

MINUTES OF THE MEETING
FINANCE AND CLAIMS COMMITTEE
MONTANA STATE SENATE

April 14, 1981

The forty-fourth meeting of the Senate Finance and Claims Committee met on the above date in the State Capitol Building in room 108. The Chairman called the meeting to order at 8:18 a.m.; roll call was taken and all members were present.

CONSIDERATION OF HOUSE BILL 709: Representative Neuman, House District 33, said this would appropriate \$3.1 million from the renewable development account, \$4.6 million in the next biennium. This bill takes up most of it. DNR took applications in the fall of the year, projects were screened, and a list compiled that met the project of the Resource Indemnity account--those projects are in 709. There are several other projects that want to appropriate this money. The following is the department recommendation: 1) appropriations that encourage energy savings, 2) encourage loans rather than grants, and 3) encourage local participation. Rep. Neuman discussed the projects in Section 1, pages 1 through Subsection 18, and said the remaining projects are reversions. The bill was then taken and questions from the committee, as well as testimony on the bill, was taken by subsection.

1. A grant to the Cascade County Conservation District for the Muddy Creek erosion control program: \$300,000. Mr. John Andrews, CCCD and project coordinator for Muddy Creek, said this water contributes to the Sun and Little Missouri Rivers. Unused irrigation water is at times ten times the historic flow of the creek. We want to monitor the flow going into the farmer's field. We want to know how much is used and how much finds its way into the ground water and later comes into Muddy Creek. We want to do an educational program with the farmers for an irrigation program and the use of an alternative irrigation project.

Senator Aklestad: What was the total amount of money, 12 million from the Federal government? Andrews: Yes, we are looking on a request for \$12 million that was the amount we decided we need to use and improve the bench, thereby improving the situation there.

Senator Aklestad: Matching? Andrews: Yes, on-going matching. Farmers match 25%. We have committed \$1 million to the program in the last few months.

Senator Aklestad: Is there a match on the \$300,000? Andrews: Our matching program is linked to it. The \$200,000 is matched in a combination program.

Senator Story: How many square miles? Andrews: 200,000 acres--1/3 is irrigation and 2/3 dryland and range.

Senator Story: If the feds go with this you will spent \$12 million on it? Andrews: The soil conservation project has said this is what it will take to come up with changing this situation. One-half to sprinklers, and there is some cost-share here also.

Senator Himsl: If an indication of \$12 million in the project, didn't they say the study has been made? Why now another study? Andrews: The \$12 million is a request only. That is not what they could support. We came back with a \$2 million pilot project. The money in this bill is to modify it before we can get the money.

Senator Aklestad: Won't the SCS office participate with this without additional money? You have two people assigned to do this project area. Andrews: We don't have the money to do this--it uniquely meets their situation, and there is no other money available.

Senator Story: How many are involved in this? Andrews: About 400 farms and 102 families in the dryland.

2. \$180,000 grant to the Buffalo Rapids Irrigation District. Charlie Crane, Montana Water Development Association, said he would be available for answering any questions on this.

Senator Keating: Where is it? Crane: On the lower Yellowstone tributary.

Senator Aklestad: What is it going to be used for? Crane: Rehabilitation Betterment Program. It is to improve the irrigation system. It will be used for things like lining the canal.

3. East Bench Irrigation District: \$450,000. Senator Hazelbaker said he would give a little history. Some years ago the dam was constructed south of Dillon, about 90 miles away. A diversion dam goes onto the benchland into Madison County. They have the East Bench Irrigation District and the benchland has prospered, second only to Moses Lake. Downstream is an East Bench Gravity Company. The third priority by the DNR was this project for the East Bench Irrigation project for the \$490,000 which was cut to \$450,000. There are 6,300 acres involved here. They plan to pump and sprinkle irrigate on that.

Senator Etchart: I am going to make an amendment to put the \$40,000 back in. It matches the federal money of \$120,000 on a \$4 million project. It looks like we should not be cutting down on the match. The House took out \$40,000.

Senator Himsl: If, without this amount of grant, it will not be sufficient to meet the obligation to qualify for the total money, is that correct?

Minutes, Finance and Claims
April 14, 1981
Page three

Ron Paige, East Bank Irrigation District: This is quite a complicated formula that the water producers use. Essentially, a \$40,000 loss would lose us \$120,000 leverage from the federal loan.

Senator Himsl: Are you asking for \$490,000, and that still will not qualify for the \$11 1/4 with this grant. You will deposit it and use the accumulated interest. There are some contributions of our own. Some of those would obviously be enough to meet the 11 1/2%. We don't know at this point exactly what the project will be. The best estimate is in that range.

Senator Himsl: If you get the \$490,000 you will still not have the required amount to make a grant. Paige: There are other contributions, right-of-way's, some work on the project. They will qualify as contributions that will become part of the 11 1/2%.

Senator Himsl: If you get the 11 1/2%? Paige: It is an interest-free loan. Himsl: When applied to the project itself? Paige: We hope to be able to get the start to use the water in the 1983 irrigation project. We want it in the 1982 budget so we can have funding in 1983.

Senator Keating: Earlier last week we had a request for funds for an irrigation project and, in the course of the testimony, it appeared the program was not cost effective. The income from the agriculture would not serve the debt. Are these cost-effective irrigation projects

Senator Hazelbaker: The cost-effectiveness is addressed in the book. Not only do we save electricity, but it is cost effective and will be pretty cheap irrigation.

4. Solid waste bureau, \$400,000: Senator Himsl: Is this the Bozeman project? 307 was the enabling bill and this is the funding?

Bill Potts, State Health Department, said he was available to answer questions from the committee.

Senator Dover: Is this the Bozeman one? Potts: They could apply for assistance under this program.

Senator Himsl: Would you clarify for me? I notice the term is grant. The grant we make here goes to the Department of Health and DNR and Conservation. Then you use the term loan. Is it proposed we make a grant to the department and then it will make a loan to the applicant? Potts: An application.

Senator Himsl: I know it is an application, but it says a loan. Leo Berry, DNR: I don't think the Department of Health is one. The DNR

is to give the loans by a grant, which is simply a loan to the Department; then we enter into a loan agreement with the various individuals. When they pay us back, the money can be used again. It has to go through the department.

Senator Regan: In doing that do you take a certain percentage for your cost of administration? Potts: It is in our application. Regan: Then all the money we see here is pass-through, and you don't take anything from it? Potts: Yes.

Senator Aklestad: Why was the DNR answering to this? The Department of Health and Environmental Sciences is in the bill. Berry: If I understand the question, why the grant and then a loan?

Senator Aklestad: No. 5 says a grant to the department of Health and Environmental Sciences for the water quality bureau. Is this a duplication of effort? Is it here and also in the supplemental budget? Potts: No, sir.

6. Georgetown Lake Weed Control Project, \$35,362: Senator Story: Are these aquatic weeds? Stimatz: I can't answer that. There are a lot of weeds there. Neuman: Yes, they are. They grow up and hinder the boats, etc.

Senator Story: Do you have a way of wiping them out? Is whatever you are going to use experimental? Berry: The problem with the Georgetown Lake area is that basically it is a man-made lake. It is about 15 feet deep and some type of aquatic weeds are in the lake. A number of things have been tried--they even tried an underground harvester. They will try to come up with a permanent solution to the problem.

7. Bluewater Creek erosion control, \$121,000: Representative Neuman said this money will be used to build some drop structures. Steel pilings will back it up with rocks. It is to follow the stream down. Basically, that is what the money will be used for.

8. East Fork Reservoir Recreation area project, \$28,756: Senator Dover: I would like to propose an amendment to put this back in. I would like John Hughes, Tom Evans, and Jim Schultz to be available for questioning. There was a misunderstanding in regard to the grants. We received a letter showing our project was 9 or 10 on the list, and we assumed it was automatically there. Noone showed up for the hearing. I would like to have some people tell you why it is necessary. He passed around a map that he wished the committee to see.

Mr. John Hughes, Lewistown: From a portion of the Lewistown flood project, it is the largest lake for this project. It will include camping and picnic facilities, drinking water from a well, toilet facilities,

etc. This project was printed for \$28,756. This is 25% of the project cost. Lewistown, DNR and the rating system will find the remainder. Berry: DNR project went to the House, and we got word it was left out. As the original project, there seems to be \$28,756 left. We would like to put it back in.

Senator Himsl: Is there a contribution on the part of the city? Ans.: The city and Fergus County--the Soil Conservation is putting in 50%.

Senator Van Valkenburg: Mr. Berry, you made the statement there would appear to be about this much left to be allocated? Berry: It would appear that way. Actually, there are Title 9 monies left after the Lone Pine, siphon project, LRB took some, seed potato one, etc.

Senator Dover: Is there this much left? Himsl: About \$80,000. Berry: The Department recommended about a \$200,000 buffer be left. We are \$80,000 under that recommendation now.

8. Lubrecht Experimental Forest for second-growth management project, \$120,000: Representative Bertlesen, House District 27, said this is a huge area of forest that stands in stagnation because of second growth. They have not figured out how to thin it economically. This is a project that would show how they can thin and make it profitable. The information would be sent to the timber growers in Montana. Unless we go ahead with this type of experiment, the project may not be tested to show that it can be done on a smaller as well as larger basis.

Senator Jacobson: In HB 500 we allocated almost \$500,000 for the Lubrecht forest. The man said it was more to coordinate growth of second growth forest. Is this duplication? Bertlesen: No, the other plan is to set up an experimental station. Research is sitting there and not being made available because there is no way to get it out. They hope to set up a modern system and a library. This is outside that funding and means setting up a system to operate over a period of time as a research station.

Senator Aklestad: Getting better utilization of our forest with what Senator Jacobson said, plus the fact the University got rather fat this year...don't they have resources to do this? Bertlesen: They do some research. Access has not been that well taken care of. One is a grant which specifically tries to make a new kind of research in the field of tree thinning and control of second-growth forest available in cooperation with ranchers in the area.

Senator Himsl: I am a little confused. Your answer is that this is a new way to do more research, but experimental.

Bertlesen: The research funds are in HB 500. They are not mixed and are separate ideas.

Minutes, Finance and Claims
April 14, 1981
Page six

Senator Himsl: Private industry has been doing some of this. American Timber got an award for doing some of this.

Senator Jacobson: Are there matching funds from private industry to go with this? Bertlesen: Some--there is no federal money.

Senator Aklestad: What will this project do that the ongoing project will not? Ongoing, as to the researchers, etc? Bertlesen: This project is your deal with the tree-thinning operation that is something new and now is available to more people.

Senator Aklestad: Why can't it be co-mingled with the other? Bertlesen: There is not enough money.

Erving Dayton, Deputy Director, Higher Education: The cooperative extension service is the bridge between this research and the field work. There is no analagous agency in it. The money in HB 500 was to improve the basis research. This project would be in the forest. This goes to the small people with small wood lots. Aklestad: You are starting an extension service within the University of Montana for forestry projects?

Bertlesen: In the field of forestry today the small timber operator needs help. We are losing resources vital to Montana.

Senator Smith: Natural Resources in Forestry added 3 FTE. They added 1 1/2 FTE to supervise on private lands, etc. There was a substantial increase in this at the university.

9. Saline seep control project in the triangle area, \$275,000: Herb Pasha, Triangle Conservation District, said that saline seep affects a lot of land in Montana. The program is quite involved.

Senator Himsl: Several years ago we tried to integrate these studies. Are they integrated now? Pasha: We are using this and take it to the farmer to show him what to do with the farmers in the area.

Senator Himsl: Do you share your information with anybody? Pasha: Yes, with anybody.

Senator Himsl: To whom do you answer in these reports? Berry: Originally State Lands. This was determined by the legislative session in 1979. They created the agricultural experiment station in the triangle area. This is the only one on this end of the state. The Department of Lands did the basic research. We compiled those reports and the experiment station is building on them and applying it in the difficult methods of eliminating saline seep.

Senator Keating: Is this in the McCone, Roosevelt area? Berry: No, only in the Triangle area. It involves 9 counties. We are working

on a program to put it into the next block of the state. About two years and we can work out of this and into another area.

10. Leafy Spurge Weed Control project, \$50,000: Senator Himsl: What are you going to do about it--it's so controversial? Neuman: It is considered by many in the state as the #1 conservation project. This is a request by Dr. Pete Fey that sets up some demonstrations for proper use by the chemical Tordon to show it will eradicate leafy spurge. This will get farmers to volunteer and teach them how to use it to control the weed. It will be a demonstration.

Senator Himsl: This is chemical--not biological? Neuman: Yes.

Senator Himsl: Is something else being done? Have there been any new area chemicals that could be relied upon? Is this the only avenue to control it? \$50,000 is a spit in the ocean, isn't it? Ans: It will be a demonstration.

Senator Nelson: What happened to Ted Foss's study on this? This was about 15 years ago in Cascade County? Ans: I know Cascade is one of the best in the country. It is a never-ending fight to control these weeds.

Senator Dover: You say some demonstrations to prove Tordon will control these weeds. What can you do that Tordon couldn't do? It seems to me that they do the experimental thing to sell the products. Ans: I know that Dow Chemical has done some of this; however, the way ranchers and farmers use it is not completely satisfactory. This will demonstrate so that they can use it properly.

Senator Aklestad: Tordon has had schools on how to apply these things. I don't think you could raise enough money to use the expertise they have. Ans: They have some in some areas, but many areas are not included. Cascade has some of the biggest weed problems in the state and they have been working on it the longest.

Senator Story: A couple of years ago I tried it and overdid it. I killed everything. The first thing that came back was the leafy spurge.

Senator Keating: Someone could study the benefits and convert it to a cash crop.

11. Ennis Lake thermal problem control, \$125,000: Representative Keyser said a number of studies have been conducted over a period of years dealing with thermal problems of the lake. The earthquake put down tons of silt. Now it is heating the lake. It is killing trout. We have conducted 6 different studies for the government agencies to get funds; we have to go to the federal government to get the monies needed. We have to run a feasibility study.

Joel Shouse, Blue Ribbon APO, Bozeman: There are several techniques. One is to raise the dam and increase the water depth. We have considered levees within the reservoir so that the water doesn't warm as it passes through the lake. Temperatures in the lower river shore and lake are in excess of 80°. One theory is to construct a channel around the lake. We have to go to the feds to get that much money.

Senator Himsl: You said raise the dam, channel through the reservoir, and bypass?

Senator Dover: What is it you are trying to cool, the river below or the lake? Has there been anything to stop the silt. If it keeps coming you will lose the lake. Ans: Several things have been mentioned to keep the silt in suspension and carry it through the lake.

12. Range land resources, \$350,000: Senator Aklestad: I have an amendment.

John Hollenbach, Gold Creek: I serve on the Governor's rangeland resource committee. We screen it. There was \$300,000 in 1979. We are happy with the results from that money. There are new applications on the books now. He passed out information on what happened to previous money and a report schedule on the second sheet.

Senator Himsl: There are 2 years with no payment, and then 10 years to pay it back.

13. The small water projects, \$350,000: There were no questions on this.

15. Crossed out: Mystic Lake dam repair for \$60,000: Senator Boylan said he would like to make an amendment on lines 13, 14, and 15 on page 3 on Mystic Lake. Nobody came to testify on this bill. The lake was built in 1964. The federal government has said to fix or breach. Now to get money they have to have a study. The lake irrigates about 5 sections of land and provides some of the water for the city of Bozeman. A study will be \$60,000--they have spent \$20,000 to date on a study. There are some men in the corner who can answer questions.

Senator Dover: Senator Boylan, did you say water for Bozeman? Sen. Boylan: The city uses it, but the farmers and ranchers have money in it.

Senator Dover: How much money to fix it? Boylan: \$500,000.

Senator Dover: Where do you get the money? Boylan: We would have to have the study in order to find out if we can cost-share it.

Senator Haffey: Are there two Mystic Lakes? Keating: The other one is in eastern Rosebud. That is a Montana Power Company dam.

Senator Himsl: I don't understand. \$20,000 has already been spent to determine what repairs and what costs. This asks for \$60,000 for an amount to study some more. I am wondering if it is meant to study or to repair the dam and how you get \$500,000? Mr. Art Van Hull, Mystic Lake: No, the \$20,000 was the work that had to be done in 1977 with the lake. Bozeman crew was used since we would have had to close it down. We are operating on an emergency plan. The dam itself is owned by the Bozeman Creek Water Association. The city has some shares in the dam. \$20,000 is money spent to the Model Test Laboratory for a feasibility study and the work to repair on an emergency basis. My time as an engineer will bring it up to \$30,000. The Corps of Engineers said it is a hassle and, if not fixed very soon, it will be blown up. We have been working with the DNR and they suggested we put in for this project. \$500,000 was a rough estimate. They suggested in 709 that \$60,000 was an amount which was an estimate by Christian Brothers Sealback. The amount to do the hydro part and an estimate on how much for repairs. We have to tell them what basis and how much to solicit services, etc. The farmers own the dam and are between the Corps of Engineers, etc. They have the responsibility.

Senator Van Valkenburg: Why did the House remove it from the bill? Neuman: It was done in the appropriations committee. They felt the priority was not as high as others. It was late in the bill as I presented it, and not much testimony from people.

Van Hull: There was a snowstorm and we couldn't get here. I did call Mr. Lund. He said not to worry as it was in there. Then I was informed it wasn't.

Senator Himsl: We have about half a dozen dams and they are all ready to go. \$20,000 of that will be hydrological studies to show the Corps is wrong. We would like to spend a reasonable amount, not a federal amount.

Senator Van Valkenburg: Did the Department prioritize these projects? Each project is rated--did you have a rating system as to how they rated with the others? What about the water in the Big Hole?

Gary Fritz, DNR: This was a result of studies on offstream sites. We screened several hundred. In our opinion the best source is in the Big Hole basin. Now the question is what do we do now? It seems to us we need to prepare a feasibility study to get federal funding for the project. This money would be used to figure the federal funding.

Senator Himsl: What is the total amount of the projects? Fritz: About 30 million. Himsl: Is this related to Sen. Manning's project? Fritz: No, it is in the Big Hole basin for offstream use.

Senator Haffey: It does not involve piping water to some other place? Fritz: Sen. Manning's concept is to pipe the water a long way into offstream holding dams. This has potential for irrigation and electricity.

15. (Page 3) A grant to develop a water use data system as recommended by the water policy review advisory council, \$125,000:

Gary Fritz: This recommendation comes from the Water Policy Review Council. It was apparent that state agencies developed a lot of information that was useful to themselves and the private system, but it was not compiled. This would result in a system where all areas could put the information into a single system so information is not duplicated. It would probably save that much money in terms of duplication of state agencies.

Senator Dover: Would this be on the computer, in libraries, or what? Fritz: First catalogued to see what exists--then on computer retrieval system so that it is easily accessible.

16. Protect Montana's water from downstream uses and insure future needs as recommended by the Water Policy Review Advisory Council, \$85,000: Fritz: Once again, this is a recommendation from the WPAC on how to protect ourselves from downstream water users.

Senator Dover: Who is going to do this? What kind of staff? More FTE or what? Fritz: We are looking at contracting services; no additional staff.

17. Lewis and Clark Caverns, \$50,000: Senator Haffey: I remember seeing somewhere else the wiring that was bare, etc. How does it relate to LRB? Ron Holliday: We requested this in 666 earlier. This wire is about 44 years old and will electrocute somebody. This is also in 666, but this is the funding.

18. Glasgow and Valley County for a feasibility study of development of water supplies for municipal and irrigation purposes, \$35,000:

Leo Berry: The city of Glasgow has a problem with their municipal water system. They are talking of using water from Fort Peck. Doing that would require looking into the feasibility of providing more irrigation in the lower Milk River. They will put up an extra amount of money to have \$60,000 to have an engineering consultant firm do the planning.

Senator Etchart: Water out of Fort Peck also supplies the air force base up there.

19. These are reversions: Neuman: These are reversions from appropriations of the last biennium and are reappropriated.

Senator Himsl: These are not done? The Deerlodge one--I thought they did not, or could not, raise the money. Berry: The city of Deerlodge is having problems getting a 404 permit. They think they will be able to get it and then can use the money.

Senator Himsl: They would not revert then? Berry: It needs to be reappropriated.

Senator Himsl: The dollars are in here? Dover: The money not used has to be here. Neuman: This money would revert if not reappropriated

Senator Himsl: I think we ought to know what amounts are there and whether it has an effect on it. Berry: We are dealing with July 1, 1981 data. We don't know how many drains until then. We can give you an estimate. We can tell you what the original grant is. We are just asking that what they have not spent, but will need to finish the project, will be reappropriated.

Fritz: These amounts are not included in the reversions. These amounts are not shown as being available in the reversion in the book.

Berry: That is correct. There are a number of projects that will not be reverted.

Senator Himsl: I am not sure, if estimated, what it is. Fritz: We calculated those reversions and they will be included in the 4.6 total. The carryover will not be in the total.

Representative Neuman said, in closing, that the projects in 709 were ranked by DNR and a book (showing copy) you received earlier. That is where the projects in 709 came from. This is renewable resource funds. Those funded last time and this time cannot ask again, unless criteria is changed. I support the loan programs. The money comes back into this account and is reappropriated.

Senator Dover: I see grants. I don't see anything about loans. Fritz: The grant goes to the Department; the Department makes the loan. When the loan is repaid it will go back into this account for re-loaning.

Senator Himsl declared the hearing closed.

CONSIDERATION OF HOUSE BILL 676: Representative Harper, District 30, Helena, said this bill is along the same vein as the Highway Traffic Education Program. It is the result of state mandates. It was also wounded, crippled, and killed. The bill has come back basically the same as recommended from the committee--it is a compromise. The effective date was delayed for one year. The new revenue, coupled with the health share, would be enough to fund the program. I have been presented with the revised version that appears to indicate the increase in dollars warranted. There may be a shortfall in the end of the period. The victims of crimes was started in 1977. The reason was that the compromise funding program worked out. The bill is relieving the cities and towns of 6% of the county's money to fund the program. The state decided the program was a good idea. They okayed the local government for local funding. The basic thought of the funding committee was that it is not the proper way to fund a program. Obviously that is true today when they are in so much trouble. In 1978 and 1980 there was \$150,000 lost. In Great Falls it is \$28,000 a year; in Billings, \$27,000. It is again approaching 1 mill. The reworked figures I have seem to indicate for this year the program is growing at a fairly rapid rate.

Jim Nugent spoke in favor of the bill and handed out testimony. He said this is an area where we can get some relief. He said a study was made in a copy of the journal "Judicature". No other state uses the traffic fines to fund the program. They use general fund revenues. If there is no amendment, it should be July 1, 1981.

Dennis Taylor, City of Helena, favors the bill in its present form. We think this is a very good program. The big thing for us: it is not a good principle, it is not a good idea to fund victims of a crime in this manner.

Dan Mizner: Local government is in dire need of help. It affects all the cities and towns. In passage of all the cities and towns, July 1982 was a compromise approach. The cities and towns would still be paying in this year. We support the bill.

David Hunter, Department of Labor and Industry, said he and Laurie Lewis would like to ask for an amendment--July 1983 or have the committee go back to section 1 language that had 18% of the Highway Patrol. Cities and towns share the cost. Police, sheriffs, district courts; then you take a part of that and use it to fund the victims. This is not appropriate. The other proponents have agreed it is not a bad program and ought to be funded. If you don't appropriate money this program will run out of money in the middle of the program. If you amend to 1983 it will give the government a chance to let this program compete for general fund money. If it goes this way, with the 1983 date, there will be a \$474 deficit in the biennium.

Minutes, Finance and Claims
April 14, 1981
Page thirteen

Lory Lewis, Division Administrator, Workman's Compensation: We have letters from people who run the crime unit to show assistance is good. There are so many different kinds of crime where people are innocent victims. We know the program is growing rapidly in funding and knowledge is becoming very widespread. I have no objection to changing the source of funding.

There were no further proponents. Opponents followed.

Al Thelen, City of Billings: He said he is opposed to the bill in its present form and would suggest an amendment like Mr. Hunter's. Increase the percentage of fines from the Highway Patrol to 18%. Our opposition is to the funding method. The problem is there. We need to recognize that and correct the mistake as soon as possible. There is no fiscal responsibility for it--we reach into someone else's pocketbook. The state does not do a good job administering it and there is no enforcement of it. It was not state funds; some cities are not paying it. Some have quit because of discrimination on how it is administered. Some never did pay it. If you use someone else's money, there is a tendency not to be responsible.

Joe Wolf, Budget Director, Butte-Silver Bow: We are opposed to delaying this. It should be in effect July of 1981 and go back to the 18%. There is no correlation between what we pay and what it goes into on other cities. I am sure I speak on behalf of the program--it is not an essential program. Let's get it off local governments. Let the guy who committed the crime pay the bill.

John Frankino, Director of Catholic Council: These are innocent victims. The facts and figures were there. The Crime Control Board funded a study and we met and discussed various funding methods. We decided the proper way was the general fund. The legislature does not need to be defended. They said the Justice of the Peace has the right to increase the amount of fines and fees, and the legislature probably thought there was no added burden on the local governments. I think the date should be changed to 1983 or other alternative funding be used. It is my personal feeling, if passed as it is now, you are killing the bill in the next biennium.

Senator Haffey: If the bill passes in the form it is in now, you will effectively kill the bill in the next biennium--is that what you said? Frankino: There is no effective way to file for general fund money in the program.

Senator Haffey: No funds for FY 1983? Hunter: That is right, if it is passed in its present form.

Senator Keating: Are there still some counties not paying their fair share? Hunter: The revenues were administered by the State Treasurer. There was not good follow up. The matter has just come to light. We will do a better job in Workman's Comp to follow it up.

Minutes, Finance and Claims
April 14, 1981
Page fourteen

Senator Keating: It will be handled in the Dept. of Labor because it is kind of an insurance company fund? Hunter: Some of the benefit terms are similar to Workman's Comp.

Senator Keating: It seems untoward to take money from traffic fines to pay for victims of mugging and that sort of crime. Why isn't there some sort of insurance fund to cover it ourselves for our citizens? Premiums could be paid from the general fund. Hunter: I think it would be possible. The department agrees it is not appropriate the way it is funded now. We need funding for the current biennium to fund it in 1983.

Senator Stimatz: I am not sure what this bill does--so much has been scratched out.

Rep. Harper: It determines the present method of funding next year. With the fund balance now, you add one more year. We thought it would carry it through--the reworked figures delays the effective date.

Senator Stimatz: This bill unfunds the bill. Harper: I agree, it does.

Senator Himsl: Does it end the total funding? It ends the commitment of the state? Harper: That is the total funding. Himsl: You are just taking out the part that was funded from the cities? Harper: GVW, forfeitures, etc., that would be dumped in. We are talking about 1/2 the program.

Lewis: That does remove the funding, and there is no other source of funding.

Senator Himsl: If you pass this bill there is no more funding for the program? Lewis: When our funds run out there is no more funding coming in, and the program will die.

Senator Stimatz: No one wants to kill the program.

Senator Keating summed up the discussion and said if repealed we are really in trouble.

Senator Himsl: You have no idea if there is enough to last through this year even? Lewis: The State treasury is where the money goes. We don't have any authority, no audit authority, to order the cities to pay. It is a nightmare.

Senator Himsl: You administer the program? Lewis: We have no authority to audit the cities. We can't tell them to go out and get the money before they receive any.

Senator Himsl: Can't you get the information? Lewis: We don't know what the cities pay and are not told when they deposit it. I am not saying we have done a good job. With 3 areas involved, it is a problem to administer.

Senator Johnson: When you do go into this, what can you do? Lewis: Some of the cities have informed us that they have not charged. If they're able to do that, they would come in and bring it up to date.

Senator Keating: Eighteen percent of the Highway Patrol. Is there sufficient money there to fund the program? Hunter: There is money. The important point is that they are general fund monies to the state of Montana. You are essentially appropriating money from the general fund then.

Senator Dover: Isn't part of this money from Highway traffic fines? You are cutting this off with the bill? Harper: No, the city fines revert under the different chapters.

Senator Dover: Are some funds being paid in from the Highway Patrol? Hunter: Now it collects 6% of the traffic fines: city police, sheriff, and Highway Patrol. The agreement we are making is that those fines collected by the cities and county--those expenses are borne by the cities and counties. To the effect derived from the Highway Patrol, if the legislature wants to attach those funds, it is one alternative to fund it. This bill repeals all the funding mechanisms. It would also take the money from the Patrol and put it into the general fund.

Senator Van Valkenburg: It appears you have calculated the benefits for FY 1983 are going to be \$568,000 and result in a \$100,000 deficit. What proposal did the department have to make the fund actuarially sound? Hunter: No program to do this. There are questions about the estimates. We have had over 2 years partial experience in the program. Other states have shown 5 or 6 years before leveling off. It is difficult to make good solid estimates. I think if we get 4 years of experience and then come in, we can do it; we just don't have enough data to be certain yet.

Frankino: There is one section that says the state will not go into liability. The Department must pro-rate the funds, and if they are not enough there is no program.

Senator Himsl: Do you get the report from the cities as to their share?

Bill Palmer, Workman's Comp. Division: We do not get a report from the cities. They report directly to the State Treasurer. In determining which cities paid and which didn't, they had to go back through every monthly report and dig it out for us. All we get is a total.

Minutes, Finance and Claims
April 14, 1981
Page sixteen

Senator Hims1: I am surprised you didn't have enough curiosity to go and get them before. The testimony says it may involve \$100,000.
Palmer: We thought since the legislature passed the law, they would keep track of it.

Senator Hims1: There is no fiscal note. We don't know what it is.
Harper: In 1979-80 the cities gave \$110,000; in 1981 \$200,000. That was as close as I could dig out.

Senator Van Valkenburg: Is there anyone here from the budget office? The answer was no.

Representative Harper: There is no way this bill would be in front of this committee if the cities and towns were not in such a bind.

DISPOSITION OF HOUSE BILL 828: A motion made by Senator Dover to concur in the bill at \$300,000.

Senator Van Valkenburg: I wasn't there for the testimony. Representative Fagg said from \$300,000 to \$500,000. What was his reason?
Hims1: He wanted more money. They expect it to be \$300,000 in the House, and they did not pass it at 5.

Question was called, the motion was voted, passed unanimously; Sen. Stan Stephens to carry the bill.

CONSIDERATION OF HOUSE BILL 851: Representative Bardanouve, chief sponsor of the bill, said the bill was dehydrated between the time it left the Governor's office and arrived here. This is the bonding provision for SB 409 you passed. It sets up the Water Development Program for the State of Montana. HB 851 is the bonding bill to appropriate the money. Originally, this was a coal tax severance trust proceeds with 3/4 and 2/3 vote of the House and Senate. There was much opposition to tapping the coal tax fund in this manner. We can't issue the bonds until 1983 since the money is all spent or obligated for the next biennium. This bill will let up to \$5 million in bonds. If we want to go into the big spending that 409 authorizes, we will have to have a 3/4 vote. That part has been removed.

Leo Berry, Director DNR: We are splitting the RRD program in half. The bonding mechanism will not become effective until the next time. The next move will be a lawsuit and challenge the bond buyer. We will start receiving applications for approval of the next legislature. You will know what kind of projects you will be voting on.

Charlie Crane, Water Users Association, said they support the bill.

Pat Osborne, Northern Plains Resource Council, said this bill has a lot of good in it and they support the bill in its present form.

Minutes, Finance and Claims
April 14, 1981
Page seventeen

There were no further proponents, no opponents, and Sen. Himsl asked if the committee had questions.

Senator Aklestad: Why does there always have to be a lawsuit? Is that a rule or a law or what? Berry: It is a practice of the bonding company as to whether the procedure is sound. Once the mechanism is ruled legal by the Supreme Court, it will not be challenged again.

Representative Bardanoue: In order to get the best interest rate you have to remove any question that might be on a title. Any legal questions that might cloud the legality of the bonds have to be removed.

Senator Keating: Who buys the bonds, will they get the money back, from what do they get the money back, and who pays the bonds?

Representative Bardanoue: The bonding company issues the bonds, subject to passage, the same as any other. The project is designed for the legislature to issue a series of loans to the public entities for development of water resources. The municipalities, or whatever, pay back the loan to be sure of getting a low interest rate on the bonds. The RRD money would guarantee the bonds so that if there is a default, this money would be the guarantee.

Senator Dover: You have to have this much money set aside then for whatever you actually guarantee? Bardanoue: This is a small bonding issue--\$5 million. It has been looked at by 3 bonding companies. \$800,000 is sufficient to issue up to \$5 million and get favorable recognition out of the bonding counsel.

Senator Himsl: It authorizes creation of an indebtedness and it would be what is necessary for a bond of \$5 million guaranteed by the proceeds of the coal severance tax. But because half goes into the RRD account, there is half left and no bonds will be issued until 1983?

Rep. Bardanoue: It is true the money is cut in half for HB 709. You are appropriating the RRD account for the next biennium. In 1983 one-half in this account; one-half in the RRD account.

Senator Haffey: Is that RRD account generated by this? Bardanoue: Actually, one-half of it.

Senator Regan: I have one question. We are issuing bonds and backing them up with coal tax money. Even by "half-betting", if the Supreme Court does not say it will see things our way and we lose the lawsuit, then what? Bardanoue: The money will remain in the same account and accumulate a little interest.

Senator Regan: If the Supreme Court rules against the severance Tax? Bardanoue: Nobody believes the court will rule it all out. It may have to be scaled down to a more reasonable level.

Minutes, Finance and Claims
April 14, 1981
Page eighteen

Senator Hims1: The severance tax--double amount and only 6 1/4%.
Bardanouve: Clearly the amount is decided--it is 1 1/4%. This is 1/20th of it that goes into 409, and 1 1/4 total to RRD. We are spreading that in 1/2. It will be a smaller program of the 709-type program.

Senator Haffey: The 1 1/4% coal tax is related to the RRD now. For the next two years that money is committed. Two years from now this approach and this proposal will make 1/2--.625%, and be available for the RRD budgets. The other 1/2 will be available for continuing our service for principal and interest on the bonds. Money from the bonds will be provided to counties or cities and they will reservice the debt. The fallback guarantee is there to protect them if they go belly-up.

Senator Dover: I don't see where it authorizes the spread in this bill. You have about \$800,000 to have \$5 million in bonds. Bardanouve: SB 409 authorizes the spread. 409 is the enabling legislation; this is the funding.

Senator Smith: Are any of these funds obligated in the Tongue River project? Bardanouve: No. Berry: They are two separate accounts. This bill does not affect permanent coal tax money at all. The Tongue River project could.

Senator Regan: I was under the impression that the money from part of this was underwriting the Tongue River Dam. Bardanouve: This bill has nothing to do with the Tongue River Dam. 846 is the Tongue River bill.

In closing, Rep. Bardanouve said he believed we were confused enough, and he would not continue to do so.

DISPOSITION OF HOUSE BILL 851: Motion by Senator Regan that HB 851 be concurred in. Voted, passed unanimously, Senator Stimatz to carry the bill.

CONSIDERATION OF HOUSE BILL 674: Representative Fabrega, House District 40, chief sponsor of the bill, said there were two other bills and this is a composite bill. This is a close parent to the 1974 police benefit plans and make a retirement system out of 13 plans in existence now. Cities, instead of making actuarially-based contributions, had to levy up to 2% cash drawer. That is no way to run a pension system. In time it would be an underfunded liability. He gave schedules for retirement, said firemen did not receive social security, said the danger of being killed or hurt was something like 67 deaths on firemen, 27 on police, and 3 if almost anything else. He said it will be administered by PERS; they would contribute the same percentage as they do now.

Minutes, Finance and Claims
April 14, 1981
Page nineteen

Dennis Taylor, budget director for City of Helena, spoke in favor of the bill and spoke for Al Thelen, Billings. He said this was a combined effort of the Montana Fire Fighter's Association and the different cities to have a protection that was actuarially sound. The \$40 million unfunded liability in Anaconda probably provided the plan and the desire to sit down and work on it. Every fireman has the benefits clearly available; in a sense it grandfathers these people in. It scales down the benefits after to a system we believe we can afford. I hope the committee will recognize the hard work that has gone into it and will pass it in its present form.

Mr. Ray Blehm, Montana State Firemen's Association: This bill is basically the one with the 13 plans affected by the bill. The State Fireman's Association has resisted attempts in the past to do this. The condition in Anaconda is what made us stop and think, and was the basic motivation for our switch in attitude.

Mr. Joe Wolf, budget director for Butte-Silver Bow: I support the bill. The police package has shown a lot of promise. It will start addressing the pension on a basis of salary, rather than on the basis of a mill.

Al Sampson, Montana State Fire Chief's Association, said while it was recognized as a compromise, they fully support it.

Larry Nachtsheim, PERS, said they would have the responsibility of handling this and spoke as a proponent of the bill.

Dan Mizner, Executive Director, Montana League of Cities and Towns: There are 14 first- and second-class cities in Montana in this. Glasgow and Glendive are first-class cities. The volunteer fire departments have been written out of the bill. Glendive is part paid and part volunteer and taken care of in the bill. This is a cooperative effort between cities, towns, and the state for funding.

There were no further proponents, no opponents, and Senator Himsl asked if there were questions from the committee.

Senator Regan: I think they should be congratulated on getting together and making the bill. Fabrega: I had to talk hard to get the firemen to give in on some things.

Senator Aklestad: How much are they in? Himsl: Membership, 7%; monthly compensation, 6%, 1% to insurance. That is matched by the city. Because it is 12%, it is matched by the state at 12%. The state increases rates to states and cities to 12% each. Does it come from the tax on the insurance premium? Taylor: Yes.

Minutes, Finance and Claims
April 14, 1981
Page twenty

Senator Himsl: The state's fund generates on the principal; the cities from the general fund, and individual contributions are shared. Taylor: The first year the state is 12%, the second year, the state and cities are 15% each and the third year 18%. After the third year an actuarial reflection is made and all other cities will have an additional levy to fund the unfunded system. That is the same system as the police officers have.

Senator Himsl: The current is 6% now and goes up to 7%? Taylor: Yes, the employee has always been putting his 6% in. The cities have not been putting theirs in to make it actuarially sound. They add so much and take no regard of the indebtedness.

Senator Etchart: Wouldn't this state part ordinarily go into the general fund? Fabrega: There is no corporate license tax on the insurance premium. The profit on \$100 failed to generate the tax. The tax was passed in 1911 for the purpose of funding the firemen. 25% of the income of the premium tax is going to fire fighters and 25% to police and 50% to the general fund. It is maintaining that, even with this increase.

Senator Etchart: But it is an increase. Fabrega: 1973, That was only put in for people that are currently employed, not retirees. In 1975 the retired firemen's association devised this tax to run out when all the people are dead that are currently receiving from that source. It is a 1 1/2% tax.

Senator Aklestad: You are always concerned about the legislature knocking down the cities and towns, now they are paying twice the amount the employer is. Mizner: The funding was 2% of the taxable value before and, if not that much, you added on more mills. Whatever the mill value of the city has no relation to the amount of firemen. In Anaconda the mills dropped. There is not enough to take up the liability. The unfunded liability has grown to \$40 million. The funding has to be related to the liability; it will cost the cities more money. It is an obligation of the cities and it is already there to be picked up. Whenever you do, the property will get soaked and, if there is a disaster and 3 or 4 firemen get killed, it would be chaos. We have to make it an equitable and dependable plan which is actuarially sound.

Senator Story: We pay taxes too and the taxes are going to the cities. We pay higher premiums since we are in the rural area.

Senator Himsl: What about the rural fire district? Fabrega: They get 5% of the total take on this tax. It used to be after the state tax; now they get 5% of the fund before this bill.

Senator Himsl declared the hearing closed.

Minutes, Finance and Claims
April 14, 1981
Page twenty-one

DISPOSITION OF HOUSE BILL 674: Motion by Senator Van Valkenburg that HB 674 be concurred in. Voted and passed unanimously.

A recess was called at 12:05, and the committee was asked to reconvene at 1:30 p.m.

1:48 P.M. Senator Hims1 called the meeting back to order and asked if the committee were ready to take action on HB 810.

DISPOSITION OF HOUSE BILL 810: Motion by Senator Thomas that HB 810 be amended on page 2, line 1, to insert "the money may not be spent until each of the other participating agencies fully fund its share of the agreement. If the money is not spent, it shall revert to the general fund."

Voted, passed unanimously of those present.

Motion by Senator Thomas that HB 810 as amended, be concurred in.

Senator Nelson: In the discussion there was a question about trains going through Jamestown. I called to find out because it didn't sound right to me. Instead of one every 10 minutes, it would be one every hour.

Question was called, the motion was voted and passed unanimously of those present. Senator Thomas to carry the bill.

DISCUSSION ON HOUSE BILL 861: Senator Hims1: I understand this money is gone--\$350,000 for completing sections 1 and 3.

Senator Van Valkenburg: Could Mr. Fritz respond to this? I wonder if he is really opposed to this money cut.

Senator Hims1: I am advised it was in renewable development funds, and it is not there. The Resource and Indemnity Trust funds have been used up. It is in the Renewable Bond Account. The funding is there.

Senator Van Valkenburg: Do you need all that money for this budget?
Fritz: That is a loaded question. I think the concept is one that will come of age some day. I think what we will do is contract out to continue a feasibility study to see if the concept is sound. We probably should take a look at feasibility before the entire amount of the appropriation is spent. I am not in a position to predict what it will show us.

Senator Hims1: Can't they get some feasibility determination for \$150,000? I would like to pull some out to have in reserve. Fritz: It is hard to answer. I am not exactly sure where the \$350,000 came from. I expect there was a reason for the amount. I expect we could do the feasibility study for less.

Minutes, Finance and Claims
April 14, 1981
Page twenty-two

Senator Himsl: Could you do it for \$15,000?

Senator Boylan: I would say it is how far you want to go at this point in time.

Senator Himsl: If I understand, this is a study of the rivers. The project should follow in a short time. Those rivers meander around and what is the course one year may be changed in a year or two. If you wait a few years the river may be somewhere else.

Senator Story: They want to take a pipe or canal clear over into another drainage.

Senator Himsl: I thought that it was to take the water out of the river when it was high. Story: No, they want to get a canal through there.

Senator Haffey: Of all the things it lists the Department would have to do prior to 1983, there must be some things that could be done to see if the whole idea can bear fruit. Fritz: I have talked to Senator Manning. He had the bill in with the Governor. It appears the concept has not been tested for feasibility. If I held fast with this project, I would spend in the neighborhood of \$150,000 on a feasibility project to see if it had merit. I think you will find out that energy values are going to be inflated beyond what they are now before a project like this would be feasible. Energy values will have to be higher than today. I would like to find out how much higher to make it feasible.

Senator Boylan: Wasn't it pointed out in testimony that they could bail it out and make electricity at about 4 cents?

Senator Himsl: I don't know how accurate that is.

Senator Haffey: It would depend on what electricity could be sold for. Buying right-of-way and pipe, and putting in some generation all has to be done so you can recover at a lower price, and it may not be feasible.

Senator Johnson: How long, realistically, do you think a feasibility study would take? Fritz: If you mean how much money would it take, I really don't know. I have thought maybe \$50,000 or so. I don't want to sell the project short. I would guess around \$50,000.

Senator Himsl: I would imagine they would rise to the level of the appropriation. Fritz: They seem to have a tendency to do so.

Senator Haffey: What he is talking about is different than any other thing. He is talking about relocating water and storing it. It has made the FERC say there are no sites left for dams. They have mostly been looking at the waterways as that easement now.

Minutes, Finance and Claims
April 14, 1981
Page twenty-three

They haven't been looking about relocating water and then doing it. I don't know if it is a good idea or not yet.

Senator Story: I don't like either part, but with his plan it won't dam up a whole valley. It did not put it in an area that has good farm land.

Senator Himsl: I have a problem with the scope of the study. I can see one segment of the river being studied, but all up and down the Yellowstone would be a problem.

Senator Story: We are not looking afar. It is pretty isolated. To get around the one site they would have to pull through or siphon around a mountain.

Senator Himsl: Did you say isolated? Fritz: Senator Manning's favorite one is Starve-to-Death Creek. The Bureau of Reclamation is looking at 3 and one in that general area. They are talking about pumping the water in there and releasing it in the summer.

Senator Himsl: If they are that isolated, you could cut down the preliminary study a lot.

Senator Boylan: I think if the Japs or someone had had this they would have had it built a long time ago. Corporations are getting as bad as the government. They don't do anything anymore. I think other countries would have picked up on it a long time ago and done it. This would supplement fossil fuels and make them last longer.

Senator Story: Another proposal is a whole series. The Yellowstone has great potential, and it would keep it from going over the fields. He talked about a series of drops to generate a lot of electricity.

Senator Van Valkenburg: I was wondering about a first appropriation here. First, a pre-feasibility study. If indicated there was some benefit, give authorization to spend more money during the biennium. It might protect us from spending the whole \$350,000, and would make Senator Manning feel a lot better.

Senator Himsl: This is not construction money. I think we should back off on this amount.

Senator Haffey: When you say \$50,000, you are not going to cut it to a place where you might get to a point where you could not decide anything? Fritz: If we get the \$350,000 we will hire out to find out about the first phase.

Senator Haffey: What is the time frame on results of the first pre-feasibility analysis?

Minutes, Finance and Claims
April 14, 1981
Page twenty-four

Senator Boylan: I think that old boy would ride herd on the DNR and anybody else to see that it is done.

DISPOSITION OF HOUSE BILL 810: Motion by Senator Boylan to concur in HB 810.

Senator Himsl: I would prefer to wait until we get more of the members in here to vote on this bill.

Senator Johnson: I like the first one and the \$50,000. If we should go to two steps, what would happen to phase 2?

Senator Van Valkenburg: We had the Department of Revenue getting money in phases for the lawsuit for B.N. I would like to see more than \$50,000 in this biennium. I would like to give the Department something to hand its hat on and not to say at the end of the \$50,000 that the legislature said not to go beyond the \$50,000.

Senator Himsl said we would hold action on this bill for more members to be present.

DISCUSSION ON HOUSE BILL 676: This is the bill for compensation for crime victims. This bill kills all the revenue.

Senator Story: Isn't it off to a short start? Himsl: We started it up several years ago. There was a delayed period to generate money. The claims started coming in. Many people were not aware and don't know that it exists. The claims are coming in. There is some question of the justice of having the money raised from automobile fines to pay for barroom brawls, yet the victims of automobile accidents are excluded from this.

Senator Story: Mugged, raped, that sort of thing.

Senator Himsl: I read one place where a guy got reimbursed for getting his teeth knocked out. Senator Keating had an amendment he wanted to offer.

Senator Van Valkenburg: This would keep the program alive for 2 years. The Department would have to come up with some idea in the future to keep the program going. We have authorized the district courts to fine felons. They ought to be the source of funds paying for this. Speeding tickets aren't the proper source.

Senator Van Valkenburg: It doesn't make good sense that the sucker cities keep it going. Some just don't send the money in.

Senator Johnson: If you kill this bill, you are leaving it the same way it is now.

Minutes, Finance and Claims
April 14, 1981
Page twenty-five

Senator Boylan: Can you put a penalty on government? Van Valkenburg: We talked about it the other day if not paying for their audit within 60 days.

DISCUSSION ON HOUSE BILL 846: Tongue River Dam. Senator Himsl: This has given us a problem for years. It is perennial. Last time I thought we raised the spillway and now we are back again. It was a hot issue two years ago.

Senator Nelson: The issue now is expand it and build it bigger. All they want to do this time is to find out if they can get the land and if it is feasible to do it. \$45 million to build the dam.

Senator Etchart: I think we should pass this on the Tongue River. It was first started in the House. Since then the Indian rights have been involved, and they have come quite a bit along on this now. The problem is not going to go away.

Senator Boylan: They said we were getting along with the Indians, but there were no Indians in here at the hearing. During the whole session I have hardly seen an Indian up here.

Senator Etchart: On some of these water rights--the fact that you are satisfying the Indians might make the difference in getting the federal dollars.

Senator Himsl: Page 4, severance tax bonds. They said this morning in Bardanouve's bill there was no money left. Fritz: Asking about the difference. The small bonding program and the big bonding program. The small one could use a portion of the RRD. Those bonds would be awarded for small projects. The controversy in 409 is the bonding that would be backed by proceeds going into the permanent trust fund. That is why it would be backed by the vote. That is what I call the large bonding program. The Tongue Project has no relationship to House Bill 851. It is a different bonding mechanism entirely.

Senator Himsl: Anything that invades the permanent trust fund takes 3/4 vote. What we are talking about in the bill is invading the trust fund principal to back up the bonds.

Fritz: You can borrow money to pay with future debts. You are not touching the corpus trust fund at all. You are using the money coming into it to continue the trust fund.

Senator Himsl: If the proceeds are not there, it would come out of the corpus? Fritz: No, if the revenue from the project cannot pay it, the bonds will default and they take the loss.

Senator Himsl: Revenue bonds. Fritz: They are really double-barreled bonds. Himsl: It is not a general obligation bond? Fritz: Yes.

Senator Haffey speculated on a lower interest rate for these bonds if the corpus were used to back the bonds. Fritz: If you use the corpus to back the bonds, the federal government would not allow you to use your tax-exempt status. They would say you are taking an advantage of us. This would be federal arbitrage and you would lose your tax-exempt status.

Senator Johnson: I have down here to negotiate with the Northern Cheyenne tribe and the bond to negotiate--are you working together or how does it work? Fritz: The compact commission is the only entity in state government that can negotiate. It is our project that provides the key. If we don't get the project, we will probably not settle the Indian rights question. If no rights, no project, and the Indians won't settle the water. They want to settle it, they recognize they have to settle. We are talking about going beyond the Indians and letting the Indians have water in the stored water.

Senator Johnson: How much would it cost to maintain the reservoir? Where does the 40 tie into the warning? What do you think you will spend on all these negotiations?

Senator Himsl: If there is no agreement with the tribes, it would jeopardize the whole project. Fritz: If no agreement, no project. That is what we have been working on. We are trying now to build an option. First on a project are the ideas, then the options, then get the parties to sit down and agree with whatever, then go into the project.

Senator Nelson: In my notes I have 3,500 acre-feet of water behind the dam. They are asking for 1,500 more of land; then they would have more water.

Fritz: The project would double the capacity of water and would increase the surface area about 1,500 acres.

Senator Nelson: Is it Indian land? Fritz: We own most of it. No tribal land.

The committee adjourned and will be back at 8 tomorrow morning.

Senator Himsl, Chairman

Amend House Bill 810

1. Page 2, line 1.

Following: "section 1."

Insert: "The money may not be spent until each of the other participating states fully fund its share of the agreement. If the money is not spent, it shall revert to the general fund."

ROLL CALL

FINANCE AND CLAIMS COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date

4/14

NAME	PRESENT	ABSENT	EXCUSED
Senator Etchart	✓		
Senator Story	✓		
Senator Aklestad	✓		
Senator Nelson	✓		
Senator Smith	✓		
Senator Dover	✓		
Senator Johnson	✓		
Senator Keating	✓		
Senator Boylan	✓		
Senator Regan	✓		
Senator Thomas	✓		
Senator Stimatz	✓		
Senator Van Valkenburg	✓		
Senator Haffey	✓		
Senator Jacobson	✓		
Senator Himsl	✓		

DATE

4/14

COMMITTEE ON

F+C

709, 676, 851, 674

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppo
John Hughes	Lewistown/Fergus Co.	H.B. 709		X
- Tom Evans	LEWISTOWN, CITY OF	H.B. 709		X
Joel Shouse	Blue Ribbons App, Bozeman	HB. 709	X	
Dave Kumlien	Bozeman Area Chamber of Commerce	HB 709	X	
AT Galde, 22 St 171	Bozeman Creek Reservoir	HB 709	X	
Kevin & Beth Kraft	Bozeman Creek Reservoir	HB 709	X	
John & Beulah	State Rep. Dist # 17	HB 709	X	
Jack Nash	Bozeman (Mystic Lake) Park Reservoir	HB 709	X	
Don Strong	Bozeman Creek Reservoir	HB 709	X	
- Bill Hoffman	Bozeman Creek Res. MYSIC Lake	HB 709	X	
Arthur Sant Hal	Mystic Lake	HB 709	X	
Robert J. Foukal	Trout Unlimited - National	HB 709	X	
Frank C. Thompson	M A C D	HB 709	X	
William P. H's	State Health Dept	HB 709	X	
- Walter Marie	East Bench Irrigation District	HB 709	X	
Jim Wiefersch	" " " "	HB 709	X	
Jack Jasich	" " " "	HB 709	X	
John Hollenbeck	Gold Creek Mt.	HB 709	X	
Dennis M. Taylor	City of Helena	HB 676	X	
"	"	HB 674	X	
Jim Nugent	City of Missoula	HB 676	X	
- Herb Pasha	Triangle Cons District	HB 709	X	
Ted Dodge	Triangle Cons. District	HB 709	X	
Ray Blehm	MT St. Francis Assn	HB 674	X	
Lowell Schellack	East Bench Irr. Dist	HB 709	X	
Ron Paige	East Bench Irrig Dist	HB 709	X	

DATE _____

COMMITTEE ON _____

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppos
Al Thelen	city of Billings	676		<input checked="" type="checkbox"/>
"	"	674	<input checked="" type="checkbox"/>	
Joe Wolf	Butte - Silver Bow	676		<input checked="" type="checkbox"/>
"	"	674	<input checked="" type="checkbox"/>	
Larry Nachtsheim	FERO	674	<input checked="" type="checkbox"/>	

(Please leave prepared statement with Secretary)

DATE _____

COMMITTEE ON _____

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Walt Dion	Triangle Cons. Dist	709	X	
Antonia Perrotto	" " "	709	X	
Lois Simon	" " "	709	X	
John Anderson	Cascade Co. Conserv. Dist	709	X	
Bob Lehner	Triangle Cons. Dist	709	X	
John Anderson	Mont. Cath. Exh.	676		X
Charlie Crane	Mont Water Dev. Assoc	709	X	
Paul Wagner	Mont League of CGY	676	X	
David B. Hunter	Dept of Labor + Industry	676	X	

STANDING COMMITTEE REPORT

April 14,

19 81

MR. ~~President~~.....

We, your committee on Finance and Claims

having had under consideration House

Bill No. 674

(Haffey)

Respectfully report as follows: That House

Bill No. 674

BE CONCURRED IN

~~XXXXXXXX~~

STANDING COMMITTEE REPORT

April

14, 19 81

MR. President

We, your committee on Finance and Claims

having had under consideration House Bill No. 851

(Stimatz)

Respectfully report as follows: That House Bill No. 851

BE CONCURRED IN

REPASS:

STANDING COMMITTEE REPORT

April 14, 19 91

MR. President

We, your committee on Finance and Claims

having had under consideration House Bill No. 828

(Stevens)

Respectfully report as follows: That House Bill No. 828

BE CONCURRED IN

~~DO PASS~~

S/PA by S

STANDING COMMITTEE REPORT

April 14, 1981

19.....

President

MR.

Finance and Claims

We, your committee on

having had under consideration **House** Bill No. **810**

Respectfully report as follows: That **House** Bill No. **810,**
~~Third reading bill, be amended as follows:~~

1. Page 2, line 1.
Following: section 1
Insert: "The money may not be spent until each of the other participating states fully fund its share of the agreement. If the money is not spent, it shall revert to the general fund."

**And, as so amended,
BE CONCURRED IN**

~~XXXX~~
DO PASS

A.C.

.....
Senator Himsl Chairman.

STANDING COMMITTEE REPORT

..... April 13, 19 81

MR. **PRESIDENT:**

We, your committee on **FINANCE & CLAIMS**

having had under consideration Bill No.

do hereby appoint to the **LEGISLATIVE FINANCE COMMITTEE** The following members:

Ed B. Smith
Gary Aklestad

Pat Regan
Jack Haffey

Respectfully report as follows: That Bill No.

DO PASS

With the passage of "The Montana Rangeland Resources Act." by the 1977 Legislative Session, Montana became the first state to enact legislation addressing the importance of the Rangeland Resources.

To assist in maintaining this resource, the 1979 Legislative Session provided \$300,000.00 of Coal Severance Tax money through the Renewable Resource Development Program to implement a pilot Rangeland Improvement Loan Program. This program provides for interest free loans to make rangeland improvements that would otherwise not be made. Applications are made through local Conservation Districts, and are based on long term Conservation Plans. Following the recommendation by the Conservation District Supervisor's, applications are referred to the Executive Committee of the Rangeland Resource Program which is provided for in the State Rangeland Resource Act. After review by this Committee, the applications are sent to the Director of the Department of Natural Resources and Conservation for final approval. Loans are secured by either a first or second real estate mortgage, and funds can only be used for rangeland improvements.

The attached report covers the activity of the pilot program, and applications on hand for over \$300,000.00 indicate that the program was well accepted and that there is a definite need to provide this type of assistance to help maintain our Rangeland Resources.

We encourage you to support this program by approving the request of the Department of Natural Resources and Conservation for funding for the next biennium.

REPORT ON RANGELAND IMPROVEMENT LOAN PROGRAM

January 1, 1981

Spring Development	Wells	Pipelines Miles	Fence Miles	Re seeding Acres	Scalping Acres	Acres Brushor Weed Spraying Acres	Wildlife Habitat Acres	Stock Water Ponds-Pits	New Grazing Systems	Tanks	Proper Range Use Acres
2	2	1/4	5	344	400	60	125	1	4	17	2329
2	1	1/2	1 1/2	159				1		7	3596
2	1		1	314				1		2	1270
6		2 3/4	4	114				2		3	8469
1	1	3 1/4	3 1/2	50				15		1	2563
2		1 3/4	4					1		10	2075
1		2 1/2						1		1	7700
1	1	1	1 3/4	343				1		6	4000
1				72				6		2	11000
2				20				2		1	12500
				134							5487
				100							3400
				40							7600
				6							3012
12		1 1/4	2 3/4	400			33	2		12	6157
		5	2 1/3								1570
		2	1 1/4								
		1 1/4	1 1/4								
		3	1 1/4								
		4	1 1/3								
		28 1/2	32.6	2096	400	60	158	23	4	62	87228
32	6										

82,746 Acres of rangeland covered by Conservation Plans for improvement

158 Acres Wild Life Habitat

4 New Grazing Systems

2 Shelter Belts

1 Grass Waterway

22 Loans \$299,770.00 Average \$13,625.90

13 of the Range Improvement Loans are supported by Great Plains or Long Term Agreement, SCS Plans Development Cost Per Acre \$3.44

HB 709
Finance and Claims
4/14/81 8:00 AM

EAST BENCH GRAVITY COMPANY

6300 acres of the total 21,800 acres on the Each Bench Irrigation District, called the East Bench Gravity Company, is planned to be converted from pump sprinkler irrigation to complete gravity sprinkler irrigation. This project will result in a savings of 1.6 megawatts, or 2,700,000 KW-HR of electrical power. This is enough power to supply a town of 350 people, the size of Lima, Montana.

The project will be principally financed by a loan from the Water and Power Resources Service, formerly the Bureau of Reclamation. However, in order for the Gravity Company to qualify for the 40-year repayment loan, we must participate to the extent of 11½% of the total project cost. The projected cost of the project is now \$4,500,000 instead of the \$4,006,000 previously reported as we have lost one year in the construction schedule and are looking at 1983 construction instead of 1982 as we had originally hoped for.

The loss of \$40,000 of grant money will actually result in a loss of \$160,000 because the Water and Power Resources will participate to the extent of \$120,000 of loan money to match each \$40,000 contributed by the Company.

We will still be short of the required 11½% even with the originally requested \$490,000. But with accrued interest on the grant and Gravity Company contributions, we can attain the required participation.

AMEND HB 709 - THIRD READING COPY

Senator Harold Dover

Page 2,

Following: line 18,

Insert: "(8) a grant to the city of Lewistown for the east fork
reservoir recreation area project: \$28,756;

Renumber: succeeding subsections

TRIANGLE CONSERVATION DISTRICT
TRIANGLE AREA SALINE SEEP CONTROL PROJECT

SUMMARY
FOR THE
SENATE FINANCE AND CLAIMS COMMITTEE

The 1979 Legislature passed HB 824 which provided a grant from the Renewable Resources and Development program. The ten Triangle Area conservation districts united to form the Triangle Conservation District to act as a management organization. One supervisor from each district is on the Triangle Conservation District board. Each district actively seeks applications from landowners with saline seep problems.

The Triangle Conservation District is requesting a \$503,755 grant from the Renewable Resources and Development program to continue technical field assistance to landowners to correct and reclaim saline seep problems on a farm-by-farm basis through 1983.

This grant would allow the present organization to continue to effectively curtail and reclaim saline seeps in the nine county area with a trained staff and landowners more fully aware of and using the program.

Assistance to Date - January 1980 - March 1981

Assistance Requested - 183 for 10,848 acres saline seep
Assistance Provided - work completed or started on 102
applications for 5,312 acres saline
seep

Projected actions to July 1, 1981 to July 1, 1983

Work completed on additional 200 applications for *10,400
acres saline seep

*Estimate made on average of 52 acres/plans to date

SALINE SEEP FACT SHEET

Saline seep is caused by a change in land use which allows excess moisture to move below the root zone. This water may resurface downslope as a saline seep.

The crop-fallow system of farming is the largest change in land use in the Northern Great Plains. This cropping system has been present for 40 years. Changing this system will require technical assistance before land owners will accept this as the cause and change to new farming practices.

There are an estimated 2 million acres of saline seep in the Great Plains, 200 thousand in Montana, and 76.5 thousand in the Triangle Area. The average annual increase is 10% per year.

These are only cropland acres. This does not count loss of wells, reservoirs, or those occurring on rangeland (this is rangeland below cropland).

Water quality is probably the largest problem we will have from saline seep.

Salinity levels associated in water associated with saline seep are as high as 50,000 total dissolved solids (sea water - 35,000 total dissolved solids).

Recommended limit - Drinking water - 500 total dissolved solids.

Irrigation - 2,500 total dissolved solids.

Livestock - 7,000 total dissolved solids

Wildlife is also affected by high salinity levels

Cost

Loss in land base - Statewide a 200,000 acre loss represents an \$80 million loss in land base. In the Triangle area a 76,610 acre loss represents a \$30.5 million loss in land base.

Loss in production - Statewide - 3 million bushels of grain lost per year (30 bushels per acre every other year under present crop fallow system). At \$3.63 a bushel this means an annual loss of \$10,890,000.00 on a statewide basis.

Potential loss in the tax base on land in the Triangle area.

If saline seep lands in the Triangle area were reassessed, the potential yearly tax loss in the Triangle area would be \$106,000. This was estimated from information obtained from Property Assessment Division, Department of Revenue. Based on 76,610 acres estimated saline seep acres in the Triangle area.

The drill rig is essential in making recommendations on saline seep control to determine recharge areas, depths of soil, and soil texture, as cropping recommendations are based on these conditions. It is also important in convincing the land owners to change their cropping system. These cropping changes require large financial investments on the landowners part.

The Triangle Conservation District is not a research organization! The District provides assistance to the landowner in applying current state-of-the-art in saline seep control.

HOUSE BILL #709

A GRANT TO STUDY THE ENNIS LAKE THERMAL PROBLEM CONTROL STUDY.

\$125,000

*Water control committee
S.M.*

HISTORY:

Killed in committee

Replaced on house floor, second reading.

QUESTIONS:

1. What is the problem?
2. How would you correct it? Examples.
3. What will it cost to correct the problem that you expect to find?
4. Where would the money come from?
5. Who would really benefit?
6. If there is local economic benefit, how would it compare to investing the funds in irrigation development? For example.
7. What level of private sector capital is being invested in the project? Are those with the highest return ie. sportsmen, investing any monies?

NOTE:

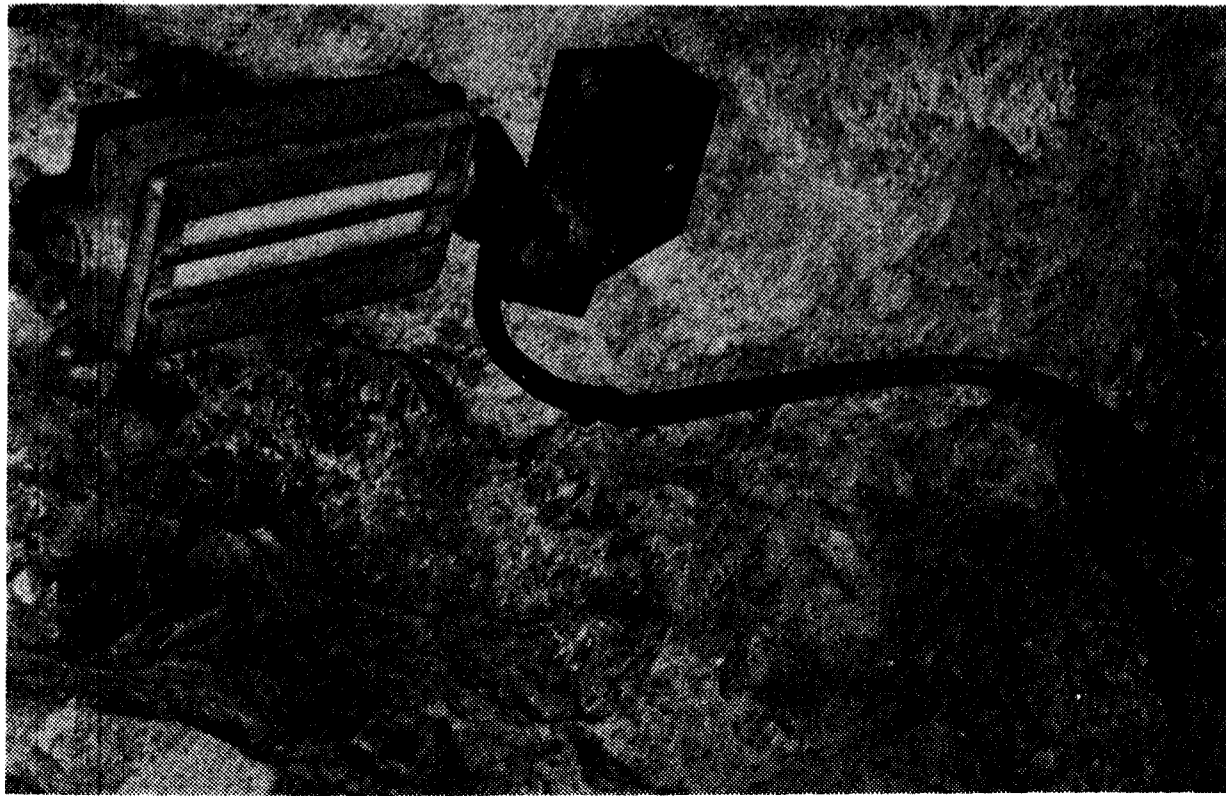
Range, Saline Seep and Water Development Loans were badly cut! Why is this more important?

NOTE:

Hidden sponsor Trout Unlimited and the Foundation for Montana Trout.

NOTE:

If Dredging of Diking is being considered. The diking of Canyon Ferry Lake at Townsend has cost over 15 million dollars to date and its not completed yet. An additional work contract is to be let let this year.



EXIT TUNNEL LIGHT

SYSTEM DESCRIPTION

The service entrance of the system is approximately half-way between the entrance and exit of the cave and is located several hundred feet from the trail over steep rocky terrain. From the service entrance two legs enter the Caverns, one through the entrance and one through the exit. At these points the legs divide into several branches for the lighting circuits. The two legs are not connected.

PROJECT COST ESTIMATE

New service entrance, including new cable to cave entrance	\$ 6,000
Upgrade exit tunnel lights and other areas, including new cable and flexible conduit	6,500
Check, replace, and re-wire scatter boxes as necessary	8,000
Replace and remount all out of date circuit breakers	3,000
Check, replace, rewire, and remount as necessary all panel boxes, switches and other control devices	12,500
Install new cable	8,000
Install new lamps and supply additional lamps for future replacement	6,000
Total	\$50,000

The above total includes engineering costs

Montana Department of Fish, Wildlife & Parks Parks Division

LEWIS & CLARK CAVERNS ELECTRICAL PROPOSAL

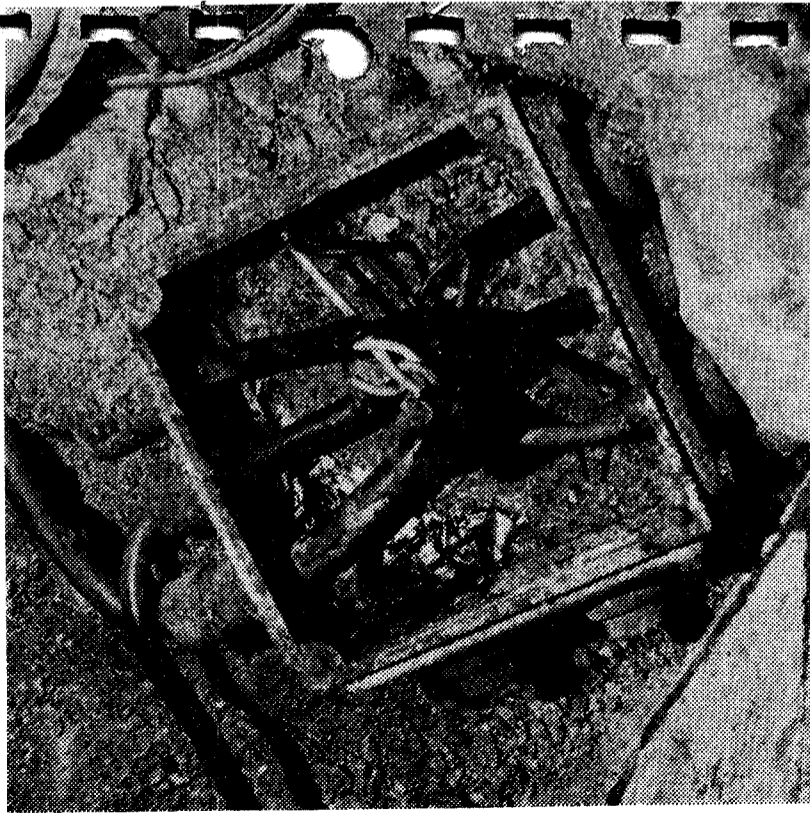


HISTORY

Lewis and Clark Caverns is Montana's best known state park. Discovered in the late 1800's they were proclaimed a national monument in 1908 by President Theodore Roosevelt. In 1937 the park was turned over to the state to become Montana's first state park. Between 1935 and 1937 the lighting system was installed by C.C.C. crews. The materials were supplied by the Butte Chamber of Commerce.

SYSTEM PROBLEMS

1. SERVICE ENTRANCE OVERLOAD. Over the years the number and the individual wattages of the flood lamps have been increased for public safety reasons. As a result, the service entrance is carrying almost twice its rated current. In addition the service entrance is located in a place difficult to reach for maintenance.
2. EXIT TUNNEL LIGHTS. The exit tunnel light cables are a safety hazard. They have unprotected splices and are located where visitors might brush against them or trip over them. The cables need to be respliced and encased in flexible conduit or buried. There are similar situations on other parts of the cavern where flexible conduit should be installed or the cable relocated for safety reasons.



**SCATTER BOX
(NOTE CORROSION)**

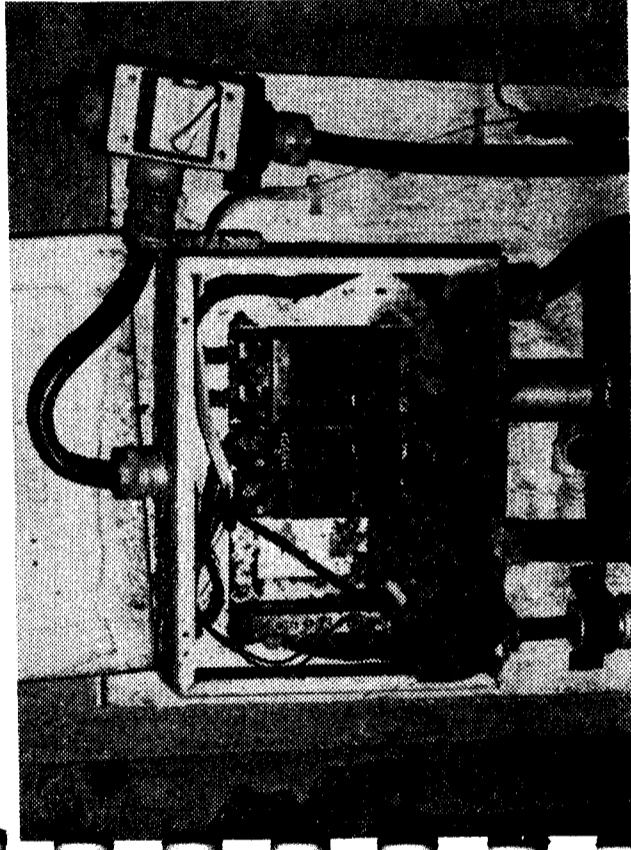
3. SCATTER BOXES. Scatter boxes distribute the power to the individual flood lamps. Many of the boxes in the damp parts of the cave are no longer moisture tight and have caused electrical short circuits in the past. In addition, many boxes contain connections which have deteriorated, increasing the risk of electrical hazards and energy waste.



FLOOD LIGHT

4. OBSOLETE EQUIPMENT. Much of the Caverns' equipment is 45 years old and is or soon will be obsolete. Lamp parts and some of the circuit breakers are no longer being manufactured. These items need to be replaced with modern equipment which can be serviced.
5. MAIN BREAKER PANELS. The general condition of the main breaker panels is poor. Corrosion has made them difficult to operate. In damp areas moisture has leaked into the boxes and caused shorts. In one case a guide received an electrical shock from a short through a hand railing. As in the scatter boxes, some connections need to be redone.

PANEL BOX



PANEL BOX AND SWITCHES



6. CABLE. Most of the cable is in good condition. There are some sections where abrasion or dampness has caused the cable sheathing to deteriorate. These sections should be replaced.

Amendments to HB 709

Senator Dover

Page 2, line 4,

Strike: "450,000"

Insert: "421,244"

Page 2, lines 17 and 18,

Reinstate: Lines 17 and 18

TO: SENATE FINANCE AND CLAIMS COMMITTEE MEMBERS
FROM: JIM NUGENT, MISSOULA CITY ATTORNEY
RE: HB 676 PERTAINING TO CRIME VICTIMS COMPENSATION
DATE: APRIL 14, 1981

Hon. State Senators:

The City of Missoula supports HB 676 and requests and urges your support for this bill as well.

The Crime Victims Compensation Program is a State program. Even though the Program is a state program, pursuant to Section 53-9-109, M.C.A., the State mandates that local governments contribute 6% of the fine money generated from traffic offenses enforced by local law enforcement personnel to the State Crime Victims Compensation Account of the Division of Workers' Compensation. The fiscal impact on the local government is actually more than 6%, because the local government must incur the monthly administrative expense of administering, calculating, and processing this State-mandated contribution to fund a State Crime Victims Compensation Program.

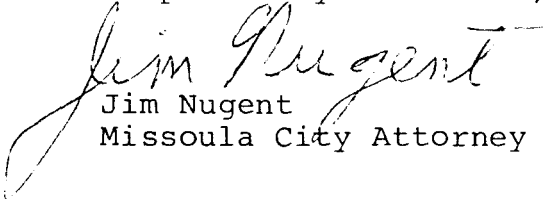
Prior to the enactment of the Crime Victims Compensation Law in 1977, these local government fund monies went into local government general fund accounts to help offset a small portion of the local government expense associated with traffic regulation. Local governments do not have as many revenue sources as State government does. Local governments do not have the flexibility to either create new revenue sources or increase existing revenue levy sources.

Today these traffic fine monies are badly needed by local governments and should be allowed to remain with local government. These fine monies should more appropriately go to financing traffic regulation, law enforcement, court, and prosecution expenses associated with enforcing traffic regulations. Local governments do not have an excess of funds to afford the luxury of funding State programs.

Lastly, it should be noted that an inherent irony in the existing funding structure is that victims of traffic offenses are not allowed to recover compensation from the Crime Victims Compensation Fund.

I urge your support for HB 676.

Respectfully submitted,


Jim Nugent
Missoula City Attorney

4/14/81

CRIME VICTIMS

Beginning Balance, July 1, 1980		\$460,126
Reserve Adjustment		<u>(64,089)</u>
Adjusted Beginning Balance		\$396,037
Revenue:		
Justice of Peace Fines	\$92,733	
County Motor Vehicle Fines	40,338	
City Motor Vehicle Fines	94,423	
Recoveries	203	
Interest Earnings	<u>27,303</u>	<u>255,000</u>
Total Funds Available		\$651,037
Expenditures:		
Benefits thru March '81	\$223,886	
Administrative, F/Y '81	<u>50,536</u>	<u>274,422</u>
Unadjusted Fund Balance		\$376,615
Plus Change in Contingent Liabilities		<u>591</u>
Adjusted Fund Balance, March 31, 1981		<u>\$377,206</u>

CRIME VICTIMS

FUND BALANCE PROJECTION 6/30/81

Assume that all current revenues and expenditures through March 31, 1981, represent 3/4 of the annual activity of the account with the exception of the administrative cost which represents 100%.

Adjusted Beginning Balance 7/1/80 \$396,037

Revenue:

Justice of Peace Fines	\$123,644	
County Motor Vehicle Fines	53,784	
City Motor Vehicle Fines	125,897	
Interest Earnings	<u>36,404</u>	<u>339,729</u>
		\$735,766

Expenditures:

Benefits	\$298,515	
Administrative Expense	<u>50,536</u>	<u>\$349,051</u>

Excess: \$386,715

Contingent Liabilities (estimated) 104,480

Estimated Fund Balance June 30, 1981 \$282,235

CRIME VICTIMS - FUND PROJECTION

	<u>F/Y 1981</u>	<u>F/Y 1982</u>	<u>F/Y 1983</u>
Beginning Fund Balance	<u>\$396,037</u>	<u>\$282,235</u>	<u>\$229,322</u>
Revenue:			
Justice of Peace Fines	123,644	124,000	124,500
County Motor Vehicle Fines	53,784	53,800	54,000
City Motor Vehicle Fines	125,897 ⁽¹⁾	171,040 ⁽²⁾	171,040 ⁽²⁾
Interest Earnings	36,404	30,000	24,000
Other	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Revenue	<u>\$339,729</u>	<u>\$378,840</u>	<u>\$373,540</u>
Expenditures:			
Benefits	\$298,515	\$352,600	\$564,000
Administrative Costs	<u>50,536</u>	<u>60,223</u>	<u>66,323</u>
Total Expenditures	<u>\$349,051</u>	<u>\$412,823</u>	<u>\$630,323</u>
Reserve Adjustments 35% of Paid Benefits	<u>\$104,480</u>	<u>\$ 18,930</u>	<u>\$ 73,990</u>
Ending Fund Balance	<u>\$282,235</u>	<u>\$229,322</u>	<u>(\$101,451)</u>

(1) Does Not Include Unpaid Fines

(2) Includes City Fines Outstanding - Estimated & Unpaid

Billings	\$15,978
Bozeman	7,375
Great Falls	13,568
Helena	8,119
	<u>\$45,040</u>

MONTANA WATER DEVELOPMENT PROGRAM

PROCEEDS TO COAL SEVERENCE TAX TRUST FUND

\$ 50,000,000/year

0.625 % COAL SEVERENCE TAX

\$ 800,000/year

30% RESOURCE INDEMNITY TRUST FUND INTEREST

\$ 650,000/year

STATE-OWNED WATER PROJECT REVENUES

\$ 9,000,000/year

Service up to \$5 million in bonds

Service up to \$250 million in bonds

Permanent Trust Fund

15% of interest from Permanent Trust Fund

WATER DEVELOPMENT ACCOUNT	
<ul style="list-style-type: none"> Offstream Storage Development Yellowstone River Basin Water Reservation Development State-owned Dam Rehabilitation Recreation Projects Indian-State Water Projects 	<ul style="list-style-type: none"> Water Development Loans and Grants

Bond Proceeds Fund Water Development Projects

SENATE BILL 409

AN ACT TO CREATE A WATER DEVELOPMENT PROGRAM

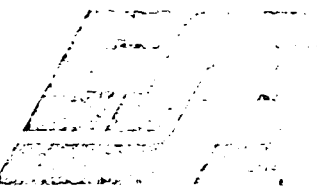
Senate Bill 409, in creating a water development program for Montana, recognizes the importance of water to the state's economic well-being and invests income from non-renewable resources in the development and conservation of water resources. Funds spent on water development today reverberate through today's economy and provide long-term economic stability for future Montanans. Our agricultural, tourism, hydropower and other water-dependent industries will be here long after our coal is mined and our oil recovered.

National criticism has been focused on Montana for salting away millions of dollars in a trust fund for allegedly unspecified use. Montana can demonstrate the validity of the trust fund by providing a means to invest those funds in water resources and other economic development projects that will maintain our economy when the coal is gone. Senate Bill 409 strengthens the need for our coal severance tax.

SB 409 would earmark revenue from state-owned projects, 30 percent of the interest from the Resource Indemnity Trust Fund and 0.625% of the coal severance tax to a water development account. These revenues, about 3.5 million dollars each biennium, would fund water resource projects; examples are:

Irrigation Systems	Streambank Stabilization
Saline Seep Abatement	Erosion Control
Offstream and Tributary Storage	Rehabilitation of Existing Projects
Canal Lining	Development of Conservation District
Water-based Recreation	Water Reservations

In addition, SB 409 would use the coal severance tax proceeds flowing into the permanent trust fund to back bonds sold to finance water projects. Only if projects were unable to fully repay project costs would the severance tax proceeds actually be depleted. The legislature must approve each project before bonds can be sold. Also, 15 percent of the earnings from the permanent trust fund are reappropriated to the trust fund to offset any depletion of proceeds going into that trust fund.



September 23, 1980

Art Van't Hul, City Engineer
City of Bozeman
Bozeman, MT 59715

Dear Art:

This is in response to your telephone request for a proposal for feasibility study for rehabilitation and repair of Mystic Lake Dam. It is our understanding that this proposal is to be general in nature in order to arrive at a fair cost for doing the work, which is to be presented to the DNR with an application for funds to do the feasibility study. It is further understood that the results of the feasibility study should be in sufficient detail to enable you to proceed with the detailed design and preparation of construction plans and specifications for the project work. In as much as you are requesting proposals from three or more firms for doing the work, and the scope of work is not well defined, it is quite likely that you will have three different approaches to the job. It is therefore assumed that you will at a later date request a firm proposal from the consultant you select as best qualified to do the work, which is based on a detailed scope of work prepared by your staff, or submitted by the consultant for your consideration.

With this in mind the following approach to the project is offered for your consideration:

Phase I. Hydrologic and Hydraulic Investigations

1. More detailed studies should be conducted to better define the downstream hazard classification. The project is presently classified

as having a high (Category 1) downstream hazard classification based on a visual reconnaissance and engineering judgment. Studies should include a breach analysis of the dam and routing to determine downstream flood heights and effect on residential and commercial area, and to assess the probability of lives being endangered by a sudden failure of the dam.

2. Based on hazard classification, as determined in Step 1, detailed hydrologic studies should be conducted to determine the recommended spillway design flood (SDF) that is acceptable to DNR and is compatible with the degree of risk associated with the probability of dam failure from overtopping, taking into account future downstream developments. Since Bozeman has adopted Flood Plain Regulations they have means to control development in areas that may be effected by a dam failure, and thereby we should be able to fairly accurately define the potential for downstream damage. It is my feeling that the spillway design flood will be considerably less than the probable maximum flood that was used to test the dam's spillway and storage capacity in the dam safety inspection report.

3. Once the acceptable spillway design flood is determined it should be routed through the reservoir to determine what enlargement of spillway and/or reservoir capacity is required to safely pass the spillway design flood. This required capacity would then be the basis for design of structure modifications of hydraulic components of the project.

Phase II. Preliminary Design of Principal and Emergency Spillways

Several alternatives should be considered to determine the most cost efficive design. Consideration should be given to combining a principal spillway riser with the low level outlet works to add capacity to that already available in the concrete chute. If this were feasible, it may be possible to raise the sidewalls on the chute and raise the dam to provide more capacity and surcharge storage to safely pass the spillway design flood. Replacement of the present outlet works would be required if this scheme was adopted.

Phase III. Geotechnics

You have an estimate from Northern Testing Labs., Inc., for drilling, sampling, and testing to provide data needed for stability design and seepage control. This information should be adequate for final design of the embankment dam modifications to meet current criteria for acceptable factors of safety.

The estimated time requirements for the various phases is as follows:

Phase I - Hydrologist - Hydraulics

- | | | |
|--|----|-------|
| a. Review existing data and reports | 24 | hours |
| b. Breach routing & downstream effects to determine hazard classification | 40 | hours |
| c. Studies to determine spillway design flood hydrograph and reservoir routing | 60 | hours |

Phase II - Preliminary Design of Structures & Construction Cost Estimates

- | | | |
|--|----|-------|
| Structural Engineer | 80 | hours |
| Engineering Technician & Draftsman | 60 | hours |
| Preliminary Surveys - Site Topography - 3 man crew | 16 | hours |

Phase III - Geotechnics

You already have a quote of \$14,000 to \$16,000 from NTL. This seems reasonable to us.

Summary

Phase I	\$ 5,000
Phase II	\$ 6,000
Phase I & Phase II (Support services, reproduction, photo copies, preliminary design reports, computer time sharing for hydrology and hydraulics)	<u>\$ 1,500</u>
TOTAL	\$12,500
+ 15% Contingencies	<u>\$ 1,875</u>
	\$14,375
Phase III (NTL estimate)	<u>\$16,000</u>
TOTAL	\$30,375

Should CSSA be selected to complete final design, construction drawings, and specifications, we estimate the cost at \$15,000, provided we complete feasibility study.

If you have any questions please call Bob Gemmell at 587-1793.

Thank you for this opportunity to propose on this project.

Sincerely,

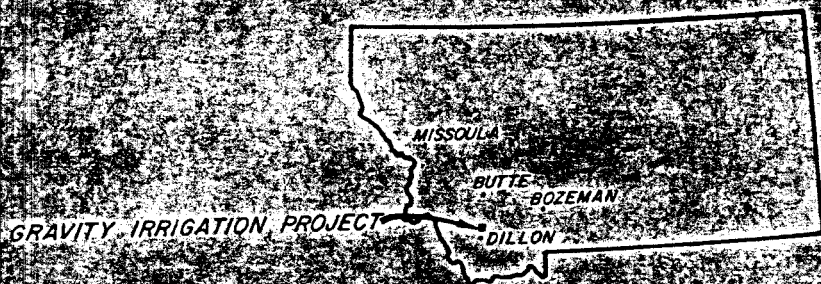
CHRISTIAN, SPRING, SIELBACH & ASSOC.



Bob B. Gemmell
Senior Engineer
Water Resources

BBG/srh
Enclosure

178
11/20/80
EAST BENCH GRAVITY COMPANY
of the
EAST BENCH IRRIGATION DISTRICT
MADISON COUNTY, MONTANA



GRAVITY SPRINKLER IRRIGATION SYSTEM
SMALL RECLAMATION PROJECT
APPLICATION REPORT
PRELIMINARY

An aerial photograph showing a vast, flat landscape with a complex network of irrigation canals and ditches. The terrain appears to be a reclaimed area, with straight lines of infrastructure cutting across the land.

STENSATTER DRUYVESTEIN & ASSOC.
Missoula Montana
SHELLACK ENGINEERING