

MINUTES OF THE MEETING
AGENCIES II SUBCOMMITTEE

February 8, 1979
8:15 A.M.
Room 513
State Capitol building

Subject: Hearing, Department
of Natural Resources

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The meeting was called to order by Chairman Rex Manuel with all members present. Also present were Bob Robinson, LFA; Jim Williams, ODFW; Bob Biggenstaff, MACD, and from the Department of Natural Resources: Bob Anderson, Robert Culver, Ted Doney, Richard Isaacs, and Richard Munger.

The purpose of the meeting was to continue testimony by the Department of Natural Resources concerning their budget requests for fiscal 1980 and 1981.

Energy Division (585)

To summarize the department's request for energy forecasting, Mr. Doney stated that the forecasting would make for better decisions on the part of the state government and speed up applications for major facility sitings. The department would like to adopt the model currently being used by the State Energy Department in Oregon. They could not do this with present staff because these FTE are already fully committed. The department is requesting 1 FTE at \$140,000 for the biennium to do low level forecasting.

The subcommittee questioned whether this was enough to make the project meaningful. The division felt they could do three-fourths of the job with one FTE.

Another concern was under funding by the Executive of the state energy conservation program. The positions on board now are the result of a budget amendment with 100% federal funds. The department has requested current level and urged approval of the LFA recommendation. The Executive concurred with this error.

In operating expenses, the LFA shows a drastic cut in current level, based on FY 1978 expenditures. The problem is that while the capitalization is cut, the funding for the cut is taken from general fund, when in fact, the low expenditure level results from lack of expenditures from the earmarked accounts. The general fund authorization should not be cut to support this reduction.

As to the transfer of funds from the Lt. Governor's office, the LFA recommended indicated that general fund appropriation does

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not include money for the Fuel Allocation and Conservation functions assigned. The LFA agreed that he should look into this matter again.

Conservation District Supervision (709)

The Executive budget contains two modification requests which are not included in the LFA request due to uncertainty of federal funding. The department has been informed that federal funds will not be available for the Sediment-Saline Control and therefore, recommends that this request be deleted.

The Water Quality Nonpoint Pollution request will be funded. The original request was for \$21,000 each year, while the agreement has been increased to \$38,000 for this year to include .8 FTE. The department urged that this modification be approved at the \$38,000 level.

The Executive has proposed shifting funding for the small water shed projects from the general fund to the Renewable Resource Development budget from coal taxes. The department sees no problem with this, it will just be a matter of which way the subcommittee decides to go. The LFA kept the funding in the general fund, but agreed that this was a possibility.

Bob Biggenstaff, MADC, was present to speak in support of the division's budget request, stating that this was not the place to be making cuts. He stated that with the new programs coming along, the conservation districts are going to need the support of the state. Without this help they cannot keep up in this area. Also, as the result of several vacancies, he felt a need for more help in the eastern part of the state. Mr. Biggenstaff was most concerned about proposed cuts in travel.

The division was kept at current level, except for mileage and travel by the Executive. The department recommends approval of the Executive budget subject to the corrections mentioned in testimony.

Water Resources (815)

The department is concerned that one modification to employ an engineer to work entirely on the program to develop hydropower on state water projects is not included by the LFA. The work accomplished to date has been done by the department engineers when they find spare time from their regular duties. The department feels this project is important enough to warrant one person full time.

Since these projects are in serious disrepair, either the state must repair them or get rid of them. There are three alternatives being considered which include: 1) charge the water users; 2) increase general fund; 3) general fund appropriations, and 4) bond issue. The department is in favor of the first two alternatives, and the idea of selling the power for marketing at a slightly higher

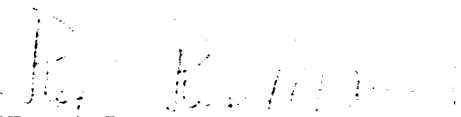
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just from the cost of installment. This would build up a reserve which could be used for repairs. The department feels this third alternative is the best solution. They expect to obtain federal funds and are requesting 1 FTE to supervise this effort. The contract will be opened to bid on, design, build, and operate these facilities. The contractor person would just oversee the operation.

The second problem in this division is the Daly Ditch. Both the DEW and DEFP have recommended funding for personal services and operations for the project. The department feels that the Daly ditch problems should be considered by this subcommittee with a subsequent decision on whether to include capital equipment and capital outlay monies for structural improvements.

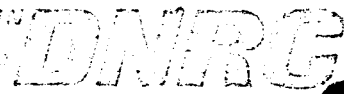
The division then presented another program modification request concerning water reservation for Conservation Districts, as is explained in detail on the attached addendum. There was considerable discussion by the subcommittee members. Chairman Manuel stated that this would be further considered by the subcommittee on a later date.

There was no further business, the meeting was adjourned at 11:15 A.M.


REP. REX MANUEL, Chairman

MONTANA DEPARTMENT OF NATURAL RESOURCES & CONSERVATION

MEMBERS OF THE BOARD: HERMAN DEDE (RECORDS) - VICE-CHAIRMAN; JOHN H. HALTO
CHAIRMAN; JAMES W. HARRIS - SECRETARY; JAMES W. HARRIS - SECRETARY; JAMES W. HARRIS - SECRETARY



Ted J. Doney, Director

MEMORANDUM

TO: Natural Resources Appropriations Sub-Committee

FROM: Ted J. Doney, Director *TJD*

RE: Program Modification Request--Water Reservations for Conservation Districts

DATE: February 6, 1979

On December 15, 1978, after the Governor's Executive Budget was finalized, the Board of Natural Resources and Conservation adopted water reservations in the Yellowstone River Basin. Fourteen conservation districts, among many other applicants, received water reservations for irrigation purposes. As a part of its decision, the Board ordered each conservation district to submit a detailed plan to the Board for its approval identifying water projects to be developed using the reserved water. These plans must be submitted by December 15, 1981 (three years after the Board's order), and must include specific information on how, where, and when the water will be used. Engineering, economic, soils, and marketing studies will be required to produce the plans. If the plans are not submitted, the districts likely will forfeit their water reservations.

The Department estimates that the compilation of such plans will cost the districts a total of \$455,000.

The Department, with the concurrence of the Office of Budget and Program Planning, recommends that \$335,000 be added to the budget of the Water Resources Program for the next biennium. These funds will be distributed by the Department to each of the 14 conservation districts on a pro rata basis, and the districts in turn would utilize such funds to produce the required plans. We envision that the districts will probably join together in hiring a single consulting firm to compile the plan for each district. It is recommended that these funds be appropriated to the Department so that the funds can be accounted for through the state's accounting system. Additional funds of \$120,000 would be requested for Fiscal Year 1982.