

JOINT HOUSE-SENATE APPROPRIATIONS SUBCOMMITTEE ON NATURAL
RESOURCES AND BUSINESS REGULATION - MINUTES
March 5, 1983

ROLL CALL: MANUEL, HEMSTAD, BOYLAN, SMITH - Present
LANE, STOBIE - Absent
Staff Present: DICK GILBERT, LFA; CAROLYN DOERING,
OBPP; and PATTI SCOTT, SECRETARY

DEPARTMENT OF COMMERCE (Tape #71, Side B-001)

LOCAL GOVERNMENT (Exhibit A)

CHAIRMAN MANUEL explained that this Division was being transferred from the Department of Administration to Commerce, which is why this Committee is reviewing it.

MIKE STEPHENS, Montana Association of Counties explained cities and counties are mandated by law to comply with the Budgeting and Accounting Reporting System (BARS). The State has contributed \$1.5 million in developing this system, and local governments have also invested a large amount of money into the system. There is still much work to be done in terms of refinement and maintenance. MR. STEPHENS feels the State should continue to help support the local governments with BARS after 1984. The previous subcommittee (which reviewed Administrations budget) agreed to leave the 9.3 FTE and require a 75%-25% match. The State would contribute \$250,000 and local governments would be required to match 25%. MR. STEPHENS feels it should all be General Fund at this time because BARS is mandated by the State. However, the local governments do agree to the 75%-25% match.

GEORGE PENTERGAST, Administrator for the Local Government Division, explained that HB -639 is transferring his Division from Administration to Commerce. A hearing on this budget was held on February 8, 1983, in the other subcommittee. At that time, the decision was made for the 75%-25% funding split for BARS.

SENATOR BOYLAN asked specifically what does his Division do. MR. PENTERGAST stated they work with the local governments in installing the system, and making modifications, so everything is uniform. He stated it does require monitoring, as the local officials are elected, and there are periodic changes in personnel.

JOHN WILKINSON, County Commissioner from Lewis and Clark County, stated the support from the State is very necessary. This is a mandated system. He feels the taxpayers ultimately benefit from the system because of better accountability. Local governments, for the most part, are subject to the whims of the Legislature, as very few governments have home rule powers. In this session alone, there are about 200 bills that affect local governments.

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CHAIRMAN MANUEL pointed out that this technical information can be very helpful to the Legislature in terms of providing fiscal notes.

MIKE STEPHENS stated local governments are trying to finish setting up the system, but will still have to maintain them.

MR. PENTERGAST stated all cities and counties are scheduled to be on the system by 1984. Then they are to start the school districts.

(Tape #71, Side B-433)

CAROLYN DOERING explained that the BARS system would be finished by 1984. The implementation has been going on for several bienniums, and every two years they say the BARS system will be completed. In the original proposal, once the BARS system was completed, the maintenance would be paid for by the counties. Representative Quillici's subcommittee decided that the State should continue to put some money into this. So they reduced the District Courts budget by \$200,000 and put this into the BARS system to get them through 1985; and start on some school districts. When the decision was made for the 75%-25% split, this raised the \$200,000 to \$252,000. Does the State wish to continue putting in \$200,000 or raise it to \$252,000 or take the \$52,000 and put it back on the counties and change the split from 75%-25% to 59%-41%.

GARY BUCHANAN, Director of the Department of Commerce, stated the Local Government Division was being transferred to Commerce in an effort by the administration to keep all local government entities together.

JOHN WILKINSON stated local governments did not ask for BARS. His county has already spent \$200,000 on hardware for the system.

SENATOR SMITH MOVED TO ACCEPT THE LOCAL GOVERNMENT DIVISION AS IT CAME FROM THE OTHER SUBCOMMITTEE WITH THE 75%-25% SPLIT. REPRESENTATIVE HEMSTAD MADE A SUBSTITUTE MOTION TO CHANGE THE FUNDING SPLIT TO 59%-41%. THIS MOTION FAILED WITH A TIE VOTE - HEMSTAD AND BOYLAN VOTED YES, MANUEL AND SMITH VOTED NO. THE COMMITTEE THEN VOTED ON THE FIRST MOTION TO ACCEPT THE 75%-25% SPLIT, THIS MOTION ALSO FAILED WITH A TIE VOTE - HEMSTAD AND BOYLAN VOTED NO, MANUEL AND SMITH VOTED YES.

(Tape #72, Side A-001)

The Committee discussed the issue some more. Most members did not want any money going to start up the school districts.

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Representative Hemstad's motion would have put in \$200,000 of General Fund, and the county share from 25% to 41%.

REPRESENTATIVE HEMSTAD asked how much of the current appropriation was going to go to start the school districts. MR. PENTERGAST stated in FY '84, they would be completing counties and cities. In FY '85, with the 75%-25% split, about 35%-40% of his Divisions time would be spent in maintenance. The remainder time (60%) would be for installation of school districts on BARS.

The Committee wanted time to check with their counties and cities before trying to decide this question. In the interest of time, CAROLYN DOERING suggested they approve the transfer and the budget, and then reconsider the funding later.

SENATOR SMITH MOVED TO APPROVE THE LOCAL GOVERNMENT DIVISION TRANSFER FROM ADMINISTRATION TO COMMERCE AS IT CAME FROM THE OTHER SUBCOMMITTEE. MOTION PASSED UNANIMOUSLY.

(Tape #72, Side A-151)

INTAKE WATER MODIFICATION - DNRC (Exhibit B)

BOB ROBINSON, Deputy Director of DNRC explained the Intake Water Company, a subsidiary of Teneco, applied for a diversion of 36,000 acre feet. If a water right is given for this, it is considered a major State action, because of the amount of water. Any major State action is required to have an Environmental Impact Statement. Intake Water Company protested this, saying they had applied before the Water Right Adjudication Law was set up, and therefore exempt. Finally, it was settled out of court. Intake Water Company agreed to give DNRC the amount of money needed to do the Impact Statement and forget the suit.

MR. ROBINSON stated they need language in FY '84 and FY '85 to authorize DNRC to spend the money the Intake Water Company will pay them

SENATOR SMITH MOVED TO AUTHORIZE DNRC SPENDING AUTHORITY DURING THE BIENNIUM FOR \$65,000 FOR THE IMPACT STATEMENT FOR THE INTAKE WATER COMPANY. MOTION PASSED UNANIMOUSLY.

(Tape #72, Side A-222)

DNRC-UPGRADES OF FIELD INSPECTORS AND COMPENSATION FOR WATER RIGHTS COMPACT COMMISSION (Exhibit C)

CAROLYN DOERING stated there were two other items overlooked in DNRC. The first was for per diem compensation for the

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Water Rights Compact Commission at a cost of \$6,000 per year of General Fund. The other was for upgrades of field inspectors at a cost of \$6,349 per year. MR. ROBINSON explained that the upgrades were not initiated by the DNRC, but by the Audit Committee.

~~REPRESENTATIVE HEMSTAD MOVED TO ACCEPT THE UPGRADES. MOTION PASSED UNANIMOUSLY.~~

The Compact Commission per diem request is for seven people at \$25 per day and lodging/food.

SENATOR SMITH MOVED TO ACCEPT THE PER DIEM FOR THE COMPACT COMMISSION. REPRESENTATIVE HEMSTAD MADE A SUBSTITUTE MOTION TO NOT ACCEPT THE PER DIEM REQUEST. MOTION PASSED UNANIMOUSLY.

MR. ROBINSON stated if the Committee did not grant the request, he would have to find \$6,000 someplace else. CAROLYN DOERING pointed out that the Committee already funded the Water Compact Commission with \$200,000.

(Tape #72, Side A-370)

FISH, WILDLIFE AND PARKS

CAROLYN DOERING stated she needed language to officially move the Ecological Services people to Wildlife and Fisheries. The Committee has already approved the funding.

SENATOR BOYLAN MOVED TO AUTHORIZE THE DEPARTMENT OF FISH, WILDLIFE AND PARKS TO MOVE THE ECOLOGICAL SERVICES PROGRAM INTO THE FISHERIES AND WILDLIFE PROGRAMS. MOTION PASSED UNANIMOUSLY.

AGRICULTURE

CAROLYN DOERING, stated Agriculture had testified that they could do without a \$13,000 piece of equipment. However, this Committee cut \$13,500. Agriculture has asked for the \$500 back for a microscope. REPRESENTATIVE HEMSTAD pointed out that the equipment approval did not mandate on how the funds were to be spent, and they could find it in their appropriation.

REPRESENTATIVE HEMSTAD MOVED THAT NO ACTION BE TAKEN. MOTION PASSED UNANIMOUSLY.

SENATOR SMITH felt it was very odd that the Director of Agriculture hired a Deputy Director before his final appropriation was approved, and before he, himself, is confirmed. He is only the Acting Director.

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(Tape #72, Side A-457)

DEPARTMENT OF COMMERCE - BUSINESS ASSISTANCE

CAROLYN DOERING stated there were no audit or legal fees budgeted for Business Assistance. The amount requested is \$11,000 in legal and \$1,140 for audit. REPRESENTATIVE HEMSTAD asked why they couldn't "eat it." CHAIRMAN MANUEL did not feel the agency should have to absorb a Legislative Audit. CAROLYN DOERING felt they should also have some funds for legal fees.

SENATOR BOYLAN MOVED TO APPROVE THE AUDIT AT \$1,140 AND NOT APPROVE ANY LEGAL FEES. MOTION PASSED WITH CHAIRMAN MANUEL VOTING NO.

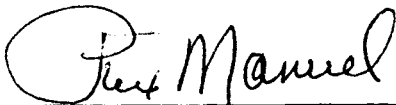
COMMUNITY DEVELOPMENT BLOCK GRANT - NEW FUNDS (COMMERCE)

(Exhibit D)

CAROLYN DOERING submitted a memo from Commerce stating the CDBG monies will be increased by \$300,000 per year. This is pass-through monies that needs authority to spend.

REPRESENTATIVE HEMSTAD MOVED TO ACCEPT THE AUTHORITY TO SPEND. MOTION PASSED UNANIMOUSLY.

The meeting adjourned at 10:30 a.m. (Tape #72, Side A-599)



REX MANUEL, Chairman

1802 ELEVENTH AVE.

HELENA, MONTANA 59601

LOCAL GOVERNMENT SERVICES

BUDGET DETAIL SUMMARY

	Actual FY 1982	Budgeted FY 1983	Recommendation FY 1984	Recommendation FY 1985
Full Time Equivalent Employees	28.70	28.70	28.70	28.70
Personal Services	575,665.34	715,333	754,899	753,275
Operating Expenses	144,587.11	178,872	181,400	190,364
Equipment	22,500.00	6,097	1,000	1,000
Grants	0.00	0	1,650,000	1,850,000
Total Program Costs	\$742,752.45	\$900,302	\$2,587,299	\$2,794,639
General Fund	335,961.68	200,260	1,730,000	1,930,360
Proprietary Fund	406,790.77	700,042	857,299	864,279
Total Funding Costs	\$742,752.45	\$900,302	\$2,587,299	\$2,794,639
Current Level Services	585,252.45	900,302	2,587,299	2,794,639
Modified Level Services	157,500.00	0	0	0
Total Service Costs	\$742,752.45	\$900,302	\$2,587,299	\$2,794,639

Program Description

The Local Government Services Division performs post-audits of local government entities to determine whether their financial statements are fairly presented. These audits are designed to protect taxpayers interests by verifying that the financial condition and operations of the entities are responsibly reported and conducted. Further, these audits ensure that all appropriate state statutes and regulations are followed. The program also provides liaison and consultant services to local governments.

Funding for district court costs is included in this budget for the coming biennium. In the 1983 biennium, \$375,000 was appropriated for each year. The Executive Budget recommends that this appropriation be increased to \$1,650,000 in FY84 and \$1,850,000 in FY85.

Funding Change

Currently, general fund money is appropriated for 6.7 FTE who provide consulting services to local governments. The Executive Budget recommends that this number be reduced to 3.0 FTE, with the costs of the remaining 3.7 FTE funded by charging local governments for the services provided. This funding change will reduce the general fund expenditure from \$178,461 in FY82 to \$80,000 in FY84 and \$85,360 in FY85.

MACo Change

The responsibility for some type of local government procedure and compliance lies with the state. This is true in the areas of budget planning, revenue expenditure, federal assistance, and service delivery. Technical assistance from the state is a necessary function in assisting newly elected officials (35 new commissioners in 1983, alone) and existing officials in cities and towns, counties and schools. There must be some responsibility of the state to provide the technical assistance to local governments involved in the multitude of state mandates.

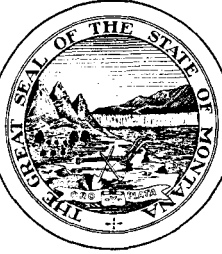
FTE FY 84
Gen. Fund \$110,000

FY 85
\$110,000

} Basic Funding

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

Exhibit
3-5-83



TED SCHWINDEN, GOVERNOR

32 SOUTH EWING

STATE OF MONTANA

(406) 449-3712

HELENA, MONTANA 59620

March 2, 1983

Representative Rex Manuel
Capitol Station
Helena, MT 59620

Dear Representative Manuel:

The Department of Natural Resources and Conservation (DNRC) signed a contract with Intake Water Company (IWC) in which IWC agreed to pay DNRC for field monitoring studies and for the preparation of a draft and final EIS on their proposed water storage project on Beaver Creek near Wibaux.

IWC has not yet informed us of their preferred site and thus the studies have been delayed; however, we anticipate that the work may begin in late FY84 or in FY85. Therefore, it is necessary for the Department to receive an appropriation from the Earmarked Revenue Fund for \$65,000. It would be preferable that this be a biennial appropriation due to the uncertainty of the starting date. This does not involve additional FTE's.

I would appreciate it if you could present this to the appropriation committee for their review and hopefully approval.

Sincerely,

A handwritten signature in cursive script, appearing to read "Leo Berry".

LEO BERRY, DIRECTOR
DNRC

cc: John Armstrong, CSD
Gary Fritz, WRD
Carolyn Doering, OBPP

Exhibit
3-5-83

DNRC -

ERA Upgrades - Oil + Gas Regulation

G.I. Other Comp - Water Rights Compact Comm. *per diem*

ERA Modification - Intake Water

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION REQUEST

Oil and Gas Division

<u>Item</u>	<u>FY 84</u>	<u>FY 85</u>	<u>Explanation</u>
FTE's-current level	20.00	20.00	Eliminate Position 80165 (.50 FTE) and increase Position 80135 from .63 to 1.00 FTE, increase Position 80125 from .88 to 1.00 FTE. Delete Position 80170. <i>.88 SECRETARY</i>
Salaries	+6,349	+6,349	Increase FY 83 base for classification upgrades--field inspectors. (See #1 p2 attached.)
Overtime	+5,106	+5,362	Not included in LFA budget.
Contracted services	LFA +7,000	LFA +7,000	LFA cut out \$5,000 of Expenditures requested for plugging abandoned wells, but did not reduce funding. Contracted Services should be increased \$5,000 or funding reduced from \$65,000 to \$60,000. Staff training (\$2,000)
Supplies and materials	LFA +20,000	LFA +22,000	Gas required for five vehicles (see attached). ²
Communications	LFA +2,000	LFA +2,800	Telephone system costs outside of Helena area inflated at a higher rate by OBPP.
Travel	LFA +3,900	LFA +4,000	Division's FY 82 base expenditures reflected extensive use of discount tickets for commercial transportation which is not expected to occur in 84-85. Also, no out-of-state travel in FY 82 base. Anticipate this travel in 84-85.
Rent	OBPP figures	OBPP figures	LFA does not include all costs necessary for DP equipment rental.
Repair and maintenance	LFA +7,000	LFA +7,500	LFA does not include additional cost of repair and maintenance for new vehicles (see attached).

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION REQUEST

Water Resources Division

<u>Item</u>	<u>FY 84</u>	<u>FY 85</u>	<u>Explanation</u>
FTE's-current level	138.59	138.59)	LFA did not include Water Development Program and the Reserved Water Rights Compact Commission
Salaries	OBPP	OBPP)	
Other comp	+6,000	+6,000)	
Contracted services	QBPP	OBPP	Reserved Water Rights Compact Commission compensation (per diem)
Supplies	LFA +2,400	LFA +2,400	Gasoline for field monitoring of water development loan and grant program
Communications	LFA +10,000	LFA +10,000	Additional required to mail acknowledgments of water-right claims
Travel	OBPP	OBPP	Travel costs adjustment of \$50,000 associated with adjudication program, Indian water-right negotiation, and interstate water compact negotiations was not accepted by LFA.
Rent	OBPP	OBPP	LFA has not included costs associated with current DP contract costs.
Other			Amount to be budgeted depends on passage of legislation regarding costs of recording fees charged by county clerks and recorders.
Funding			DNRC opposed to using RIT and Water Development funds for general operations. Believe intent of funds were for specific programs and projects.

Exhibit

DEPARTMENT OF COMMERCE

3-5-83



TED SCHWINDEN, GOVERNOR

CAPITOL STATION
1424 9TH AVENUE

STATE OF MONTANA

(406) 449-3494

HELENA, MONTANA 59620-0401

MEMO:

TO: CAROLYN DOERING

FROM: BRIAN McCULLOUGH

A handwritten signature in cursive script, appearing to read "Brian McCullough".

RE: NEW ANTICIPATED BLOCK GRANT FUNDS

WE HAVE JUST RECENTLY LEARNED THAT THE COMMUNITY DEVELOPMENT BLOCK GRANT MAY BE INCREASED IN 84 & 85. THE GRANT AMOUNT BEFORE THE SUB-COMMITTEE SHOULD BE INCREASED BY THE AMOUNT OF \$300,000 PER YEAR. THIS WILL NOT INCREASE ADMINISTRATIVE FUNDS OR REQUIRED MATCH, ONLY GRANTS(6200).