

State-Local Infrastructure Partnership Act ([HB 355](#))
Frequently Asked Questions

This document is updated as

1. Q. What is the purpose of the Act?

- A. To use a portion of the state's general fund surplus to fund the maintenance and repair of local government infrastructure facilities on a partnership basis with local government supplying a cash match. See Section 2 of HB 355.

2. Q. Who can submit applications for funding?

- A. Montana's incorporated cities and towns may submit applications for HB 355 funding to the Montana Department of Commerce ("Commerce"). See Section 4(3). Eligible applicants must fully comply with the terms of HB 355.

3. Q. What projects are eligible for funding?

- A. To be eligible for HB 355 funding, a proposed project must maintain or repair existing local government infrastructure, including:
- drinking water systems;
 - wastewater treatment systems;
 - fire suppression systems if independent of the drinking water systems;
 - streets and roads;
 - bridges;
 - landfills,
 - street lights;
 - airports;
 - public grounds and buildings; and
 - to expand existing water and wastewater treatment plants that are being operated at 90% of design capacity or greater.

See Section 4(1) and (2).

"Existing local government infrastructure" is defined as local government infrastructure that existed on or before June 13, 2023, the date on which HB 355 became law.

Please contact Commerce staff at DOCCDD@mt.gov to discuss specific project requests.

4. Q. Are past projects eligible for funding?

- A. No. Section 6 is forward looking, i.e., applications must be for a "proposed project" of "tasks to be undertaken," not a past project.

5. Q. What is the application process and timeline?

- A. Incorporated cities and town applying for funds must comply with HB 355, including by:

1. Soliciting and accepting applications for eligible projects on or before December 31, 2023. See Section 5(1).
2. Holding a public hearing to discuss and receive feedback on applications submitted to it. See Section 5(2).
3. Preparing a recommendation for funding in priority order. See Section 5(2).
4. Submitting the priority list with applications for each identified project (as applicable) to Commerce. See Section 5(2).
5. Commerce requests that incorporated cities and town submit their recommended priority list and applications to Commerce by March 30, 2024. Applicants may submit completed applications prior to March 30, 2024. Additionally, applications received after March 30, 2024 may be eligible for review. Applications must contain all information required by Section 6 of HB 355.

Once Commerce receives applications, it will review them for compliance with Section 6 of HB 355. See Section 5(3). Commerce may not substitute its judgment for that of the legislative body of the city or town and cannot revise the recommended priority list. See Section 5(4).

If an application complies with Section 6, an incorporated city or town is eligible to receive HB 355 funds once it satisfies the conditions established by Section 12 of HB 355. See Section 5(6). Commerce will disburse funds on a reimbursement basis as grant recipients incur eligible project expenses in accordance with the terms of the contract the grant recipient signs with Commerce. See Section 12(3).

Approved applicants generally must be under contract with a contractor by December 31, 2024. See Section 7(2). Approved applicants also must submit quarterly progress reports and a completion notice to Commerce. See Section 10. All projects funded by HB 355 must be completed by December 31, 2027. See Section 7(4).

6. Q. How can an applicant submit an application?

- A. Commerce requests that incorporated cities and town submit their recommended priority list and applications to Commerce by March 30, 2024. Applicants may submit completed applications prior to March 30, 2024. Additionally, applications received after March 30, 2024 may be eligible for review. Applications must contain all information required by Section 6 of HB 355.

To apply for grant funding, an applicant must upload the application to the State of Montana File Transfer Service (FTS). To access the FTS, an applicant must register with OKTA. To register with OKTA, go to the FTS page and select 'Register now!' from the Login screen and follow the prompts. After registration, an applicant can access the FTS to upload the application for submission. Please see these [instructions](#) for additional help.

7. Q. How can an applicant satisfy the requirement to solicit and accept applications?

- A. An applicant may solicit applications in various ways, including by:

- advertising the need for project applications;
- discussing potential projects with department heads (public works, parks, etc.); or hosting public meetings to discuss and identify potential infrastructure projects.

The “applications” cities and towns must solicit by December 31, 2023, are different from the “application” cities and towns must submit to Commerce by March 30, 2024. Cities and towns do not need to submit additional documentation of the applications they solicited/accepted in 2023 to Commerce with the applications they submit in 2024.

8. Q. When must an applicant hold a public hearing?

- A. Cities and town must hold a public hearing after they solicit and accepts applications—the deadline for which is December 31, 2023—but before they submit a priority list and application to Commerce by March 30, 2024.

9. Q. Will Commerce require documentation that a public hearing was held?

- A. Yes. Cities and town must submit documentation showing they held a public hearing to Commerce with their application. Examples of acceptable documentation include:
- public advertising or notice;
 - meeting agenda;
 - meeting minutes;
 - Video recording; or
 - sign-in sheets.

10. Q. How does an applicant decide which projects to prioritize?

- A. Applicants can determine project priority in various ways, including by:
- consistent with Section 5(5) of HB 355, giving priority to projects that maintain or repair publicly owned drinking water systems, publicly owned wastewater treatment systems, and municipal fire suppression systems that are independent of a water system;
 - utilizing a Capital Improvements Plans (CIP);
 - utilizing other planning documents;
 - considering local needed improvements; and
 - considering public feedback.

11. Q. What information must be included in HB 355 application?

- A. Incorporated cities and town must submit to Commerce an application containing all information required by Section 6 of HB 355, including:
- The name of the project for which the applicant is seeking a grant.
 - The name, address, telephone number, e-mail address, and title of the individual person who will be directly responsible for the management of the project or projects to be funded by the application, such as a public works director or a

consulting engineer, and a copy of the individual's resume attesting to the individual's qualifications and ability to manage the project.

- A narrative description of the prospective project, including a description of the problems to be addressed and the need to undertake the repairs. The applicant shall explain why the proposed project is appropriate, cost-effective, and is a long-term solution to the problem.
- A list of tasks to be undertaken to address the problem.
- A map or google earth photo showing the project. Photographs documenting the nature of the problems are advisable but not required.
- A project cost estimate showing the total cost of the project, prepared by a licensed professional engineer or qualified contractor. The cost estimated must be itemized by the list of task elements as required in subsection (3) of Section 6.
- A time schedule showing each step in the repair process starting with the preparation of the bid documents through completion of the work. Specific calendar dates are recommended.
- A statement that the information contained in the application is true, which must be signed by an authorized representative of the applicant.
- A statement identifying a local cash match equal to no less than 25% of the total project cost, which may not include in-kind contributions of goods or in-kind services.

12. Q. May an applicant request funding for multiple projects?

- A. Yes. HB 355 does not place a limit on the number of projects for which an applicant may request funding, but each project for which an applicant is requesting funds must have its own separate application. Applicants entitled to receive more than \$1 million must request funding for at least three different projects. *See* Section 9(1). Applicants cannot increase the amount of funding they are entitled to receive pursuant to Section 11 by requesting funding for multiple projects, however.

13. Q. When will Commerce issue notice of application compliance to applicants?

- A. Commerce shall issue notice if an application does or does not comply with Section 6 of HB 355 to the applicable applicant within 45 days of application receipt, if practicable.

14. Q. What is the allocated funding and match requirement?

- A. The Legislature has appropriated \$20 million from the general fund. *See* Section 3. Consistent with Section 11 of HB 355, the amount allocated to each incorporated city and town is shown in the spreadsheet Commerce has posted to its website. A local cash match equal to 25% of the total project cost is required for funding. The total project cost includes all expenses required to complete the project including pre-construction and construction expenses. The local cash match is defined as revenue generated by the local government, including via its tax system. A local cash match may not include in-kind contributions of goods or in-kind services. *See* Section 6.

15. Q. Will Commerce require documentation substantiating the source of a local cash match?

- A. Yes. In the application submitted to Commerce, applicants only need to submit an attestation identifying a local cash match of at least 25% of the total project cost to receive funding, as required by Section 6(7). However, once an application is approved and the Grantee contracts with Commerce, the Contract will require the grantee to document the local cash match expenditures, as required by Section 12(1)(d). The grantee will document expenditures through an invoice tracking sheet, submitted to Commerce with the grantee's quarterly report.

16. Q. After an application is approved, what conditions must a grantee meet to be eligible to receive grant funds?

- A. Approved Grantees must meet all of the conditions listed in Section 12 of 355 before Commerce may disburse funds, including:
- a completed budget and implementation schedule for the project;
 - a completed project management plan approved by Commerce;
 - compliance with the auditing and reporting requirements provided in § 2-7-503, MCA, and an established financial accounting system that reasonably conforms to generally accepted accounting principles;
 - a completed contract with Commerce, a provision of which must document that local matching funds are available and committed to the project;
 - a certification that Grantee has obtained local, state, and federal permits and approvals; and
 - a completed SLIPA Environmental Review Form and additional documentation, if necessary.

See Section 12(1) and (2); A.R.Ms 8.2.304 to 328.

17. Q. Can grant funds be used to cover local organizational costs?

- A. Grant funds may only be used in the manner permitted by HB 355. See Section 4. Please contact Commerce staff at DOCCDD@mt.gov to discuss specific budget needs.

18. Q. Can grant funds be used to cover pre-construction expenses?

- A. Yes. Pre-construction expenses may be eligible for reimbursement if the project satisfies the eligibility requirements in Section 4 and the expenses are incurred after submission of the application to Commerce. Applicants must comply with Sections 6 and 12 prior to receiving reimbursements.

Expenses incurred before application submission are not eligible for reimbursement. However, local money spent prior to application submission **could** be used to fulfill the local-cash match requirement for the total project cost, provided that it was expended after June 13, 2023, the date on which HB 355 became law.

19. Q. When can construction on the project start?

- A. Applicants generally may begin construction on an eligible project after submitting an application to Commerce. To receive HB 355 funds, however, Grantees must satisfy all requirements of HB 355, especially those established by Sections 6 and 12.

20. Q. When may a grantee hire a construction contractor?

- A. Applicants generally may hire a contractor after submitting an application to Commerce. A grantee typically must have the project under contract with a contractor by December 31, 2024. *See* Section 7(2). However, in cases in which an applicant has used all reasonable efforts to find a contractor for a project but has failed, the applicant may request one two-year extension from Commerce. *See* Section 7(3).

21. Q. What documentation is required for a Grantee to meet MEPA requirements?

- A. Projects that are awarded SLIPA funds may be subject to the requirements of the Montana Environmental Policy Act (“MEPA”). Eligible applicants’ contracts with Commerce will require certification that their project(s) qualify for a categorical exclusion under MEPA. *See, e.g.,* Admin. R. Mont. 8.2.328(2)(d), (e), and (g). If a project does not qualify for a categorical exclusion, additional MEPA analysis may be required. Eligible applicants also must complete and submit to Commerce the SLIPA Environmental Review Form.

For detailed information on MEPA, see [A Guide to the Montana Environmental Policy Act](#), or [A Citizen’s Guide to Public Participation in Environmental Decision Making](#).

22. Q. When may a grantee request reimbursement for project expenses?

- A. Grantees may submit reimbursement requests for project expenses to Commerce once they have satisfied the conditions established by Section 12 of HB 355 and signed a contract with Commerce. Grant recipients must satisfy the conditions required by Section 12 of HB 355 prior to signing a contract with Commerce. Commerce will provide applicants additional information on the process for submitting reimbursements in its HB 355 contracts.

23. Q. What are the reporting requirements?

- A. On a quarterly basis, HB 355 funding recipients shall provide Commerce with an invoice tracking sheet and quarterly reports containing the following information:
- work that has been undertaken on the project;
 - the work percentage of work completed;
 - the amount of funds expended to date;
 - remaining funds;
 - description of any significant problems;
 - whether the project encountered any modification necessary to the scope of work, budget, or schedule; and
 - the projected completion date.

See Section 10(1). At the completion of the project, HB 355 funding recipients shall provide Commerce with a final project report attesting to the completion of the project, which must be signed by the project manager. See Section 10(2).

24. Q. When must projects be completed by?

- A. All projects funded by HB 355 **must** be completed by December 31, 2027. See Section 7(4).