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MONTANA COVID RESPONSE INITIATIVE: LOCAL GOVERNMENT

OUTLINE & PROCESS RECOMMENDATIONS

1. Define eligible uses as in conformance with US Treasury Guidance in all categories of expenditures.
2. Categorize the partnership opportunities in targeted areas.
 - a. Water
 - i. Domestic Supply
 - ii. Irrigation Supply
 - b. Wastewater
 - i. Collection & Treatment
 - ii. Stormwater?
 - c. Broadband
 - d. Public Health
 - i. Primary Care
 - ii. Long Term Care
 - iii. Mental Health
 - iv. Chemical Dependency
 - e. Public Safety
 - i. Law Enforcement
 - ii. First Responder
 - iii. Detention
 - iv. 911
 - v. Emergency Operations
 - vi. Flood Mitigation???
 - f. Other eligible infrastructure
 - i. Bridges
 - ii. Levies
 - g. Investment in local communities
 - i. Infuse revolving loan capital
 - ii. Allow investment in critical community non-profits

3. Establish criteria that ranks community need vs community benefit
 - a. A ratio of dollars to benefited individuals/residences (the distribution to local governments was entirely based on population so a benefitted population to dollars spent analysis makes sense).
 - b. Incentivize multi-jurisdictional participation (a county and city investing in infrastructure to address needs like housing, broadband, water, sewer, broadband).
 - c. Incentivize highest priority and/or combined use of state and local federal funds
4. Create an expedited review process with the appropriate oversight. US Treasury will require a “letter of intent” to distribute the funds to eligible direct recipients. That’s it. Do the same and obligate funds based on a simple application and implementation contract stipulating the funds will be used in accordance with the application, treasury guidance, and may be recaptured if not used in accordance.
5. Allow for local investment in local communities
 - a. Infuse existing regional or local revolving loan funds distributed through qualifying economic development organizations for business stabilization, business startup, business expansion. Turn OTO money into lasting community benefit.
 - i. Included a criteria for a partial grant to offset real cost of the pandemic to businesses forced to close, modify hours, modify occupancy. The resulting loss of income had no bearing on property tax obligations so businesses with reduced hours and/or decreased income (individual and business income) should be eligible for compensation to make up a portion of the property tax owed. THIS IS NOT A PROPERTY TAX REDUCTION it is a targeted mitigation payment based on concrete eligibility criteria.
 - b. Allow grants and low interest loans to important community non-profits through existing channels.
6. Get flexible with the timeline and duration. Require “obligation” or “encumbered” not expenditure. Allow alternative financing sources for eligible projects (for example a road and bridge project could use these funds to up-front the costs and the local government(s) could pay back their share with future BARSAA and gas tax funds. Local governments will have limited available of resources. Their direct allocations will be distributed in two batches over two years. Legislature already limits their cash availability to 1/3 budgeted revenues per fund in counties; ½ budgeted expenditures by fund in cities/towns.

AREAS OF SIGNIFICANT CONCERN

Engineering and preliminary design capacity: Requiring full-scale Preliminary Engineering and Architectural Reports will grind this process to a halt.

Duplicative review: State investment in local infrastructure doesn’t need secondary and tertiary review. It is a waste of time and resources.

Project delivery capacity: The amount of money pushed out at one time may cause significant price escalation and capacity issues. Given the limited timeframe under ARPA we need to be able to stage project design and delivery.

Broadband Investment: Without amending [2.17.603](#) to allow local government investment, in partnership with private providers, in broadband infrastructure we will have lost a significant opportunity at service expansion throughout Montana.

2-17-603. Government competition with private internet services providers prohibited -- exceptions. (1) Except as provided in subsection (2)(a) or (2)(b), an agency or political subdivision of the state may not directly or through another agency or political subdivision be an internet services provider.

- (2) (a) An agency or political subdivision may act as an internet services provider if:
- (i) no private internet services provider is available within the jurisdiction served by the agency or political subdivision; or
 - (ii) the agency or political subdivision provided services prior to July 1, 2001.
- (b) An agency or political subdivision may act as an internet services provider when providing advanced services that are not otherwise available from a private internet services provider within the jurisdiction served by the agency or political subdivision.
- (c) If a private internet services provider elects to provide internet services in a jurisdiction where an agency or political subdivision is providing internet services, the private internet services provider shall inform the agency or the political subdivision in writing at least 30 days in advance of offering internet services.
- (3) Upon receiving notice pursuant to subsection (2)(c), the agency or political subdivision shall notify its subscribers within 30 days of the intent of the private internet services provider to begin providing internet services and may choose to discontinue providing internet services within 180 days of the notice.
- (4) Nothing in this section may be construed to prohibit an agency or political subdivision from:
- (a) offering electronic government services to the general public; or
 - (b) acquiring access to the internet from a private internet services provider in order to offer electronic government services to the general public; Or
 - (c) investing in infrastructure to improve, construct, extend, expand, or maintain internet service as determined appropriate by the political subdivision. USE OF infrastructure allowed in this section SHALL be:
 - (i) in cooperation with a private internet service provider; or
 - (ii) provided through an agreement or contract with a private internet service provider."

PROCESS RECOMMENDATIONS

Call for Projects: State of Montana creates the eligible categories for local government project with preliminary indication of funds in each category. Public Health, Public Safety, Water, Wastewater, Broadband, Other Infrastructure, and Investment in Local Communities.

Call remains open from April 1st through April 30th. Submission requirements include a narrative of project, any committed local funds and the source of the local funds, the ratio of cost to benefitted parcels/individuals (of the State contribution), partnerships in place for the application (allowing multiple jurisdictions and entities to collaborate), preliminary or final cost estimates, brief description of project management capability, and an expected delivery timeline.

Legislative Finance Committee (or Executive Task Force who reports regularly to LFC?) reviews and evaluates the applications using scoring criteria developed in advance of the call. Cash match, collaboration, community need, and community investment are critical criteria for the evaluation tool.

Award decisions made by May 28th to include 50% of the funds dedicated to the program.

Have a second call for projects July 1st with an expectation that the second round of local government funding from US Treasury will come out the following April?

Award consists of a grant agreement stipulating any applicable committed local funds, reporting requirements, project delivery timeline, and a claw back provision for noncompliance or failure to supply match. Include a process for grant agreement amendments please.

Compliance reporting requires certification that the project was delivered as planned. Verification of costs incurred are reported to the State for the State portion of the project. Local Government responsible for reporting to US Treasury if using their ARPA funding for any match.

Legislative Finance Committee (or Executive Task Force) retains oversight for the duration of the program. They need to be vested with the authority to prioritize, rank and re-rank, obligate funds, supplement projects, and generally manage the program.

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