

# **Executive Summary**

## **RENEWABLE RESOURCE GRANT AND LOAN PROGRAM**

**Montana Department of Natural Resources and Conservation**

**February 15, 2018**

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## EXECUTIVE SUMMARY

This report summarizes the status of the Montana Department of Natural Resources and Conservation (DNRC) Renewable Resource Grant and Loan (RRGL) program as of February 15, 2018. The information in this report updates DNRC's 2017 RRGL biennial report. The biennial report is in Volume 6 of the Governor's Executive Budget Fiscal Years 2018 – 2019. The biennial report includes summaries of all projects recommended for funding to the 2017 Legislature and a comprehensive description of RRGL program policies and procedures. Volume 6 of the Governor's Executive Budget Fiscal Years 2018 – 2019 is available at the following website:

<http://dnrc.mt.gov/divisions/cardd/docs/resource-development/budget/budget-books/rrgl-budget-book.pdf>

The RRGL program is composed of six grant and two loan programs described in this document and summarized in **Table 1**.

<b>TABLE 1</b>			
<b>PROJECT FUNDING LIMITS &amp; LEGISLATIVE APPROPRIATIONS FOR THE 2019 BIENNIUM</b>			
<b>RENEWABLE RESOURCE GRANT AND LOAN PROGRAM</b>			
<b>Funding Program</b>	<b>Funding Limits</b>	<b>Eligible Applicants or Loan Recipients</b>	<b>Total Appropriation 2017 Biennium</b>
<b>Grant Programs</b>			<b>House Bill 6</b>
Project Grants	\$125,000	Public Entities	\$ 3,231,640
Planning Grants	\$15,000	Public Entities	\$ 800,000
Emergency Grants	\$30,000	Public Entities	\$ 100,000
Irrigation Development Grants	\$20,000	Public and Private	\$ 300,000
Watershed Grants	\$20,000	Public & Watershed Grps	\$ 300,000
Private Grants	\$5,000	Private entities only	\$ 50,000
<b>Total House Bill 6</b>			<b>\$4,781,640</b>
<b>Loan Programs</b>			
Public RRGL Loans	Ability to repay	Government Entities	House Bill 8 (did not pass)
Loans to Private Associations	\$3,000,000	Associations/Individuals	GO bonds
Emergency Loans	Ability to repay	Government Entities	GO bonds

### **RRGL Program Purpose**

The purpose of the RRGL program is to further the state's policies, set forth in Section 85-1-101, MCA, regarding the conservation, preservation, and beneficial use of renewable resources. The goal of the program is to invest in renewable natural resource projects that preserve economic and other benefits of the state's natural heritage for the citizens of Montana.



In 2017 the Beaverhead Conservation District received a \$125,000 grant to complete rehabilitation of the Poindexter Slough to improve fish habitat.

### **Revenue Sources for**

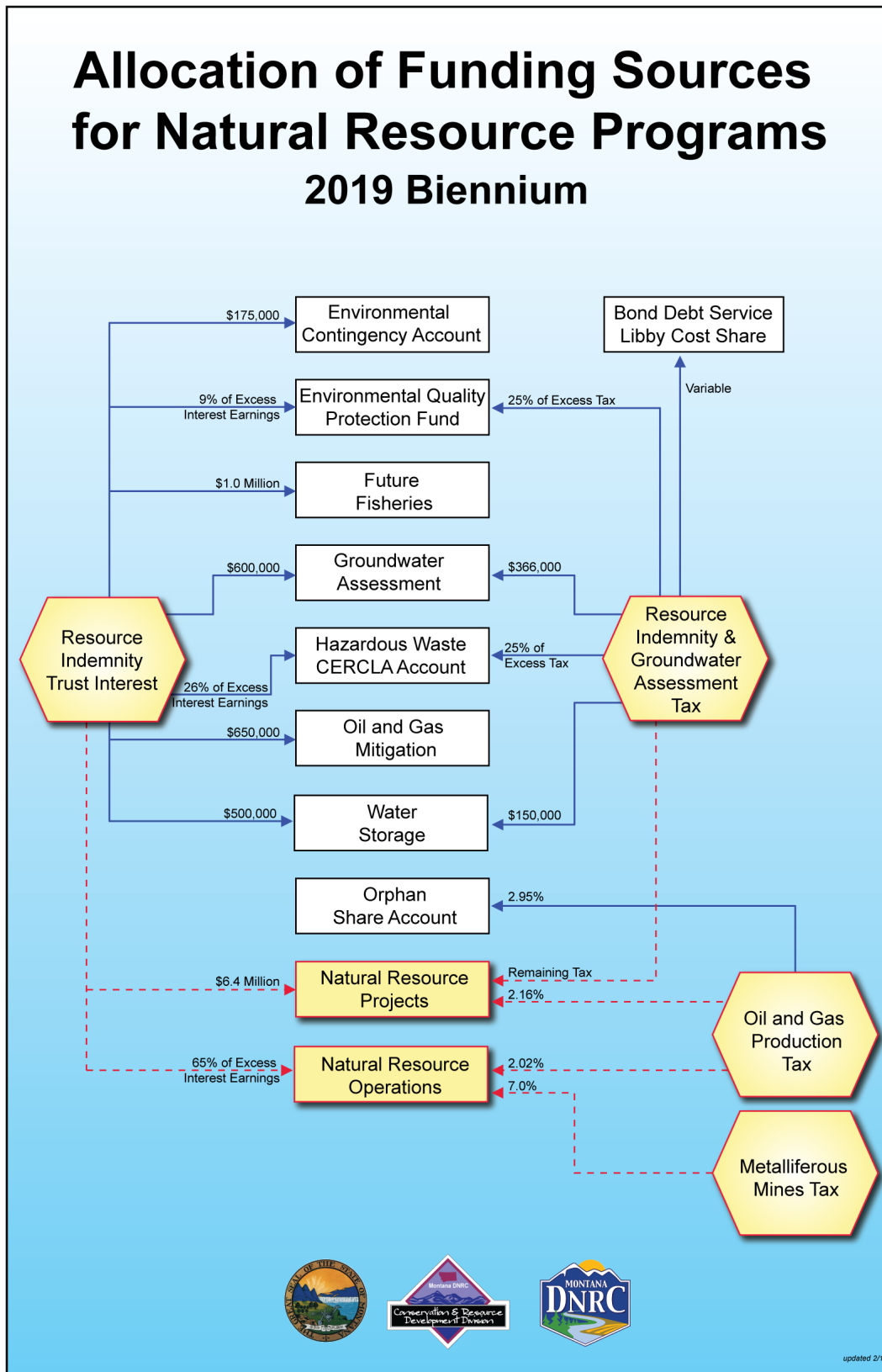
#### **Renewable Resource Grants**

The 2007 Legislature established two Natural Resources State Special Revenue Accounts (SSRA): the Natural Resources Projects SSRA and the Natural Resources Operations SSRA. The Projects SSRA receives revenue to be used exclusively for grants. Funds from this account are shared by the RRGL and the Reclamation and Development Grants programs. The Natural Resources Operations SSRA funds expenses incurred in the administration of these two natural resource grant programs. **Figure 1** is a flow chart summarizing revenue sources for the Natural Resources Projects and Operations SSRAs.

#### **Funding Authority for the 2017 Biennium**

The 2017 Legislature appropriated \$4,781,640 in House Bill 6 for renewable resource grants. Of that amount, \$3,231,640 funded 26 projects for the 2019 biennium. House Bill 6 also appropriated \$800,000 for planning grants, \$300,000 for irrigation development grants, \$100,000 for emergency grants, \$300,000 for watershed grants, and \$50,000 for private grants. The Legislature typically authorizes the issuance of general obligation bonds for renewable resource loans for specific projects; however House Bill 8 failed in the 2017 Legislature. As a result, infrastructure loans from this program are currently not available to Montana communities.

Figure 1.



## Project Eligibility for Renewable Resource Grants and Loans

Grants and loans are available for projects that conserve, protect and beneficially use the state's water, land, vegetation, fish, recreation, and other renewable resources. The majority of projects funded under this program are water resource projects; but forestry, soil conservation, renewable energy, and solid waste projects are also eligible. Project funding is available for construction, research, design, demonstration, and planning. Watershed projects that preserve and improve water quality and projects that help plan for future management and protection of water sources (such as groundwater assessment studies) have also received funding.



In 2017 the City of Bozeman received a \$125,000 grant to improve the Story Ditch Diversion and conveyance structure. The Sunset Hills and Lindley Park water conservation project will allow the City to use more reservoir water for drinking water.



The Bitter Root Irrigation District received a \$125,000 grant that contributed to the funds needed to replace an ageing siphon and bridge across the Bitterroot River.

## **What makes the RRGL Program Different from other Funding Sources?**

Montanan's RRGL program is unique for several reasons.

- Although applicants are encouraged to seek matching funds, DNRC does not require a match for renewable resource grants to public entities.
- Project sponsors that expected additional funding from other sources do not automatically lose their RRGL funding if other funding falls through. This policy helps communities phase large projects in affordable increments when necessary.
- RRGL funds both public and private entities.
- About a quarter of RRGL grant funds go toward improving irrigation system infrastructure and water management. Producers, irrigation districts, and water user associations have very few other sources of grant funds for infrastructure projects.
- The RRGL program allows grants to be spent early in the project. This policy is in place because some grant programs will not allow their grants to be used until the project is underway. This can stall a project for months or years waiting for one grant program to go before another.