

Yellowstone County



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August 12, 2025

Rachel Gemar
Compliance Program Lead
American Rescue Plan Act (ARPA) Program
Conservation and Resource Development Division
1539 Eleventh Avenue
Helena, MT 59601

RE: Term Extension for ARPA Grant #AM-22-0063

Dear Rachel:

Yellowstone County requests an extension of the term date for ARPA Grant# AM-22-0063 to June 30, 2026. The County committed these funds to the WBYC Water & Sewer District's Water System Improvement project and acknowledges that this will be the final day to incur expenses for reimbursement and that the ARPA program will not reimburse costs incurred beyond this date. The County agrees to submit the final reimbursement request, final report, and all other requested submittals to DNRC within 90 days of closeout once all information is received from the District and Great West Engineering.

Justification for Extension

The WBYC Water & Sewer District serves Worden and Ballantine, Montana, providing drinking water to residents. In recent years, the district faced elevated nitrate levels and potential surface water intrusion. A DEQ analysis confirmed high contamination risk, leading to an 18-month correction period, an Administrative Order on Consent in June 2020, and a surface water treatment rule violation in early 2021.

A 2022 Preliminary Engineering Report (PER) addressed these issues and identified major distribution system deficiencies—such as undersized pipes, leaks, and water loss—impacting both Worden and the Huntley Project Schools, which serve over 750 students.

Over the past five years, the district has worked diligently to improve its water system. The planned improvements involve developing a new water source that meets DEQ nitrate standards and is not affected by surface water, as well as replacing and upgrading the aging distribution system. The project is divided into five prioritized phases.

Phases 1–3 address the most urgent needs to bring the system into compliance with DEQ drinking water standards. These phases are funded through a combination of USDA Rural Development (RD) grants and loans. ARPA Minimum Allocation and ARPA Competitive funds are being used to cover potential cost overruns in Phases 2 and 3, and to fully fund Phases 4 and 5. These ARPA funds also support grant administration, audit fees, geotechnical studies, DEQ permitting, engineering, and construction.

The project was originally scheduled for completion by December 2023. However, the district encountered several delays beyond its control, including difficulties securing a contractor for well drilling, land acquisition challenges, and the need for an additional year of water monitoring to secure water rights. Combined with rising post-COVID construction costs, these delays made it clear that additional funding would be required to complete Phases 1–3. As a result, bidding those phases first was critical to determine how much ARPA funding would remain for Phases 4 and 5.

Phase 1 was completed several years ago. Bids for Phases 2 and 3 opened on June 3, 2025, followed by Phase 4 on June 5, 2025. Phase 4 was awarded and will be fully funded by ARPA. Construction started on August 4, 2025, and is on track for completion by December 31, 2025, the ARPA deadline.

After the Phase 2–3 bid opening, RD committed an additional \$1.23 million, fully covering construction costs for Phases 1–3. This freed up ARPA funds to be redirected to Phase 5. Great West Engineering finalized the Phase 5 design, which received DEQ approval in July 2025. The project was immediately advertised, with a pre-bid meeting held on July 30, 2025. However, contractors raised concerns about material lead times and winter construction, indicating the current schedule was unworkable.

The County is requesting a term extension through June 2026 to allow construction to begin in favorable weather and ensure the successful completion of Phase 5.

Remaining Scope Items

Phase 4

Upsize and replace the redundant transmission main between Ballantine and Worden and extend the water main on North 15th Road.

- August 4, 2025 - Construction starts
- October 27, 2025 - Substantial Completion

Phase 5

Portion of distribution system replacements to upsize the 4-inch mains to 8-inch mains in the communities of Worden and Ballantine.

- August 20, 2025 - Bid opening
- August 31, 2025 – Contract Awarded (Contingent upon ARPA extension)
- June 30, 2026 - Substantial Completion (Contingent upon ARPA extension)

Detailed Timeline and Projected Expenditures for Project

The funding available for Phase 4 and 5 construction is \$3,957,467.63. Bids for Phase 4 came in at \$1,678,963, resulting in a remaining balance of \$2,278,504.63 available for Phase 5. The bid opening for Phase 5 is scheduled for August 20, 2025. At that time, we will determine how much funding can be reallocated to Professional Services, RPR, and Construction Management.

	Phase 4-5				
ADMINISTRATION	ARPA Competitive	ARPA Yellowstone MAG	TOTAL	Phase 4 AWARD	Phase 5 BID 8/20/25
Professional Services	\$ 46,776.63	\$ 3,223.37	\$ 50,000.00		
TOTAL ADMINISTRATION	\$ 46,776.63	\$ 3,223.37	\$ 50,000.00		
CONSTRUCTION RELATED ACTIVITIES					
Geotechnical Investigation	\$ 16,000.00		\$ 16,000.00		
DEQ Permitting Fees	\$ 9,530.00		\$ 9,530.00		
Engineering Basic (Pre-Design, Final Design, Bidding, CN Mngmnt, Post CN)	\$ 453,500.00		\$ 453,500.00		
Engineering RPR	\$ 127,500.00		\$ 127,500.00		
Construction	\$ 507,500.00	\$ 2,217,967.63	\$ 3,957,467.63	\$ 1,678,963.00	\$ 2,278,504.63
Contingency	\$ 223,193.37		\$ 223,193.37		
TOTAL ACTIVITY	\$ 1,337,223.37	\$ 2,217,967.63	\$ 4,787,191.00		
TOTAL PROJECT BUDGET	\$ 1,384,000.00	\$ 2,221,191.00	\$ 4,837,191.00		

The projected spending for each quarter is outlined in the table below. Funding for Phase 4 will be utilized through the first quarter of 2026, while Phase 5 will be fully spent by the end of the second quarter of 2026. The County will provide the DNRC with a detailed timeline and projected expenditure schedule by September 12, 2025 when received from the District or Great West Engineering, following the district's meeting on September 8th.

Date	Budget Category	Funding Source
Q3 2025	Professional Services, Permitting Fees, Engineering, RPR, Construction	Ph4 100%
Q4 2025	Professional Services, Engineering, RPR, Construction	Ph4 100%

Q1 2026	Professional Services, Engineering, RPR, Construction	Ph4 100%
Q2 2026	Professional Services, Engineering, RPR, Construction	\$2,278,504.63

Timeline for Expenditure of All Committed Match

Phases 4 and 5 are funded by ARPA MAG and ARPA Comp. Both grants will be 100% spent down by June 30, 2026; therefore, 100% of the matching funds will also be expended.

Additional Grant Conditions

Yellowstone County agrees to abide by the following conditions:

- ☒ Monthly calls with DNRC grant manager, District and GW Eng.
- ☐ Monthly progress reports, to be submitted prior to reimbursement
- ☒ Include DNRC grant manager on all pre-construction and construction calls
- ☐ Other (please specify): N/A

Sincerely,

Mark Morse, Chair
Yellowstone County Commissioners