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DEPARTMENT OF JUSTICE
Natural Resource Damage Program
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TO: Becky Guay, Chief Executive, ADLC
FROM: Carol Fox, Restoration Program Chief, NRDP
DATE: 5/16/07
SUBJECT: NRD funding for metering construction

The memo responds to ADLC's request, via a 4/30/07 letter from Alden Beard to Tom Mostad, for initial guidance on the potential for NRD grant funds for metering implementation. While there are many criteria set forth in the *UCFRB Restoration Plan Procedures and Criteria (RPPC)* that we use to evaluate grant proposals, the guidance I provide below is specific to the two criteria, legal threshold and normal government function, that I believe are the most critical in determining first, whether such a project would be eligible for NRD funding and, second, a good candidate for NRD funding.

To be eligible for NRD funding, metering construction would need to meet the legal threshold of restoring or replacing injured natural resources or lost services. ADLC's application indicates that meter-induced water conservation could potentially reduce consumption by 20 to 50% and provides backup statistics on these estimates. Based on this information and information provided by the Treasure State Endowment Program, we believe metering, combined with implementing a fair billing system based on actual use, is a cost-effective alternative for water conservation. In fact, based on information provided for both of ADLC's 2007 proposals, we believe metering with the requisite rate structure may be the most cost-effective alternative for the County to conserve its existing water supply. Conservation of ADLC's water supply meets the definition of replacement because it will enhance a public water supply from sources unaffected by hazardous substance contamination. Thus metering will meet the legal threshold, in a way similar to the way that the waterline replacement projects have been deemed to meet the legal threshold.

Metering implementation is also similar to the waterline replacement in terms of the normal government function criterion. It is a normal responsibility of local governments that is accomplished via funding from grants and taxpayers. We would evaluate many of the same factors for this criterion for a metering proposal that we have evaluated for the waterline replacement proposals. Those include the extent of cost-sharing and whether the water rates meet the Dept. of Commerce's target rate and are comparable to other communities.

In conclusion, we believe that metering implementation is eligible for NRD funding consideration and, with adequate matching funds and water rates, would be a good candidate for NRD funding. Keep in mind that my guidance herein is prefaced on an assumption that the metering implementation proposal would not be deficient for the other *RPPC* criteria we use to evaluate projects.

cc: Tom Mostad
Alden Beard