

MINUTES OF THE MEETING
AGENCIES II SUBCOMMITTEE

February 6, 1979
8:15 A.M.
Room 343
State Capitol Building

Subject: Orientation
Department of Natural Resources

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The meeting was called to order by Chairman Rex Manuel. Senator Smith and Representative Hurwitz were excused. Also present were Bob Robinson, LFA and Jim Williams, OBPP.

The purpose of the orientation was to present the LFA and OBPP budget recommendations for the Department of Natural Resources.

Centralized Services (130)

This division contains the director's office, support functions, a professional library and administers the youth conservation and young adult conservation program funds.

Two FTE added by both the LFA and OBPP include: a program manager and an auditor to oversee the expenditures in the federal youth conservation corps and young adult conservation corps programs. Current level is 35 FTE, these two FTE are included as modifieds.

In personal services the LFA is about \$30,000 short of the Executive recommendation. The LFA apparently pulled out three positions twice in his calculations.

There has also been an increase in rent for this department. They are paying \$86,969 a year at present. This has been increased to \$126,000 plus an additional \$10,000 a year for utilities, previously included in their rent. This increase makes the rent \$3.20 per square foot.

A legislative audit of the department revealed that the attorney on retainer received \$26,916 for 380.65 hours in 1976 and 1977 fiscal years. For nine months of this period there were no chargeable hours, yet the department paid \$1,000 per month for his services. The LFA felt this was an unnecessary expense and did not recommend any appropriation for this. The department has a legal staff that can handle the department's legal matters.

The Executive increased insurance allocations to \$230,000, the LFA recommended \$198,000 per year which keeps them at current level. This insurance is provided through the Department of Administration.

The relative cost study reveals that the rates should be kept at present level.

The LFA finds the LFA has \$100,000 a year. The Executive has \$70,000 a year. This is the pass-through money that goes back to the counties and cities. The department has no CFTA positions requested.

The department and the Executive is about \$3,000 a year higher than the LFA because of the phone rate adjustments. The LFA applied a 3.5% increase over the actual expenditures.

The LFA recommended the actual amount spent in 1978 for travel. The Executive cut about \$2,000 a year.

Oil and Gas Regulation (234)

Both offices recommended an additional 4 FTE: two field inspectors, a secretary and a laboratory aide. This will make 7 field people.

The money for this division comes from license taxes, production tax and fines for improper drilling.

The department has stated that the Executive left \$5,000 out of their budget. The OBPP cannot determine where this money was left out, the committee may want to question them on this. The Executive also took a vacancy savings cut of \$3,000 and a cut of \$6,000 for 1980 and \$8,000 for 1981 in travel.

Senator Smith expressed the concern that with the amount of development going on in this area the department was not going to be able to operate on this travel budget.

Conservation District Supervision (317)

The LFA recommended the \$100,000 a year to redistribute to the local conservation districts requested by the department. The Executive decided to use general funds for this request.

The Executive added 3 FTE for some modified budgets for two studies: a water quality nonpoint pollution study and a saline-sediment study. At the time of the request there were no firm commitments to these studies, therefore, the LFA did not include this request in their recommendation. The department has a contract for one of them now.

The basic difference in this division is the funding. The LFA recommendation is \$239,000 for general fund and \$18,000 for other funds. The Executive is \$178,000 for general fund and \$82,000 for other funds. The department has an ongoing contract for \$63,500 with the ASCS for watershed planning. Every year this is costing about \$60,000. The Executive has decided to fund this with renewable resource development funds. In the past it has been funded with general fund. The LFA did not recommend this.

The 2 modifications recommended by the Executive include one person to conduct the saline alkali project and one for nonpoint pollution. The Executive used federal 208 monies going to the districts for administration. This amounts to \$57,006 in 1980 and \$52,182 in 1981. This program is ongoing as long as the federal money is coming in. It was decided to ask the department about contracting these studies:

Water Resource and Planning (373)

Current level is 01.28 FTE, the LFA has recommended 94.28. The additional FTE are to conduct a dam safety program of all state owned dams. The federal government has provided over \$400,000 in 1980 and \$500,000 in 1981 to do this inspection and to contract for analysis. The bulk of the funds will go to contract for professionals in dam safety inspection.

Representative Hurwitz joined the meeting at this point.

The Executive recommendation included two modifications at a total cost of \$436,496 in 1980 and \$533,347 in 1981. A portion of this will be used to study the feasibility of hydropower operation on state owned water projects. The LFA did not include this recommendation because they felt the department could do this work with the regular staff.

Capital outlay expenditures are recommended for repairs to water projects. The general fund will finance \$75,000 for each year. This does not include the Daly Ditch repairs.

Daly Ditch water users and the department have been in court for more than four years to determine reasonable water rates and responsibility for ditch maintenance expenses. At the present time the general fund is subsidizing the operation of the Daly Ditch.

It was suggested that the subcommittee could include language that funds be contingent on a fee adjustment adequate to amortize the expense.

This is the only water system controlled by the state that is not self-supporting. Both recommendations were an attempt to bring this situation to the legislature's attention.

Forest Resources (513)

Difference in the total amount of dollars is not that significant. The LFA has \$60,000 set aside for fire suppression expenses. Current level was determined on all their department expenses, less fire suppression. In a normal year, the department should be able to get by with \$60,000. In bad years they will have to come for a supplemental.

The department is concerned that they cannot transfer funds from one year to another in bad fire seasons.

The reduction in operating expenses is due to the recommendation that slash disposal fees be managed in an agency account. The department assesses and holds \$5 for every 1000 board feet of lumber harvested on private land to insure that slash and brush be cleared to eliminate the fire hazard. This amounts to about a \$400,000 difference in the two recommendations.

The timber inventory program is no longer included in this budget and this is reflected in the decrease in FTE.

The U.S. Forest Service has increased Montana's share of federal fire protection funds from the previous level of \$272,000 per year to \$616,200 each year of the biennium. This resulted in a 50% increase in the congressional appropriation of Clark-McNary funds and a state fire plan designed to protect more acres and reduce acres burned.

The LFA also recommended the continuation of the helitack team, the addition of six counties to the rural fire protection program, to man the Rodgers mountain lookout, inventory the equipment of all state and county fire programs and pay an increased fire protection assessment to the U.S. Forest Service. These programs will also be funded by the congressional appropriation. The Executive did not include this recommendation.

There was a ten minute break at this point.

Energy Program (675)

Energy program responsibilities were expanded in July 1978. State-wide energy policy and conservation responsibilities formerly in the Lt. Governor's office were added to major facility siting and alternative energy development functions. This brought 12.5 FTE into DNR, 3 of which were given up in the Governor's hiring freeze. Therefore, the net increase was 9.5 FTE.

The federal energy office has approved \$674,000 in fiscal 1980 and \$720,000 in fiscal 1981 for Montana to develop a state energy conservation plan. Six of the 12 positions are included in this grant. The program will administer more than \$500,000 to contracts per year for developing energy management systems, energy cost systems and public education programs.

The department requested 6 FTE to be brought in on the general fund. When this money transfers it comes across as private account money. This resulted in a misallocation by the LFA.

A share of the coal tax goes for alternative energy development which has approved 124 grants valued at \$1,703,953 since its inception. The department has received over 400 requests.

Facility siting is recommended to operate at current level. Funds


will be available only to the extent that projects develop. If there are no projects they will have the authority but no money to spend. Personal services are recommended at the current authorized level in anticipation of research for the Northern Tier pipeline proposal and the possibility of Circle west. Should larger studies become available they will have to ask for a budget amendment.

The Executive has made a mistake in bringing the FTE over to DNR. They only included three of the six. The first modification request was for \$86,000 in 1980 and \$159,192 for energy forecasting. The Executive recommended \$59,000 in both years for this. The department asked for 4.25 FTE modifications in 1980 and 8 in 1981. The Executive recommended 1 FTE each year. Further work could be contracted for an independent forecast. This is all general fund.

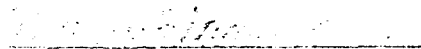
In operating expenses, the Executive has personal services included in contracted services. The LPA kept those positions in the personal services.

Senator Smith pointed out that if Senate Bill 76 passes many duties will be taken out of the Department of Natural Resources. Therefore, some money may have to be taken out of this budget.

There was no further business, the meeting was adjourned at 11:00 A.M.



REP. REX MANUELL, Chairman



Secretary