match for jurisdictions that serve 20,000 residents or fewer is 5 percent of the grant awarded.

**Hazard Mitigation Grant Program (HMGP)** FEMA's hazard mitigation assistance provides funding for eligible mitigation measures that reduce disaster losses. "Hazard mitigation" is any sustainable action that reduces or eliminates long-term risk to people and property from future disasters. Mitigation planning breaks the cycle of disaster damage, reconstruction, and repeated damage. Hazard mitigation includes long-term solutions that reduce the impact of disasters in the future. The application cycle for this program begins 30 days after the federally declared disaster and concludes eight months after the date of declaration. Jurisdictions that were affected by the disaster will be given priority if they decide to apply for mitigation funds. In the event they do not, then the grant opportunity will be open to all jurisdictions within the state. The program requires a 25% match, and having a current FEMA-approved Hazard Mitigation Plan is required.

**Hazard Mitigation Grant Program – Post Fire** The HMGP Post-Fire Grant is to help communities implement hazard mitigation measures following the declaration of a Fire Management Assistance Grant (FMAG). Wildfires can destroy homes, businesses, infrastructure, and natural resources. They can also exacerbate secondary hazards and leave areas prone to floods, erosion, and mudflows for many years. The key purpose of this grant program is to enact mitigation measures that reduce the risk of loss of life and property from future disasters. This funding becomes available if fires become declared FMAGs. Each declared FMAG allocates \$584,083 of mitigation funding to the state. All the FMAGs in a federal fiscal year will be combined into a single HMGP-PF funding opportunity. This funding will be available to all eligible sub-applicants. However, counties with declared FMAGs will be given priority. The program also requires a 25% match, and applicants must have a current FEMA-approved Hazard Mitigation Plan at the time of the award.

**Building Resilient Infrastructure and Communities (BRIC)** FEMA's BRIC program supports states and local communities as they implement hazard mitigation projects and planning initiatives, reducing the risks posed by natural disasters. Created in 2018 with the passage of the federal Disaster Recovery Reform Act (DRRA), BRIC replaced the Pre-Disaster Mitigation (PDM) program.

The primary objective of BRIC is to shift the federal focus away from reactive disaster spending, emphasizing the importance of research-supported, proactive investments in community resilience. Through BRIC, FEMA continues to invest in a variety of mitigation activities with an added focus on infrastructure projects and Community Lifelines. BRIC requires a 25% match, but it is possible for small impoverished communities to have their match reduced to 10% of the project cost. FEMA's definition of a small and impoverished community is a community of 3,000 or fewer individuals identified by the Applicant that is economically disadvantaged, with residents having an average per capita annual income not exceeding 80 percent of the national per capita income, based on best available data.

**Private Foundations** can provide funding for various capital improvement projects. Local and national foundations can support community development initiatives and offer unique opportunities to fund capital projects.