

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON NATURAL RESOURCES

Call to Order: By CHAIRMAN BERV KIMBERLEY, on February 1, 1991,
at 8:00 A.M.

ROLL CALL

Members Present:

Rep. Berv Kimberley, Chair (D)
Sen. Esther Bengtson, Vice Chair (D)
Sen. Gerry Devlin (R)
Rep. Ed Grady (R)
Rep. Jerry Nisbet (D)
Sen. Cecil Weeding (D)

Members Excused: none

Members Absent: none

Staff Present: Roger Lloyd, Associate Fiscal Analyst (LFA)
Terri Perrigo, Associate Fiscal Analyst (LFA)
Carl Schweitzer, Budget Analyst (OBPP)
Bill Mandeville, Budget Analyst (OBPP)
Theda Rossberg, Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Announcements/Discussion: Chair. Kimberley stated we would
continue with the modifications discussion by Mr. Fritz,
Water Resources & Planning Division.

EXHIBIT 1 - List os Cat & Dog Bills.

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

HEARING ON WATER RESOURCES & PLANNING

EXHIBIT 1, January 31, 1991 Minutes (Budget).

**Gary Fritz, DNRC continued review of the budget starting with
Modifications:**

1. Missouri River Basin Reservation - Mr. Fritz stated, this
program should be completed in the next biennium and probably
would only need about \$100,000 to complete. He reviewed a chart
showing the upper basin and the lower basin. We need the
\$547,433 for the biennium to complete the applications for these
reservations.

SEN. BENGTON asked, have all the application come in on the Missouri River Basin Reservation?

Mr. Fritz stated, we have the upper basin completed but not the lower basin. The upper basin includes 18 conservation districts, 220 irrigation projects, 18 municipalities, Bureau of Reclamation, Department of Health and Fish, Wildlife and Parks for in-stream flows. The Department of Health for in-stream flows on 5 streams and FWP in-stream flow on 250 streams. Bureau of Land Managements has in-stream flow on 31 streams.

SEN. BENGTON asked, what is involved with the EIS?

Mr. Fritz answered, this is probably the most significant water allocation ever made. The reason for the EIS is to identify the impact of those irrigation projects. Also, the EIS requires that we look at alternatives and one of these is an in-stream flow emphasis alternative. The other is the irrigation emphasis alternative which would allow the irrigation projects to go on. We have a combination alternative which is a combination of some of the in-stream flow reservations and irrigation projects.

We have an application from Great Falls for 10,000 acre feet and Helena has submitted an application for 7,000 acre feet for municipal purposes.

2. Poplar River Monitoring - he stated, a number of years ago Saskatchewan built a 1000 mega-watt power plant just inside Canada on the Poplar River without any concern what the impact in would be in Montana. We contacted the International Joint Commission which has authority over these international waters. They went through an evaluation process and recommended and apportionment of water between Canada and Montana. This apportionment has been in place for about 6 years. We need to measure surface water, ground water and water quality of water which flows across the boarder.

This budget modification, which would be funded by water development funds, is intended to put all of the measuring of water into one budget. \$18,000 in the budget is for measuring the quality of groundwater. \$15,500 is for measuring surface water quality and quantity which would be matched by the USGS.

SEN. WEEDING asked, is the federal amount included in this budget modification. Mr. Fritz said, it is matched and not included in this budget.

3. State Owned Water Projects - this is the rehabilitation of state owned water projects which was discussed previously.

EXHIBIT 2 - Mr. Fritz reviewed this water budget chart. He stated the Middle Creek Dam bid came in less then was anticipated. We have a federal loan and a federal grant for that project. We don't need any state monies for this project now.

If you review the chart you can see what was spent on these projects and what was not.

We are suggesting that we put the \$300,000 savings on the Middle Creek into the Ruby Dam project.

SEN. WEEDING asked, what was the contract for on the Middle Creek?

Mr. Fritz answered, we are going to raise it about 8 feet. It holds about 8,000 acre feet and we will be increasing it to about 10,000 feet. All of the water will be used by the city of Bozeman. The irrigators will be using that water until Bozeman needs it. The city of Bozeman will pay about \$35 per acre foot and the irrigators will pay about \$5 per acre foot. They will be paying back 3.1 million of federal loans and we have \$775,000 in federal grants. The construction bid came in at 3.1 million dollars and we anticipated it would come in at 3.8 million dollars.

In raising the Middle Creek we will inundate the grayling habitat so we have had to go upstream to make new spawning beds. We have already put in these new spawning structures and they are doing better than they did in the past.

Most of the money in this budget is for the Tongue River project. Mr. Fritz showed another chart explaining what has to be done on the Tongue River. He reviewed this previously.

We would like the \$200,000 in the rehabilitation account of the Broadwater to be added to the budget for rehabilitation of state owned water projects. We would use some of this money to complete the Gartside dam in the Sidney area which is used only for recreation purposes.

Mr. Schweitzer said, in regard to the State Owned Water Projects modification we would like to make the budget \$1,000,000 for the biennium because of the \$200,000.

The carryover money which was not spent last biennium needs to be re-authorized for this biennium. This was the \$489,000 from the Middle Creek project.

Ms. Perrigo stated, the \$400,000 which was appropriated for FY90-91 could be used instead of selling coal severance tax bonds for the Tongue River Project. The \$700,000 plus the \$91,000 plus the \$200,000 balance in the Broadwater account for a total of \$991,000 is the amount which could be used. (See the Chart - EXHIBIT 2.)

SEN. WEEDING asked, how does all this relate to Mod. 6 the Tongue River Dam?

Mr. Fritz stated, we would need 1.6 million dollars instead of 2

million dollars

Ms. Perrigo said, we would still need the 2 million. However, we would change the coal severance tax bond sales to water development funds and this is where we would appropriate the \$400,000 carry over.

Mr. Fritz stated, on the North Fork of the Smith River for 1.6 million dollars we would hope to get federal loans and federal grants for this project.

SEN. WEEDING asked, if you don't get the money then what?

Mr. Fritz said, if we don't get the federal money we cannot use this authorization.

Ms. Perrigo stated, they met with Roger Lloyd, LFA and there was never a blanket motion made by the committee to accept the LFA base in every program. So, the suggestion was, a motion would have to be made in every program.

EXECUTIVE ACTION
WATER RESOURCES & PLANNING

Motion/Vote: SEN. BENGTON moved to accept the LFA budget.
Motion CARRIED unanimously.

Motion/Vote: SEN. BENGTON moved to accept the Executive budget for Program Issue D,1 - Missouri Basin Association dues. **Motion** CARRIED unanimously.

Motion/Vote: SEN. BENGTON moved to accept the Executive budget for Program Issue D,2 - Compensation for Board of Water Well Contractor members. **Motion** CARRIED unanimously.

Motion/Vote: SEN. BENGTON moved to accept the Executive budget for Program Issue D,3 - Broadwater Dam operator/maintenance. **Motion** CARRIED unanimously.

Program Issue D,4 - Equipment. SEN. DEVLIN asked, do you charge for microfiche copies? Mr. Fritz answered, yes we do and this money goes into the water development account which generates about \$80,000 per year.

SEN. DEVLIN said, it looks like there must be some money in that account.

Mr. Fritz said, the money which goes into this account pays for new water rights programs.

Motion/Vote: SEN. DEVLIN moved to accept the Executive budget on equipment. **Motion** CARRIED 4 - 1 (SEN. BENGTON voting "no" and REP. GRADY not present)

Motion/Vote: REP. NISBET moved to accept the Executive budget on Item 5 - Overtime which is not needed. Motion CARRIED unanimously.

CHAIR. KIMBERLEY stated, Item 6 - transfer of funds and Item 7 - debt service for DEC system does not need any action.

Language Issues:

Motion/Vote: SEN. BENGTON moved to accept Item 1, up to \$1,000,000. for Broadwater Water Users' Association including language.

Substitute Motion/Vote: SEN. DEVLIN moved to accept Item 1, up to \$1,000,000 for Broadwater Water Users' Association account including the language concept as follows: "The department is authorized to transfer funds from the Broadwater Hydropower group of accounts to the extent necessary to transact a sale." Motion CARRIED unanimously.

Motion/Vote: SEN. BENGTON moved to accept Item 2 - to line-item up to \$336,000 in the repair and maintenance account of the Broadwater replacement and renewal account and service the bond debt if needed. Motion CARRIED unanimously. Please Note: Ms. Perrigo will work out the language needed for this motion.

Motion/Vote: SEN. WEEDING moved to accept Item 3 - with language authorizing the department to perform developmental analysis with the amount received from the hydropower developers. Motion CARRIED unanimously.

Motion/Vote: SEN. BENGTON moved to accept Item 4 - with language authorizing the department to perform remedial actions on wells up to the amount received from bond forfeitures. Motion CARRIED unanimously.

CHAIR. KIMBERLEY stated, no action was needed on Additional Issues: Item 1 and 2, pay exceptions.

Executive Modifications:

Missouri River Basin Reservation - Mr. Fritz explained, \$336,000 of operating expenses is to pay personal expenses and the expense of putting together applications and preparing the EIS. \$200,000 is for the Board of Natural Resources to hire a hearing examiner, hold the hearing and hearing notice.

SEN. BENGTON asked, who are the three FTE.

Mr. Fritz answered, these were hired for the MRB proceedings, these are not three new FTE. It is in the budget but when the project sunsets, or the project is finished they will no longer be included in the budget.

Motion Vote: REP. GRADY moved to accept the Executive budget for

the Missouri River Basin Reservation including language which states: "\$171,690 would be for the FTE and the remaining \$375,743 would be a biennial appropriation. Motion CARRIED unanimously.

Poplar River Monitoring - Mr. Fritz stated, this is the water issue between Saskatchewan and Montana. We need about \$3,500 to make sure we receive the amount of water we are supposed to receive. About \$11,000 per year is need to make sure the water quality is not being degraded and \$18,000 per year to monitor the ground water. The mine for the generator plant in Saskatchewan is being moved and we anticipate this change will affect the ground water quality and quantity. These are water development funds and match by USGS. I feel we will have to monitor this on a continuous basis. This has been going on for a long time.

Motion/Vote: SEN. WEEDING to accept the Executive budget for the Poplar River Monitoring. Motion CARRIED unanimously.

State Owned Water Projects: Mr. Fritz explained, there was already \$200,000 deposited into this account, so the department would like to make this \$991,000 biennial appropriation.

Motion/Vote: SEN. BENGTON moved to accept the Executive budget for \$991,000 biennial appropriation for the State Owned Water Project. Motion CARRIED unanimously.

Middle Creek Dam: Mr. Fritz stated, 3.1 million was a federal loan and \$796,925 was a federal grant.

Motion/Vote: REP. GRADY moved to accept the Executive budget for the Middle Creek Dam. Motion CARRIED unanimously.

Motion/Vote: SEN. BENGTON moved to accept the Executive budget for the Smith River. Motion CARRIED unanimously.

Motion/Vote: SEN. WEEDING moved to accept the Executive budget on the Tongue River Dam. Motion CARRIED unanimously.

CHAIR. KIMBERLEY announced, this would close the hearing on Water Resources & Planning.

MONTANA ASSOCIATION OF CONSERVATION DISTRICTS:

REP. PETERSON from the Eureka area, gave a short testimony on the Montana Association of Conservation District's Resource Conservation and Development Program (RC&D), and its' importance in the community.

SEN. BOB WILLIAMS stated, he was from Senate District 15 which includes Judith Basin, Ferguson and Petroleum counties. Also included in the central RC&D group is Wheatland, Golden Valley and Musselshell. The group needed a central place to go to for answers concerning conservation. There is a lot of good leadership and input in these communities and we have to utilize

it. I would hope the committee would support this program.

SEN. JOHN ANDERSON stated, he was from Senate District 37 and lives in the headwaters district of the RC&D. We have a dedicated group of people which are instrumental in developing a lot of projects in this area. We would like to further develop this program. This is a dedicated volunteer group and to develop this state-wide it is necessary to have a state coordinator. I would hope this committee would consider appropriating enough funds for a coordinator.

Alyce Keuhn, Eastern Plains RC&D which includes 16 counties. I am also on the board of the state RC&D. See **EXHIBIT 3 - packet**. Contained in the packet are reports from the RC&D groups from around the state. With the enthusiasm and human resources which are being developed because of these groups they can evaluate their own communities. I invite you to look through your packets and ask questions on this RC&D project.

Mary Secombe stated, I am from Butte and was involved in getting the RC&D started in this area. I am here to support the amendment to the budget to fund a state-wide coordinator. I have been involved in the RC&D program for about 18 years. We have 3 federally funded RC&D's in the state; the headwaters which covers 8 counties, the Bitterroot, which covers 3 counties, and the Beartooth, which covers 3 counties. We are hoping the central Montana RC&D program will be put into the federal program.

We are trying to get other areas involved as we have had many requests of other interested people. We have put on workshops for these people to show them how to start a program. I feel this is the way the people of Montana can develop themselves economically.

The only RC&D positions in this program are the coordinator and office staff. All the other people are all volunteers from the communities. We are requesting \$121,222 for two years to pay for a RC&D coordinator and operating expenses.

Ray Beck, Administrator Conservation and Development introduced **Steve Schmitz**, Civil Engineer; **John Tubbs**, Bureau Chief Resource & Development; **Ann Miller**, Financial Officer.

Mr. Beck gave a lengthy testimony on the Conservation District Bureau. **EXHIBIT 4. & 5.** We coordinate, supervise, provide financial and technical assistance to 59 conservation districts and provide assistance to public and private groups.

Charles Hahndcamp, Chairman Headwaters RC&D and Chairman of Montana RC&D gave testimony on the need for a coordinator. This is a great program to get a lot of volunteer help. In the Headwaters we have about \$100,000 of which we generate about \$300,000.

SEN. BENGTSON stated, there a lot of other programs which deal with these issues. How do they interface?

Ms. Secombe stated, the RC&D program acts as a catalyst. We get all these different individual groups of people and organizations to work together to benefit their areas.

John Anderson, Rancher from Southwestern Montana near Alder gave testimony on the Greater Yellowstone Association of Conservation Districts. **EXHIBIT 6.**

We are proposing to amend the Dept. of Natural Resources and Conservation budget to add \$25,000 per year to the budget for GYACD through the 8 conservation districts. That would be a total of \$211,089 for FY92 and FY93. There are 35 conservation districts including Idaho, Montana and Wyoming including Yellowstone National Park. We hope to work with the forest service and the national park service to maintain our input into that process. We are currently funded with a two year grant from the Soil Conservation Service which will expire this year. We are also soliciting private contributions from local people. We hope to get state funding as well as federal funding.

Robert Van Oosten from Stillwater County reviewed the GYACD program. He stated, I got involved in this program because of the elk and bison giving us a lot of problems. The wildlife groups put the ranchers on the other side of the fence. One of our concerns is getting proper information to the media. Our conservation people cannot do this by themselves.

Karen Picketts, Executive Director of GYACD. EXHIBIT 6. Reviewed this program with the committee. She stated, most people think conservation districts involve agriculture. Actually this is much broader and one of the areas involves wildlife conservation. It also involves business, industry, agriculture, sportsman and recreation.

Some of the specific needs of this program are management of the game range near Livingston. Our people have been providing tours of that area to get input as to how to manage wildlife in that area. Another concern is some sediment from the drainage of the Mission Creek area. All of these people had the same concerns but had never gotten together to discuss and develop a management approach.

About two weeks ago, we met with about 50 industry representatives to talk about, how are you as industry people going to insure that you or your employees are here 50 years from now. There is a real need for an organization to gather all the data about resource management and coordinate with industry groups.

Some of the questions which were asked were: 1. why a three state approach? The reason for this is the concerns cross state lines. For instance the wildlife needs to be addressed with a regional

voice. 2. The Greater Yellowstone is the headwaters of three of our nation's greatest river systems which is receiving close attention.

Congress mandated in 1985 through congressional hearings that this area be coordinated. The park and forest service managers have come to us and said there is no one who is involved in a local voice. What we are trying to do is get together to come up with solutions and better planning.

SEN. WEEDING asked, are Wyoming and Idaho contributing any information for this program?

Ms. Pickett answered, we are trying to do the same thing in the other two states.

REP. GRADY asked, are you involved in this buffalo issue also?

Ms. Pickett answered, we currently are looking towards a long range management plan. We have been very active with the park service, the forest service and all these different groups to try to develop a solution.

SEN. BENGTON asked, groups like the Wildlife Federation, Trout Unlimited and the Sierra Club, are you familiar with what their mission statement is? What to you think about these other organizations, are they broad-based enough?

Ms. Pickett answered, we have looked at the other organizations, but they are more single issues.

EXHIBIT 7, Peggy Parmelee, Executive Vice President Association of Conservation Districts reviewed some of the issues and the budget.

She stated, conservation districts are local government that have state laws directing what and how they should operate. We are poorly funded and district supervisors get no pay for the work they do and they put in many hours. We used to work with soil and soil erosion, but now we are working with ground water also. We are working with federal and state agencies representing the land user in Montana. By law we must protect the health, wealth, economics and tax base of the people of Montana.

The districts are allowed a 1.5 mill levy on each of their conservation districts and is a lot of variation as to what the mill will bring in. In the Missoula district their 1.5 mill levy brings in about \$80,000 per year and they have a very effective program. Mineral county's mill levy brings in about \$3,000 per year and they have the same responsibilities that Missoula has. They cannot afford a staff person because of the low income. We are asking that the conservation district's budget be amended to \$225,000 per year. This would allow those poor districts about \$6,000 towards their administrative funds. Some of our clerks

work full-time and are paid for part-time work. we also need an amendment for legal assistance within the conservation districts. The conservation districts administer the natural stream bed of the Lands Preservation Act of Montana. We do have violations occasionally and we need legal services in this area also. Therefore, we would like approval of \$60,000 per year for an attorney to work directly with conservation districts which would amount to about \$2,000 to each district. Missoula pays their County Attorney \$2,000 per year as they have a good budget.

REP. GRADY asked, would each district get about \$6,000 or would it be proportioned out?

Ms. Parmelee stated, it would only be for the districts which apply. We have 13 districts in Montana which have budgets under \$5,000 per year. We have 11 districts that have budgets of over \$20,000 per year.

SEN. WEEDING asked, what about the \$225,000 you are requesting in your budget?

Ms. Parmelee stated, in 1990 we were asking for \$211,000 and we are asking for an amendment to increase it to \$225,000 for FY92 and FY93.

Mr. Van Oosten said, we are delegated more and more things to do in the conservation districts and we do not have the man power or the money. Therefore, we would appreciate whatever the committee can do for us.

REP. GRADY stated, I remember when the 310 started and was assigned to the conservation districts against their will. The districts said at that time they did not have the staff for this.

Mr. Beck said, the law was passed in 1975 and there was some discussion to give this to the Fish, Wildlife and Parks and then they decided the conservation districts would be a better entity to handle this. Some of the larger districts can handle, but not the smaller districts.

Ms. Parmelee said, we discussed whether or not another agency or state should do this and we said "no." Even if we gave this to someone else we still need the local individual input.

REP. GRADY said, I know it has worked out very well and the districts are not properly funded to handle this.

Resource Development Bureau: EXHIBIT 8.

Mr. Beck reviewed this bureau with the committee. He stated, this bureau administers six loan and grant programs utilized by individuals, partnerships, corporations, associations, irrigation districts, conservation districts water and sewer districts counties and municipalities. The bureau administers 4 bonding programs. The Water Development Private Loan Program has 10

million dollars in bonding authority. The Water Development Public Loan has 250 million in bonding authority. The Renewable Resource Development Loan Program has 5 million dollars in bonding authority and the State Wastewater Treatment Revolving Fund Program has 10 million dollars bonding authority.

We have 12.5 full-time employees of which 11.5 positions are located in Helena and one is located in Miles City.

The Water Development Program - EXHIBIT 8, Page 31. Through this program project sponsors receive assistance in completing a wide range of projects and activities. The program has a grant, a public loan and a private loan. We have given out 84 grants since 1984 totaling about 5 million dollars.

Renewable Resource Development Program - EXHIBIT 8, Page 31. This program is also a grant loan program designed to provide assistance to public entities for natural resource related issues. Since 1984 we have funded 63 grants totaling about 3.7 million dollars. We have 5 loans out for \$538,000.

Reclamation and Development Grant Program - EXHIBIT 8, Page 31 & 32. This program establishes the state capability to fund projects that indemnify Montana citizens for the effects of past mineral development on public resources. Between FY86 to FY91 64 projects have been funded totaling about 10.5 million dollars. An example of this is the upper Blackfoot River Abandoned Mines project which will eliminate the acid mine discharges from five abandoned hard-rock mines east of Lincoln.

State Revolving Fund - EXHIBIT 8, Page 32. This was created by the '89 legislature to combine environmental construction grant money with state matching funds to create low interest loans for wastewater treatment programs.

Water Reservations - EXHIBIT 8, Page 32. Water set aside through the reservation process must be put to actual beneficial use for allocating a scarce resource for future use among different in-state groups.

REP. GRADY said, we are talking about reclamation of abandoned mines and so forth and we just went through this with State Lands and now we are talking about it again. Are these separate funds you are talking about?

Mr. Beck said, there are programs in the Department of State Lands which are funded by the resource indemnity trust tax account which also funds reclamation and development grants. State Lands were probably talking about the abandoned mine lands reclamation program which is federally funded. We administer the financial part of the program. We have 3 or 4 State Land's applications which are funded out of this account.

REP. GRADY asked, does your program administer the project and

State Lands comes in and actually does the work? What about reorganization, will this work the same way?

Mr. Beck said, that is correct.

Ms. Perrigo reviewed the Conservation and Resource Development budget. EXHIBIT 9.

She reviewed the differences between the LFA and Executive which is explained on the budget sheet. She stated the main difference between the LFA and the Executive is \$7,974,432 more included in the Executive and not in the LFA for debt service on the bonds. The LFA did not include it because debt service is appropriated by statute. For loss lien purchases the \$612,000 should be biennial and not each year.

On Item 3 of the Language Issues, the amount which is budgeted for conservation grants which is one-half of one percent of 38% of the coal severance tax interest is estimated at \$86,089 per year. This language would allow additional monies over the estimate to be appropriated.

Additional Issues, Item 1 - \$30,000 for the state revolving fund was originally included in the State Lands budget. This was agreed upon by the Department of Health and Environmental Science to give to the DNRC for administering the loans.

Mr. Schweitzer said, on Program Issues, Item 3 - where the Executive includes \$5,139 for equipment, they also need a vehicle for the Miles City office of Resource and Development Bureau. This would amount to about \$11,300 from RIT funds, which we recommend.

Additional Issues, Item 1 - We included this in the State Lands budget of \$10,000 for FY92 and \$15,000 for FY93. However, it should have been \$15,000 for each year which is federal funds to administer that loan program.

Funding Issues, Item 1 - in the reorganization when I moved this division to the Department of State Lands I left this money in the Central Management Division. Therefore, we should agree with the LFA budget for the \$9,020 from the Corps of Engineers.

Mr. Beck reviewed the budget with the committee. EXHIBIT 8. Program Issues, Item 1 - Rural Development operating expenses: The Soil Conservation Service has agreed to match our funding close to 50%. The '89 session gave us \$38,759 and they agreed to match that with \$40,970. The LFA cut the federal funds to \$20,626, when it was actually \$40,970. We are asking the committee to put these back to where they should be.

The reason these funds were not fully spent is, the program started late and a lot of the costs were not incurred at the beginning of the program.

REP. GRADY asked, are you going to incorporate with these people from the Conservation Association.

Mr. Beck replied, this is a different request.

Ms. Miller reviewed Program Issue, Item 2 - contracted services: there were some over-expenditures in the operating budget which the LFA funded at what was actually spent according to the department. The reason was, they had some turn over in staff and we had to do some contract services.

Program Issue, Item 3 - equipment: Mr. Schweitzer already reviewed this as the oversight for a vehicle which needed to be funded at \$10,808. He said, basically what they need is \$14,414 for equipment for FY92 and \$14,789 plus \$10,808 for another vehicle in FY93.

Ms. Perrigo clarified, the Executive has funded one car in FY93 for \$14,789 and there is an additional request for another car for \$10,808.

Program Issue, Item 4 - local assistance: Mr. Beck said this was originally \$95,000 but because of a coding error this was reduced by \$3,700. We would like to bring this back up to the \$95,000 level.

Program Issue, Item 5 - Mr. Beck said, Ms. Perrigo reviewed bond debt services previously. Ms. Miller said, because this is a statutory appropriation we do not need the \$3,951,321 for FY92 and \$4,023,111 for FY93.

Program Issue, Item 6 - operating expenses: Ms. Miller said, they were understaffed and was the reason they underspent their budget which the LFA used. Our recommendation is to approve the Executive budget as we are fully staffed now.

REP. GRADY asked, if they are fully staffed now how can the LFA exclude them?

Ms. Perrigo explained, we have not excluded these positions. We included all the positions which were budgeted. What happened was our current level approach was different than the Executive. We used the actual expenditures in 1990 and used that as the base.

SEN. BENGTON asked, can we use some of that money that wasn't spent for the modifications.

Ms. Miller said, you would be taking operating expenses from the Resource & Development Bureau and putting them into conservation districts.

Mr. Beck stated, also we have some carryover projects from the

last biennium so the workload also increases.

SEN. BENGTON asked, where do you feel you get the most for the dollar, the Conservation and Resource and Development program or the conservation districts?

Mr. Beck answered, this is a different project and it would be difficult to compare.

SEN. BENGTON asked, do you have more people working with Resource and Development than you do with the conservation districts.

Mr. Beck stated, that is correct.

Program Issues, Item 7 - lien purchases: Mr. Beck said, this is addressed in No. 1 of the language issues which would give us up \$1,000,000 for lien purchases when we have a foreclosure on property.

SEN. WEEDING asked, what was the amount of that item in the last biennium?

Ms. Perrigo answered, the agency actually spent \$306,000 which the LFA did not include in the budget. The Executive did include it.

Mr. Schweitzer said, a bill that was passed last legislative session gave the department the flexibility to purchase loss liens. There wasn't any appropriation language in the bill to do this. So, we appropriated funds for this purpose.

SEN. BENGTON asked, are you making any money on these lien purchases?

Mr. Beck said, they get into a situation where it is cheaper to buy the 1st lien to protect our 2nd lien. When the property is sold we can recover some of the loss. We had one lien which we did recover the loss but it did not cover the cost of legal fees.

SEN. WEEDING asked, where does the money go from a sale of property.

Mr. Beck answered, it goes toward re-payment of the bonds.

HOUSE NATURAL RESOURCES SUBCOMMITTEE

February 1, 1991

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ADJOURNMENT

Adjournment: 11:55 A.M.



REP. BERV KIMBERLEY, Chair



THEDA ROSSBERG, Secretary

BK/tr

HOUSE OF REPRESENTATIVES
NATURAL RESOURCES SUBCOMMITTEE

ROLL CALL ~~DATE~~

DATE 2-1-91

NAME	PRESENT	ABSENT	EXCUSED
SEN. ESTHER BENGTON, VICE-CHAIR	✓		
REP. ED GRADY	✓		
REP. JERRY NISBET	✓		
SEN. GERRY DEVLIN	✓		
SEN. CECIL WEEDING	✓		
REP. "BERV" KIMBERLEY, CHAIRMAN	✓		

1-31-91
Exhibit #1

EXHIBIT 1
DATE 2-01-91
HB 944. Res. Sec.

Budget Item	Actual		Executive		LFA		Difference		Executive		LFA		Difference	
	Fiscal	1990	Fiscal	1992	Fiscal	1992	Fiscal	1992	Fiscal	1993	Fiscal	1993	Fiscal	1993
FTE	120.20	120.20	120.20	120.20	120.20	120.20	0	0	120.20	120.20	120.20	120.20	0	0
Personal Services	3,250,639	3,533,516	3,556,123	(22,607)	3,528,305	3,551,068	(22,763)							
Operating Expenses	1,134,286	1,090,702	1,029,906	60,796	1,088,788	1,022,679	66,109							
Equipment	123,707	79,107	64,984	14,123	79,107	60,984	18,123							
Capital Outlay	4,500	0	0	0	0	0	0							
Transfers	2,100,823	32,000	0	32,000	32,000	0	32,000							
Debt Service	12,483	11,226	12,926	(1,700)	11,226	12,926	(1,700)							
Total Expend	6,626,438	4,746,551	4,663,939	82,612	4,739,426	4,647,657	91,769							
Fund Sources														
General Fund	2,263,903	2,600,290	2,407,000	193,290	2,594,069	2,396,865	197,204							
State Revenue Fund	4,281,603	2,093,969	2,217,034	(123,065)	2,093,065	2,210,887	(117,822)							
Federal Revenue Fund	80,932	52,292	39,905	12,387	52,292	39,905	12,387							
Total Funds	6,626,438	4,746,551	4,663,939	82,612	4,739,426	4,647,657	91,769							

LFA Current Level Analysis Reference: page C-38
Executive Budget Summary Reference: page 90 (DNRE), and page 83 (State Lands)
Executive Budget Narrative Reference: page 17 (DNRE) and page 23 (State Lands)

Current Level Issues

A. Reorganization Issues
NONE

B. Appropriation Policy Issues (Non-action items)
1. Difference in Computer Network Charge
2. Difference in inflation

C. Budget Base Differences

-----Executive Over (Under) LFA-----

10,486
(11,404)
4,411
10,486
(6,092)
(1,057)

D. Program Issues

1. Executive budget includes \$20,000 more than LFA for Missouri Basin Association dues. *Budget appor. Union* 10,000 10,000
(mix of general fund/state special revenue)
2. Executive Budget includes 1800 more than LFA for compensation for Board of Water Well Contractors members. *Ex. appor. Union* 900 900
(state special revenue)
3. Executive Budget includes \$96,905 more than LFA for Broadwater Dam operations/maintenance. *Ex. appor. Union* 51,109 51,109
(State Special Revenue)
4. Executive Budget includes \$32,246 more than LFA for equipment. (mix of general fund/state special revenue) *Ex. appor. Union* 14,123 18,123
(state special revenue)
5. LFA includes \$44,000 more than Executive Budget for overtime which is no longer needed. *Ex. appor. Union* (22,000) (22,000)
(state special revenue)
6. Executive Budget includes \$64,000 more than LFA for fund transfers no longer necessary. 32,000 32,000
(state special revenue)
7. LFA includes \$3,400 more than Executive Budget for debt service for department *Ex. appor. Union* (1,700) (1,700)
DEC system. (mix of general fund and state special revenue)

TOTAL

\$82,612 \$91,769

E. Language Issues

1. There is appropriated from the Broadwater Water Users' Association Account established by agreement dated July 24, 1987, up to \$1 million if needed to transfer the Broadwater hydropower project to a purchaser. (state special) *Ex. appor. Union*
2. There is appropriated \$336,000 from the Broadwater Replacement and Renewal account to repair and replace facility equipment and to service the bond debt if needed. (state special revenue) *Ex. appor. Union* 336,000 336,000
3. There is appropriated an amount up to the amount received from hydropower developers for performing developmental analyses as required in 85-1-514, MCA. (state special revenue) *Ex. appor. Union*
4. There is appropriated an amount up to the amount received from bond for features of water well licenses for costs of remedial actions on wells as provided in Section 36.21.505 ARM. (state special revenue) *Ex. appor. Union*

F. Additional Issues

1. Neither the Executive Budget nor the LFA includes \$202,023 for pay exceptions already approved.

(mix of general fund/state special revenue)

101,202

100,821

2. Neither the Executive Budget nor the LFA includes \$35,572 for pay exceptions pending approval.

(mix of general fund/state special revenue)

17,819

17,753

Executive Budget Modifications (all but Poplar River Monitoring are biennial appropriations)

1. *Early - 171,640 - FTE + 375,743 Biennial. Unseen*

Missouri River Basin Reservation *5,000,000 from FWP for EIS.*

3.0

3.0

Balance: \$1. Spec. rev. funds et.

85,747

461,686

2. Poplar River Monitoring *Unseen - E. B. Unseen*

33,050

33,570

3. State Owned Water Projects *Unseen - Ex. for 991,000 biennial*

891,000

890,000

4. Middle Creek Dam *Unseen - Ex - Unseen*

3,896,925

5. Smith River *Unseen - Ex - Unseen*

1,600,000

6. Tongue River Dam *Unseen - Ex - Unseen*

2,000,000

1,600,000

400,000

Unseen

EXHIBIT

DATE 2-1-91

6 Mar. Pres. Sub.

2-1-91
Exhibit 1.

NATURAL RESOURCES SUBCOMMITTEE
1991 SESSION

CAT AND DOG BILLS
AND
BILLS WITH FISCAL IMPACT
(AS OF JANUARY 30, 1991)

EXHIBIT 1
DATE 2-1-91
HB _____

	<u>House Bills</u>	<u>C & D</u>	<u>F I</u>
6	Appropriate funds for water development and renewable resource grants/loans (DNRC)	X	
7	Appropriate money for water development for water development loans and approve bond issuance (DNRC)	X	
8	Appropriate money for reclamation and development grants (DNRC)	X	
10	Oil overcharge appropriation (DNRC)	X	
31	Establish open season in shooting preserves and repeal bird license requirement (FWP)		X
46	Establishing small business coordination system (AG and COMMERCE)		X
53	Increasing license fees for petroleum and liquified petroleum dealers (DNRC)		X
56	Provide annual adjustment of retirement allowance for certain game wardens (FWP)		X
66	Revise bee inspection procedures and definitions (AG)		X
91	Revise eligibility for moose, goat, and sheep licenses, 7-year wait period (FWP)		X
115	Revise paddlefish roe donation program regarding department costs and program area (FWP)		X
118	Allowing pharmacists to use pharmacy technicians (COMMERCE)		X
169	Log scaling act of 1991 (COMMERCE)		X
174	Exempt biennial seasonal rule adopted by FWP from MAPA (FWP)		X

185	Raise number of nonresident B-10 licenses that may be sold in a license year (FWP)		X
190	Distribute a portion of noxious weed fees to counties for weed control (AG)		X
213	Weed control fee on motor vehicle registration to county fund (AG)		X
215	RIT to fund portion of Groundwater assessment programs (DNRC)		X
216	Appropriation for ground water monitoring and characterization programs (DNRC)	X	
237	Hard rock impact act local government facilities impact bonds (COMMERCE)		X
240	Include Low Chemical Input Agriculture Projects in RIT and Water Development Programs (DNRC)		X
247	Increase Coal Tax Allocation to Conservation Districts (DNRC)		X
255	Allow raffle of certain hunting licenses (FWP)		X
261	Prohibit price discrimination for commodities of like grade and quality		X
282	Payments in lieu of taxes to counties for certain state land (DSL)		X
304	Allow Fish, Wildlife, and Parks to dispose of certain equipment & property (FWP)		X
309	Portion of gasoline tax allotted for off-highway vehicle purposes (FWP)		X
312	State funding of youth court matters and District Court over max county levy (COMMERCE)	X	
324	Provide compensation to intervenors in Public Service Commission proceedings (PSC)	X	
368	Allowing nonresident students to buy hunting & fishing licenses at resident price		X

EXHIBIT 1DATE 2-1-91Senate Bills29 Mar. 92 SubC & DF I

3	Extend agricultural assistance program (AG)	X
13	Make permanent the wildlife habitat acquisition program (FWP)	X
18	Revising oil and gas pooling law: responsibility for mitigation of damages (DNRC)	X
36	Revise veterinarian licensing and exemptions (COMMERCE)	X
66	Licensure of naturopathic physicians (COMMERCE)	X
72	Repeal aviation gasoline license tax (COMMERCE)	X
76	Provide a state coordinator for ethnic affairs (COMMERCE)	X
80	Revising penalties for overweight vehicles (FWP & LIVESTOCK)	X
83	Provide that interest on license money be deposited in FWP special revenue account (FWP)	X
112	Establishing an executive secretary position under the Board of Realty (COMMERCE)	X
123	Allocate % of weed management trust to Ag Experiment Station for research (AG)	X
135	Require licensing of wholesale drug distributors (COMMERCE)	X
150	Eliminating carrying capacity adjustment for state grazing leases (DSL)	X
163	Creating Department of Transportation (COMMERCE)	X
165	Increasing maximum assessment in forest land fire protection districts (DSL)	X
171	Increase certain fishing & hunting license fees (FWP)	X
172	Require licensing of direct-entry midwives (COMMERCE)	X

EXHIBIT 2
 DATE 2-1-91
 BY DAK. P.W. Duv.

2-1-91

**DNRC
 WATER RESOURCES DIVISION
 STATE WATER PROJECT REHABILITATION BUDGET**

1990-1991 Biennium

Project	Budget	Spent	Balance
Tongue River	\$ -0-	\$ 91,000	\$-91,000
Middle Creek	500,000	11,000	489,000
Gartside	-0-	60,000	-60,000
North Fork Smith	250,000	97,000	153,000
Petrolia	25,000	25,000	-0-
TOTALS	\$775,000	\$284,000	\$491,000

1992-1993 Biennium

Project	Executive Budget Modification		Alternative WDSRA		
	¹ WDSRA	² CST Bond	WDSRA	Carryover	CST Bond
Tongue River	\$300,000	\$ 0	\$300,000	\$ 0	\$ 0
	0	400,000	0	400,000	0
Middle Creek	300,000	0	0	0	0
North Fork Smith	100,000	0	100,000	0	0
Ruby Dam	0	0	300,000	0	0
Miscellaneous	100,000	0	0	91,000	0
Repair					
TOTALS	\$800,000	\$400,000	\$700,000	\$491,000	\$ 0

Water Development State Revenue Account

Coal Severance Tax Bond

700,000
 91,000
 200,000 Little Beldole Acct
 991,000

Ex. 3
2-1-91
Yar. Pro. Sub.

MONTANA RC&D ASSOCIATION

Proposal to: Appropriations subcommittee
for Natural Resources

Proposal: Adding one FTE to DNRC's Conservation Districts
Bureau Budget Amendment, funding a Statewide RC&D Coordinator

Proposed Budget:		FY 1992	FY 1993
1.	1000 Personal Service	30,261	30,261
2.	2100 Contracted Services	15,000	15,000
3.	2200 Supplies	1,850	1,850
4.	2300 Communication	2,500	2,500
5.	2400 Travel	6,000	6,000
	Total Operating	55,611	55,611
6.	3000 Equipment	5,000	5,000
	Total per year	60,611	60,611
	TOTAL REQUESTED	\$121,222.00	

EXPLANATION OF CATEGORIES:

1. Personal Service: State Grade Level 15, step #2. The Statewide coordinator's position will require an individual experienced and trained in the community development process, must possess a background in organizational skills and have some familiarity with the RC&D process.

2. Contracted Services: Four multi-county areas in Montana have expressed interest in implementing the grass roots development of an RC&D movement. The development of Rural and Human resources requires an educational process to begin the growth procedure. Experience dictates the most successful method has been to conduct community-led organizational workshops. DNRC does not have the time nor the staff to conduct these seminars, thus budget has been allowed for contracted services. Approximate cost of such organizational training sessions are \$7,500.00 each. Additionally there are individual counties groups that may wish to merge with an existing RC&D, these county groups will require assistance from the Statewide Coordinator and perhaps some community-led workshops will be conducted in these counties.

3. Supplies: Comparisons were conducted between an existing RC&D office and this request for the office supplies and materials necessary to manage an RC&D Office.

4. Communications: These expenditures will be for telephone, fax and postage. This office will be in communication with RC&D offices throughout the state and nation wide, as The Montana RC&D Association will become contributing members in the Western Regional RC&D Association (15 states) and the National Association of RC&D Councils. Additionally comparisons were made with other RC&D offices.

5. Travel: The Statewide RC&D Coordinator will be required to travel a great deal. They will be involved in the establishment of new RC&D's in the state, and establishing Montana as a member in the Western and National RC&D Associations. Comparisons were also made with other RC&D budgets.

6. Equipment: When approached with this idea, DNRC said they would be able to find the space for this individual, however, they would not have office equipment. A Desk and chair, guests chairs, room dividers, bookcase, a personal computer system and other miscellaneous items will be needed.

BACKGROUND ON MONTANA RC&D ASSOCIATION

There are presently 5 RC&D's in the State. They are: The Headwaters RC&D, The Bitter Root RC&D, The Beartooth RC&D, The Central Montana RC&D and The Eastern Plains RC&D (see attached map). Attached is a map that shows somewhat how the state may appear when completely covered by RC&D's.

The Montana RC&D Association was formed in July 1990, and officers are: Charlie Hahnkamp, President-Headwaters RC&D; Ken Minnie, V.P.-Central Montana RC&D; Alyce Kuehn, Secretary -Eastern Plains RC&D and Robert Van Ooston, Treasurer - Beartooth RC&D.

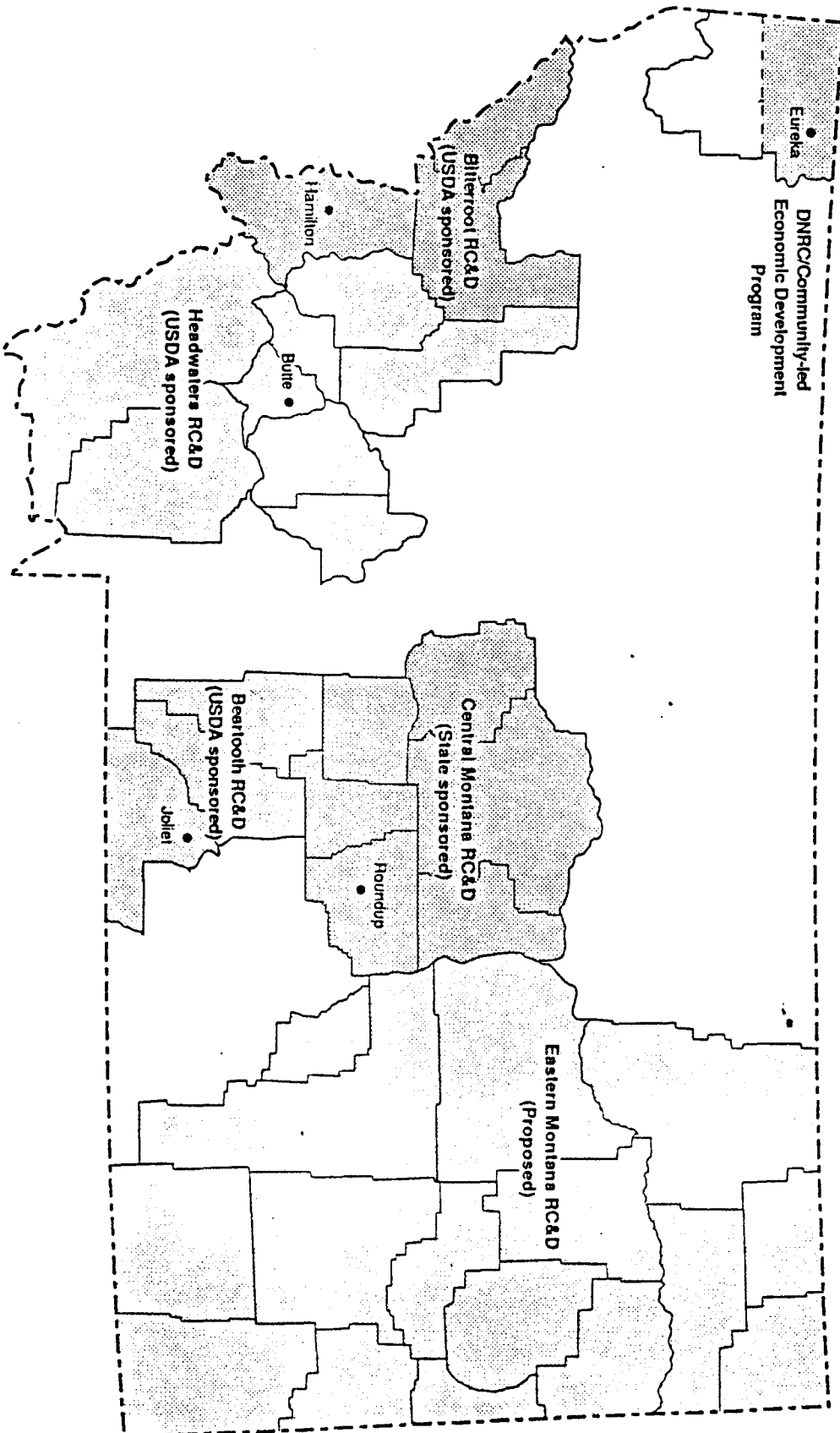
Montana resident that is an officer in National/Regional RC&D Associations: Mary Seccombe is President of the National Association of RC&D Councils.

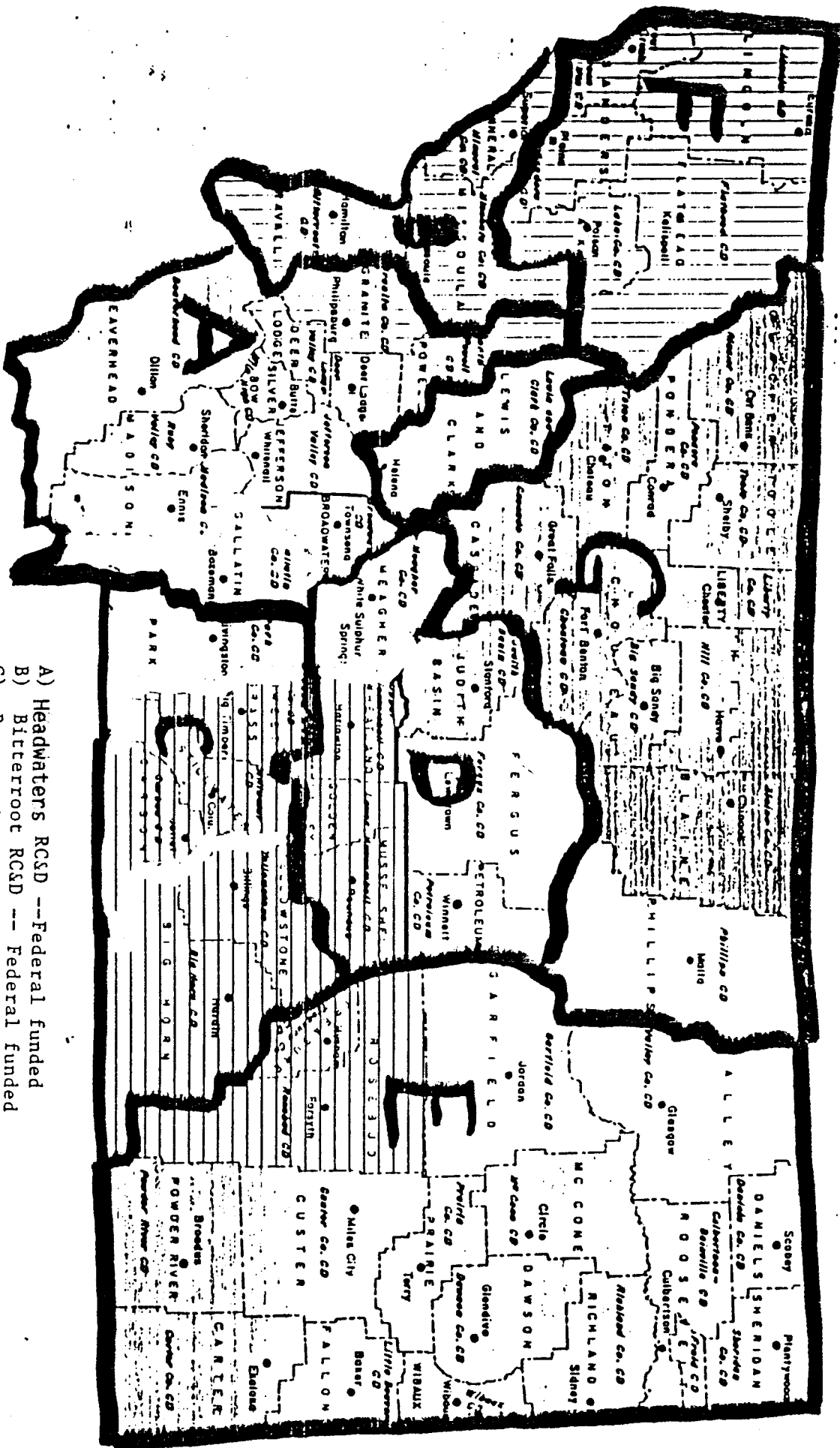
Inclosed are copies of The Montana RC&D Association's by-laws and copies of the minutes of the meetings held to date.

The Montana RC&D Association was formed to provide central coordination for the RC&D's in Montana and to provide technical assistance for starting new RC&D Area's in the state and for area's in the start-up process. Residents in Montana find the community and human development that is available through the RC&D process advantageous to our state.

Ex. 3
2-1-91
var. p. sub.

Resource Conservation and Development Districts (RC&Ds)





- A) Headwaters RCSD -- Federal funded
- B) Bitterroot RCSD -- Federal funded
- C) Beartooth RCSD -- Federal funded
- D) Central Montana RCSD -- State funded
- E) Eastern Montana RCSD -- proposed
- F) Northwest Montana RCSD -- proposed
- G) Northern Montana -- assistance requested

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of pages >

To <i>Mary Seccomb</i>	From <i>John Allhands</i>
Co. <i>Headwaters RC&D</i>	Co.
Dept.	Phone # <i>843-5392</i>
Fax # <i>496-4133</i>	Fax # <i>843-5577</i>

TO: Mary Seccomb

FROM: John D. Allhands

RE: Natural Resources Appropriations Sub Committee

DATE: January 30, 1991

Committee Members:

Having been a past chairman of the Headwaters RC&D for two years, I feel it is very important to have a state coordinator. While chairman of Headwaters RC&D we traveled from the northwest corner of the state to the southeast corner helping set up other RC&D's in three (3) areas.

I feel it was time very well spent for an essential organization. I can see where a state coordinator would be a great asset to the RC&D's of Montana to coordinate the existing RC&D's and to promote others in the state.

The Headwaters RC&D is one of the best tools I have seen in the state to provide economic benefits to the eight counties of Southwestern Montana. We have an Economic Committee ; Forestry Committee; Range Weed Committee and a Range-Big Game Committee. These are all extremely active committees with good participation from all counties involved.

I highly recommend appropriation for a State Coordinator.

Thank you.

John D. Allhands, Chairman
Board of Commissioners
Madison County

Ex. 3
2-1-91

February 1, 1991

TO; Natural Resources Appropriations Subcommittee Members

FROM: Mary J. Seccombe, Headwaters RC&D and President of the National Association of RC&D Councils

RE: Amending the DNRC Budget to include an appropriation for a Statewide RC&D Coordinator

Four years ago, Montana had three federally funded Resource Conservation and Development Areas in the State of Montana, the Bitter Root RC&D Area covering 3 counties, the Beartooth RC&D Area covering 3 counties, and the Headwaters RC&D Area covering 8 counties. At that time a goodly number of economic development projects was occurring in the Headwaters RC&D Area, and other counties in the state were interested in what was happening in the Headwaters Area. Many of the counties in Montana felt they would like to have an RC&D Area, and personnel in the Headwaters, as well as state and federal officials worked with the people in Central Montana to get an RC&D started. This has been accomplished and the RC&D Area is going strong. State as well as federal funding was used to get this accomplished. We are at the present time very optimistic that this RC&D will become the fourth federally funded RC&D in the State. An announcement will be made in Atlanta, Georgia next week, and we are extremely optimistic that the Central RC&D Area will be among the 15 new starts to be announced.

However, there are other counties in the state wishing to form RC&D Areas. The Eastern Plains RC&D Area, which consists of 16 eastern counties, is now working to become a viable RC&D Area. This area needs a full-time coordinator to work with the people in order to really make this go. They have a core group working at this time with some part-time assistance from a Soil Conservation Service District Conservationist to establish an RC&D Area. A full-time coordinator is greatly needed. After it is established and going, we fully intend to try to get this area established as a federally funded RC&D Area also.

Other counties in Montana are seeking to become an RC&D Area. Toole, Pondera, and I believe, Teton are interested in establishing an RC&D Area. We also have one partly established in the Eureka area, which will encompass 4 counties. They are also looking for assistance. The people in these rural areas see it as the way to get projects accomplished that can help their areas, and they feel the RC&D Program is the way to do it.

I have been involved with the Resource Conservation and Development Program for 18 years and I can attest to the fact that the RC&D Program is one of the very best programs established to help rural America. It is a grassroots program run by the local people who know what their problems and needs are. It is the solution for rural economic development in my estimation.

At this time, we are requesting that the Department of Natural Resources' Budget be amended to the amount of \$121,222.00 to fund a statewide RC&D Coordinator to work out

Ex. 3
2-1-91
Har. Res. Sub.

-3-

of the DNRC Office. This person would be responsible for working with these areas to get them established as fully viable RC&D Areas and to coordinate activities between the other existing RC&D Areas in the State. I, as well as many of my colleagues in the state, firmly believe that this is the way to go to really get rural economic development off the ground in Montana. In RC&D areas, the only paid personnel are the Coordinator and usually a clerk or secretary. All of the other people involved are **VOLUNTEERS** seeking to better their communities and the areas in which they live. We have proven that this program works, both regionally and nationally. It is without a doubt the most economic way for Montana, looking at financial problems, to develop their natural and human resources. Contract services have also been included in the amount being requested to have training workshops for the people who will be involved in these areas. This is also very much needed in order to bring them up to speed on how to get things accomplished.

I believe that this is a great opportunity for Montana to get rural economic development moving in the state without costing a great deal of money. It is by far the most economic way to go to develop our state through the RC&D Program because of the volunteer help. Because of the number of counties looking to become RC&D Areas in the state, it is taking a great deal of time on the part of those persons who have helped organize the Central Montana Area and Eastern Plains Area. It has become a burden and we feel we cannot continue as it stands today without some outside help. It is taking too many hours and too much travel for those persons who have in the past been willing to see these areas established.

Therefore, I respectfully request that the Natural Resources Appropriations Subcommittee give every consideration to the budget amendment for the DNRC in the amount of \$121,222.00 to fund a statewide coordinator to work with these areas, as well as other areas that may be interested, to become viable RC&D Areas and enable them to enhance their communities and areas, which in the end will also benefit the State of Montana due to economic gains.

Please help us to see that more RC&D Areas are established in our state to benefit our people, our communities and our state by amending the DNRC budget to include funding for the statewide RC&D Coordinator position.

Thank you for allowing me to present my views on this most worthy and needed position to you today.

Ex. 3
2-1-91
Nor. Res. Div

EASTERN PLAINS RC&D

1990 Report

1990 saw the beginning of the EASTERN PLAINS RC&D. Approximately 70 to 100 people attending 4 weekend seminars conducted by a consultant under the guidance of DNRC. In May of 1990, a structure committee was formed with one representative from each county, and work was begun on by-laws, articles of incorporation and etc.

The Eastern Plains RC&D encompasses 16 Eastern Montana counties and has authorization for representation from: 16 county governments, 16 conservation districts, 30 incorporated cities and Towns and 2 Indian Reservations.

ACCOMPLISHMENTS

The most noteworthy accomplishment of 1990, is the human resources that have been developed. Individuals in The Eastern Plains RC&D have discovered each communities strong and weak points, the result has been the development of working relationships that will be a substantial contributing factor to Montana's economic stability.

Many projects and issues have been discussed since establishment of The Eastern Plains RC&D. The volunteers of Eastern Plains RC&D believe that efforts to improve their communities, the state and the region will be long term contributions.

Activities and projects:

Transportation issues, their importance to rural Montana
Montana's highway system
Air Transportation
Railroads

Technical Assistance available in Eastern Montana
Marketing for locally produced products
Grant writing seminar
Trade and Information Exchange

Solid Waste Management, the mega-landfill issue,
Environmental protection issues
recycling
Incineration "

Educational opportunities, available in Eastern Montana
Adult credited and non-accredited classes
Telecommunications
Youth educational opportunities
Ag in Montana Schools
Telecommunications

Economic Development, projects that will stimulate growth

Tourism and Recreation

visitor's center in Wibaux

Video for promotion of communities

Museums

County Maps

RV Camping Center

Gambling

Expanding Port-of-entry hours Highway Rest areas

Hunting, availability of wild game

Agriculture

Dried flowers

Ethanol

Increasing Animal units, with increased production
of cropping

Waxy Barley Plant

Rural Health, maintaining basic health facilities & services

Medical Assistance Facilities Dental Clinics

Nursing Homes

Community Facilities, projects that promote community
wellness and resident contentment

Soft ball complex

Mini park

Sale of empty military base

Community Manufacturing, development of product and marketing

Caviar from Paddle fish

feed lot

Indian Bead Factory

Montana Beef

Community Development Financing

1 mill levy for economic development

Venture Capital Programs

Tax Increment Districts

NEED FOR STATEWIDE COORDINATOR

With all the projects and possibilities that are being
discussed for the 16 county area and on the county level, a
full time coordinator is mandatory for our RC&D. They would
be available to provide the technical assistance that is so
vital when working through the community and economic
development process.

A full time coordinator would be able to build a reference
library of projects and resources materials that would not
only assist The Eastern Plains RC&D but also be available for
new areas that are just beginning the development process.

Alfred Kuehn, Eastern Plains Chairman

BEARTOOTH RC&D AREA, INC.
Highlights

1990 was an eventful year for the Council of Beartooth RC&D Area, Inc. Some of the more significant events and activities are outlined below:

1. RC&D Area Expansion to include Sweet Grass County, Sweet Grass Conservation District, and Town of Big Timber.
 - a. Present counties: Carbon, Stillwater, Sweet Grass
 - b. Active representation from all but 3 potential sponsors.
2. Revised the bylaws, incorporated the RC&D area, and applied for and received a 501(c)3 designation by IRS.
3. Formed a new resource committee -- "Tri-Cyclers"
 - a. Formed in February; members include local elected officials, county and city employees, teachers, and other interested people.
 - b. Purposes: To assist local governments with significant public and school education program on the benefits and need for integrated waste management. To assist in the reduction of the volume and type of materials entering the waste stream.
 - c. Activities:
 - Equipment for waste stream volume reduction
 - Assist individual community recycling drives (8 so far)
 - Co-host MAP's EPA Solid Waste Training Seminar
 - Held 7 public meetings with speakers
 - Monitoring EQC, keep abreast of federal, state legislation
 - Held information exchange meeting with local candidates
 - School education task force set up:
 - Received grant to work with Eastern MT College
 - "to put on" 3-credit continuing education workshop for teachers (K-12, all subject levels)

1990 MEASURE ACTIONS

Projects as of 1/1/90.....30	Projects assisted.....24
Projects completed.....12	Projects cancelled..... 5
Projects adopted..... 9	Projects as of 12/31/90.....22

Need for a statewide RC&D coordinator:

- Information & legislative network
 - highways projects/funding
 - impact of the decrease of multiple use on public lands
 - assistance to keep up on current legislative proposals on several issues including solid waste, economic development, etc..
- Assist formation of new RC&D areas and expansion of RC&D process to areas not currently assisted.

CENTRAL MONTANA RC&D

January, 1991

Ex. 3

2-1-91

Yr. R. Sw.

Current Project Activities

1. Worked with patented claim owner and mining company to secure mining permit for basic element nutrient mining operation near Stanford.
2. Working with Coal Company to secure federal Coal for Land exchange and mining permit for underground mining project.
3. Working with Planning Board to secure and administer funding for automated Natural Resource/Infrastructure Analysis-GIS format.
4. Working with JB Conservation District and interested individuals to examine Forest Service sales procedures, alternative uses of disposed forest waste, and test marketing of wood products made from forest wastes.
5. Researching patent rights, foreign technologies, Standards and availability of process and equipment for building product using straw.
6. Worked with Dept. of Commerce on language and support for Micro Business Development Act Legislation.
7. Monitoring all legislation-sending proposed bills and subjects that affect business and industry to those affected in the RC&D area.
8. Working with Transportation Committee-information transportation, bus transportation, Road use tax issues, Highway construction funding distribution-Fed. & State.
9. Regional coordination effort by Noxious Weed Committee-public education, funding integrated pest management efforts.
10. Numerous inquiries and referrals for information, training opportunities, business ventures, etc.



CENTRAL MONTANA
RESOURCE CONSERVATION & DEVELOPMENT AREA

ECONOMIC DEVELOPMENT

Conservation Districts Division Budget Amendment

	<u>1990</u>			<u>1991</u>		
	<u>SCS</u>	<u>DNRC</u>	<u>TOTAL</u>	<u>SCS</u>	<u>DNRC</u>	<u>TOTAL</u>
1100 Personnel Services	\$17,150	\$17,850	\$35,000	\$17,150	\$17,850	\$35,000
2100 Contracted Services	15,600	13,850	29,450	15,450	15,000	30,450
2200 Supplies	1,000	850	1,850	1,000	850	1,850
2300 Communications	1,000	1,350	2,350	1,000	1,350	2,350
2400 Travel	3,250	2,250	5,500	3,900	1,600	5,500
3100 Equipment	<u>2,000</u>	<u>2,000</u>	<u>4,000</u>	<u>1,500</u>	<u>1,500</u>	<u>3,000</u>
TOTAL	\$40,000	\$38,150	\$78,150	\$40,000	\$38,150	\$78,150

Ex. 3
2-1-91
Mar. Pres. Ass.

MONTANA RC&D ASSOCIATION

MINUTES OF A MONTANA RC&D CONFERENCE CALL

JANUARY 7, 1991 - 8 PM

IN ATTENDANCE

Officers:

Charles Hahnkamp, President	Headwaters RC&D
Ken Minnie, Vice President	Central RC&D
Bob Van Oosten, Treasurer	Beartooth RC&D

Delegates:

Ellis Hagen	Eastern Plains RC&D
Tom Ruffatto	Bitter Root RC&D

Coordinators:

Monty Sealey	Central RC&D
--------------	--------------

National RC&D:

Mary Seccombe, President	Montana
--------------------------	---------

Agency Personnel:

Scott Hoag, Jr.	SCS
Ray Beck	DNRC

The meeting was called to order by President Charles Hahnkamp at 8:00 pm.

MEETING WITH GOVERNOR STEPHENS

Mary and Charlie reported on the meeting with the Governor. They and Karen Barkley, Director of DNRC had approximately 20 minutes to explain the RC&D program. Mary explained how the RC&D program works, where in Montana RC&D's have been formed and how they are funded.

They discussed the need for Rural Economic Development in the State and how the RIT application submitted to DNRC is important to the success of several proposed or fledgling RC&D's in Montana.

The group reported to the Governor that there is considerable bi-partisan support across the state for the Big-Sky Dividend proposal, news he seem pleased to hear. Also, that it is time for Montana to make an investment in it future,

this investment seems more possible with the "Big Sky Divided" proposal becoming a reality.

Charlie report to the Governor the types of programs and projects that the Headwaters RC&D has sponsored and supported.

Mary stated that Governor Stephens requested he be kept informed for the RC&D activities in the state.

Several representatives of the MT RC&D will be attending the Western Regional RC&D conference in Bismarck, ND. That group will be working on a proposal to be submitted to the legislature for amending DNRC's budget to allow funding for a full time coordinator for the State RC&D Association.

LEGISLATIVE NETWORK

The group agreed an information net work needs to be established as a vehicle to keep every abreast the legislature's actions. Ray stated he could track the legislative activities and make phone calls to keep us informed. The group agreed we need to determine a notification system that will be not put an excessive burden on anyone, but one that will keep everyone notified of legislative bills that are coming up for hearings.

USDA FUNDING

Mary and Scott reported that 12 new RC&D's will receive USDA funding this year. The RC&D's receiving funding will be announced at the RC&D National Conference, Mary will keep us informed.

NEXT CONFERENCE CALL/MEETING

The group agreed the next meeting would be held in Helena, on January 24th at 10 am, at the DNRC Office Building in Ray's office.

There being no further business, the meeting was adjourned at 8:45 pm.

Respectfully submitted,



Alyce Kuehn, Secretary
Eastern Plains RC&D

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MONTANA RC&D ASSOCIATION

MINUTES OF A MONTANA RC&D CONFERENCE CALL

DECEMBER 19, 1990 - 8 PM

IN ATTENDANCE

Officers:

Charles Hahnkamp, President
Alyce Kuehn, Secretary

Headwaters RC&D
Eastern Plains RC&D

Coordinators:

Mike Carlson
Monty Sealey

Eastern Plains RC&D
Central Montana RC&D

Agency Personnel:

Scott Hoag, Jr.
Ray Beck

Soil Conservation Service
Dept. of Natural Resources

The meeting was called to order by President Charles Hahnkamp at 8:00 pm.

MEETING WITH GOVERNOR STEPHENS

Scott reported that Mary Seccombe has not been able to secure a meeting with Governor Stephens as yet. We will all be kept informed of her progress.

STATE-WIDE RC&D ASSOCIATION COORDINATOR

Everyone agreed that the DNRC staff has been stretched thin providing the necessary support to the individual RC&D's and the State-Wide RC&D Association. It was the consensus of the group that a coordinator for the state-wide RC&D is mandatory if the association is to function as desired. Alyce reported that she and Mary have discussed this issue with Karen Barkley and she was not opposed to the State-Wide RC&D Association's coordinator being part of her staff and funded through DNRC's budget. Ray reported this would require a budget amendment for DNRC's budget through the legislative process. The group discussed the legislators that could be approached to carry this legislation.

Alyce will line up a legislator that will carry this budget amendment to the Natural Resources Sub-Committee, a legislator that is respected, knowledgeable and supportive of the RC&D movement in the state.

Ray will find out the legislators that are serving on the Natural Resources Sub-Committee. Ray also reminded everyone that DNRC's budget has been included under the State Lands budget for this biennium.

Monty reported he would be in Billings to a "Region 2000 Unity" conference with Dr. Winters. He will find out what Dr. Winters has been working on with regard to RC&D issues.

Mike Carlson will be in Butte over Christmas week, he will check with the Headwaters RC&D coordinator and Mary Seccombe finding out their most recent activities with regard to RC&D issues.

USDA FUNDING

Scott reported he is optimistic that the central Montana RC&D will receive USDA funding.

Scott stated when Central Montana does receive USDA funding, he and Mike will begin the process of putting together an application for The Eastern Plains RC&D so it can be placed on a list of RC&D's waiting funding.

Scott mentioned that The Rural USDA Development Council will have pilot programs in 8 Mid-Western and South-Western states. He suggested there may be more information available about these programs at the Western Regional RC&D Conference in Bismarck, North Dakota.

DNRC FUNDING

The group discussed letters written from Carter County and Dawson County Conservation Districts requesting DNRC budget line-item funds to aid The Eastern Plains RC&D into a more matured operational state. At the next Board Meeting of the Eastern Plains RC&D, the other Conservation Districts in The Eastern Plains RC&D will be requested to sign off as supporting this request.

Ray stated that when Central Montana RC&D receives USDA funding, that would in turn free up some DNRC funds that could be used for the Eastern Plains RC&D.

THE BIG SKY DIVIDEND PROPOSAL

A discussion was held regarding the "Big Sky Dividend" proposal. The group agreed that implementing this program through DNRC was much more desirable than through the CDBG program at the Department of Commerce. Everyone also agreed this would be a very delicate issue as Chuck Brooks, Director of the Department of Commerce has been given this program by the Governor.

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Alyce reported she had received information from Chuck Brooks regarding the structuring of this program, she will distribute this information to everyone on this conference call. It was generally agreed to hold off on pursuing this issue until meeting with Governor Stephens as the "Big Sky Dividend" program is only a Governor's proposal at this stage and in a very precarious position with the large democratic majority make up of the legislature.

LOBBY EFFORTS

Monty Sealey reported that the local Economic Development Board in his area has hired a full time lobbyist that will work on only business and development issues of that board. Monty suggested that help in lobbying for some of the RC&D issues could come from this source. This Board will meet once per week to give their lobbyist direction on issues.

Several legislative issues were discussed: to name a few: Timber issues .. Coal Severance Tax .. Agricultural issues Visitor's Center at Wibaux .. Highway issues & funding .. Economic Development Issues .. Water related issues ..

Charlie suggested everyone should obtain copies of the Micro-business finance bill to better understand the legislation that is being sponsored by the Headwaters RC&D. This legislation will be carried by legislator Larry Grindy.

HIGHWAY ISSUES AND FUNDING FOR HIGHWAYS

Monty reported that the "Region 2000 Unity" group in Billings is looking into the formula for state gas tax distribution that was adopted 14 years ago. They are looking for ways to re-allocate those funds that would distribute more to Eastern Montana. He will report further on this issue at a later date.

It was suggested that we circulate a paper that would state in detail our position on highway issues.

Monty confirmed Central Montana's RC&D's Transportation Committee is Chaired by Kathy Williams
Box 391
Hobson, Montana 59452

COMMUNICATION/FLOW OF INFORMATION

It was agreed that communications and the flow of information to everyone across the state is vital. The group agreed to try an information flow wheel. The individuals chosen by the group to begin the information wheel process are as follows:

1. Charles HahnKamp, Headwaters RC&D
2. Mary Seccombe, National RC&D

3. Ray Beck, DNRC
4. Scott Hoag, Jr, SCS
5. Keith Roberts, Bitter Root RC&D
6. Debbie Taggert, Eureka RC&D
7. Bob Tribelhorn, Beartooth RC&D
8. Monty Sealey, Central RC&D
9. Mike Carlson, Eastern Plains RC&D

(explanation, diagram and addresses attached to these minutes)

NEXT CONFERENCE CALL/MEETING

The group agreed it was important to have another conference call as soon as possible. The next one is set for: January 7, 1991 at 8:00 pm - Scott will make the arrangements.

There being not further business before the group the meeting was adjourned at 9:20 pm.

Respectfully Submitted,



Alyce Kuehn, Secretary
Eastern Plains RC&D

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MONTANA RC&D ASSOCIATION

MINUTES OF THE MONTANA RC&D MEETING

1ST ANNUAL MEETING - NOVEMBER 15, 1990

ATTENDING:

Officers:

*Charles Hahnkamp, President	Headwaters RC&D
*Ken Minnie, Vice President	Central RC&D
*Alyce Kuehn, Secretary	Eastern Plains RC&D
*Robert VanOosten	Beartooth RC&D

Delegates:

Marianne Hanser	Yellowstone C.D.
*Tom Ruffatto	Bitter Root RC&D & CD
Bill J. Dill	Phillips C.D.
Martha Haverkamp	Beartooth RC&D
Celeste Schwend	Beartooth RC&D
Leonard Schock	McCone CD/Eastern Plains
*Ellis Hagen	Eastern Plains RC&D
Bob Tribelhorn, Coordinator	Beartooth RC&D
Monty Sealey, Coordinator	Central RC&D
Caprice Gregory	Rosebud County RC&D & CD
Wayne P. Marcer	Wibaux CD & RC&D
Steven Marstaeller	Sweetgrass CD/Beartooth
Stan Marciniak	Wibaux CD & RC&D
Ted Dodge, Coordinator	Headwaters RC&D
Emily Tafoya,	Headwaters RC&D
Dan Ueland	Silverbow CD & HW RC&D
*Vicki McGurie	Eureka Devel. Council

* Designated Representatives to State Wide RC&D

National RC&D Association

*Mary Seccombe, President	National RC&D/Headwaters
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Agency Personnel:

Dick Gooby	Soil Conservation Service
Galan Bridge	Soil Conservation Service
Bob Raschke	National Association of CD
Gorden Watson	Soil Conservation Service
Scott Hoag, Jr.	Soil Conservation Service
Ray Beck	Dept. of Natural Resources

The Meeting was called to order by President, Charles Hahnkamp at 10:45 am.

ADOPTION OF THE BY-LAWS

Copies of the By-laws were distributed. Discussion to approve the by-laws resulted in postponement for approval until later in the meeting to give the delegates time to review by-laws as presented.

NEW MEMBER - EUREKA DEVELOPMENT COUNCIL

Vicki McGuire, Lincoln Co. CD District Manager, requested The Tobacco Valley Economic Development Council be recognized as a member of the Montana RC&D Association. Mary Seccombe motioned, Alyce Kuehn seconded, and the motion carried authorizing The Tobacco Valley Economic Development Council to participate on a nonvoting basis until their RC&D has been formed and their board of directors have been elected, at that time they will become a voting member

The delegates agreed that the vehicle for new RC&D organizations in Montana to become a member of the Montana RC&D Association is to present a petition, either verbal or written requesting membership status.

NATIONAL ASSOCIATION OF RC&D COUNCILS

Mary Seccombe,	President	....	Montana
Jeanette Jamison,	1st Vice President	....	Georgia
Peggy McNeill,	2nd Vice President	....	New Jersey
Paul Hunter,	Secretary	....	Kansas
Steve Driver,	Treasurer	....	Connecticut
Dick Karsen,	Legislative Liaison	....	Michigan

Mary Seccombe, President
National Association of RC&D's
P. O. Box 644
Butte, Montana 59703-0644
Phone: Office 496-4128 Home 723-8414

Mary Seccombe, was in attendance at the meeting and reported on the National RC&D Organization. A logo has been adopted. The National organization now has representation from all the states, additionally The Virgin Islands, Guam have beginning organizations and Porto Rico has long been established.

A newsletter "THE NATIONAL CATALYST"- Making Things Happen; will be distributed to all the State RC&D organizations. The newsletter will be printed by the Texas League Office of NACD, Mary requested those wanting on this mailing list contact her. The cost of printing will be approximately \$1,000.00 per issue, The National Association of RC&D's and SCS will participate in the funding. The articles in the newsletter will consist of articles from coordinators and directors of RC&D's, SCS, NACD and etc. Mary urged articles be written and submitted from Montana. Everyone agreed there

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are a significant number of important RC&D activities being experienced in the state that should be reported to others.

Mary also stated that the National RC&D Association officers are requesting legislation to assist in securing funding for a National RC&D coordinator. The coordinator should be within commuting distance to Washington D.C., allowing them to be active in the National legislative activities. Additionally a 12 member group of The National RC&D Association are putting together a program applying for a grant to fund an office and staff for the National Coordinator.

Mary stated the dues to the National RC&D is \$25.00, she requested payment of these dues.

Mary reported that the National RC&D Association will hold a Western Regional meeting in Bismarck, North Dakota January 15th through the 18th. The delegation agreed how important it would be to have Montana participation at this meeting. Mary emphasized that attending would be a valuable learning experience and would go a long way in demonstrating the RC&D activity being experienced in Montana at a time when securing USDA funding for Central Montana RC&D is critical.

AREA REPORTS

BEARTOOTH RC&D - *Robert VanOosten and *Gene Langhus
Bob Tribelhorn, Coordinator
Drawer J
Joliet, Montana 59041-0229
Phone: 962-3641

Their group are promoting a recycling program. They have applied for grant funding to assist with funding and education, schools are also involved in the project. Other projects they are involved with are recreation, weed control and infrastructure.

BITTER ROOT RC&D -*Tom Ruffatto and *Gary Mason
Keith Roberts, Interim Coordinator
1709 N. 1st Street
Hamilton, Montana 59840-3112
Phone: 363-5450

Their group are very open to projects, and almost any area projects presented to them they participate in. The Trapper Creek Job Corp Program in Missoula is one of their projects. They are assisting a group of inventors with marketing and they are the host agency for a telecommunications bulletin board system (BBS).

CENTRAL RC&D - *Ken Minnie and *Sue Olson
Monty Sealey, Coordinator

P. O. Box 656
Roundup, Montana 59072
Phone: 323-2755

Their group are involved in many issues. To date a committee has been appointed for a noxious weeds program, this program will spearhead the elimination of the take over of weeds on range and crop lands. The Economic Development Committee is heavily involved in the issues of a commercial fish farm, and underground coal mining. The coal mining could represent approximately 9% of the production of Montana's coal and double the REA power production. They have applied for a planning board grant to fund a National Resource geographic inventory in the area, may cost \$100,000.00 but could include other counties.

EASTERN PLAINS RC&D - *Alyce Kuehn and *Ellis Hagen
Mike Carlson, Coordinator
102 Fir Ave. F.P.
Glendive, Montana 59330
Phone: 365-5565

Their group have nearly completed the organization activities. They are presently being served by a part time coordinator provided by the Soil Conservation Service. They are also working on securing funding, office space and office staff for their coordinator. A full time coordinator is a must for their RC&D to become effective. They have identified and appointed 3 committees for important issues. Their Big Sky Committee will make an effort to be involved in the drafting of the regulations for the disbursement of the grant funds through the Governor's Big Sky Dividend Program. Their Name and Logo Committee have satisfied half of their duties, following the name of Eastern Plains RC&D being chosen, they are presently sponsoring a logo contest. Their legislative committee has been involved in gathering issues that will be presented and/or sponsored at the legislature. The committee will be continue to be very active in legislative activities throughout the duration of the legislative session.

HEADWATERS RC&D - *Charles Hahnkamp and *Mary Seccombe
Ted Dodge, Coordinator
305 West Mercury
Butte, Montana 59701
Phone: 782-7333

They have a very well organized RC&D, with 5 committees. Their Committees consist of the following: Big Game, weeds, Forestry, Economic Development, and Water. Each of these committees are very active on several issues. Projects they are involved consist of the Magpye - Canola Development, agricultural incubator and a business incubator and government procurement to name a few. The Headwaters RC&D

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has a staff of 8 and hire 6 consultants. They have on going at least 50 different projects and most recently have secured a large grant from The Northwest Area Foundation. They are presently working on securing EDA designation and funding.

EUREKA DEVELOPMENT COUNCIL - *Vicki McGuire

Their group received a grant from the Forest Service to hire one person in each county to do a business inventory. Their group consists of 4 counties and they recently ran a 1 mill economic development levy, which was defeated. They will be approaching the Forest Service for additional funding.

AGENCY PERSONNEL REPORTS

DNRC and MACD - Ray Beck and for Peggy Parmelee

Ray stated that Rural Economic Development are big issues both at the Federal and State legislatures, and support will be necessary for these issues. He also stated that it would be important that the state RC&D substantiate DNRC's request to the legislature for funding for the RC&D's in the state. This application is for \$179,000.00 to help existing RC&D's and to assist future RC&D activities and development across the state.

SCS - Scott Hoag, Jr.

Scott stated that his office would be able to assist in mailings, arranging conference calls and calling to keep RC&D's around the state informed on legislative issues.

Scott also distributed a "Purpose Statement" from Dean Graham, Director for the Forest Service Northern Region on their Strategic Plan for the Rural Economic Diversification through Amenity Resources in the 90's. Scott will keep us informed on this issue.

LEGISLATIVE ISSUES

Recycling issues - Beartooth and Eastern Plains
Educational issues for the public on the benefits of recycling, Sub-Title D, landfill regulations that will be in place in Montana on January 1, 1991. How old appliances, old tires, and used motor oil will be disposed of. And how the rulings of the Environmental Quality Council will affect the state's regulations for the disposal of solid waste.

Lumbering and sawmills - Central RC&D
Standards for sawmills, post plants and the lumber business, beware these as could be very detrimental to Montana businesses.

Financing for very small business - Central RC&D

Is important that business start up funds be available for loans under \$20,000.00

Visitor's Center at Wibaux - Eastern Plains RC&D

The site has been chosen but funds have yet to be allocated

Paddle fish, caviar project - Eastern Plains RC&D

expanding the site and cost share with Fish, Wildlife & Parks

Highways, classifications and funding-Eastern Plains & Eureka

The U.S. Highway Commission's proposal to the State Highway Commission on elimination of some of the funding presently available Primary Highway System.

The Big-Sky Dividend - Eastern Plains RC&D

RC&D's need to be involved in the drafting of regulations for the Big Sky Dividend Grant Program

Agricultural Water Resources - Headwaters RC&D

(see attached explanation)

Economic Development - Headwaters RC&D

(see attached explanation)

Forestry - Headwaters RC&D

(see attached explanation)

The meeting was adjourned at 12:00 noon, scheduled to be reconvened at 4:30 pm

The delegates discussed the networking necessary to have a successful legislative year. Scott Hoag, Jr. stated that his office could handle contacting 2 to 3 key people in each RC&D. It would then be up to those individuals to spread the word within their own RC&D.

The group agreed how important it was that each legislative committee prepare a packet to be distributed throughout the state so everyone was well informed on the issues being pursued and why.

Mary reported that it is vital to the success of the Montana RC&D Association that we secure approximately \$200,000.00 to provide for a state coordinator's salary, office and staff. The Legislative Committee should present legislation that would fund this request.

The Executive Board agreed to hold a conference call on December 19th, at 8 pm. Scott will arrange for the call to be set up with all RC&D's in the state.

Mary and Charles stated how important it was for our group to meet with the Governor and the leaders of the legislature

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as soon as possible. The MT RC&D will have significant impact on legislative issues this year and it is important that Governor and the legislator's be made aware of our existence and our concerns.

Mary reiterated that it is important that Montana have good presentation at the Western Regional RC&D Conference that will be held at Bismarck, North Dakota in January.

The Group noted that Ted Dodge and Emily Tafoya will be missed when they make their move to Alaska in December, everyone wished them success with their new positions.

Charles presented the by-laws for formal adoption. Alyce Kuehn motioned, Dan Ueland seconded and motion carried that the by-laws be amended as following:

Article II, Section 1, "The Board of Directors of the Association shall consist of two designated representatives from each RC&D Council".

Article IV, Section 3, "Each RC&D will have two votes.

Dan Ueland motioned, Ken Minnie seconded and the motion carried approving and adopting the by-laws for the Montana RC&D Association.

There being no further business before the delegates the meeting was adjourned at 5:35 pm.

Respectfully submitted,


Alyce Kuehn, Secretary

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MINUTES FOR THE
MONTANA RC&D ASSOCIATION

CITY CENTER MOTEL; BOZEMAN, MONTANA
JULY 26, 1990

Meeting was called to order at 10:00 a.m. by Mary Seccombe.

Those in attendance were:

Emily Tafoya	Ted Dodge	Sue M. Olson
Lynn Webber	Ken Minnie	Skip Lynch
Peggy Robles	Martha Haverkamp	Celeste Schwend
Bob Tribelhorn	Charles Hahnkamp	Scott Hoag Jr.
Gene Langhus	Gordon Watson	Mike Carlson
Alyce Kuehn	Wesley S. Plann	Scott Foulger
Scott Kaiser	Ray Beck	Steve Schmitz
Mary J. Seccombe		

Mary started off the meeting as to why she felt a statewide RC&D Association was necessary:

1. Coordinate Activities
2. Work on state projects - Work with SCS on priorities and budget.
3. Work toward more funding for RC&D, both at the state and federal levels.
4. Work with the National Association as well as the Western RC&D Association.

Governor Stephens is calling for a Governor's Economic Development meeting on October 11, 12, and 13th in Helena. Officers of the statewide RC&D should be in attendance at this meeting, and should request to be made a part of it.

PLAN OF ACTION

1. Communication - all types between RC&Ds
2. SCS - Be more aware of what RC&D is and what it accomplishes - should have representatives at meetings
3. Tie Conservation Districts into the program
4. Make public more aware - benefits of what RC&D is and can do
5. Work on more agency involvement
6. More involvement of county commissioners
7. Need help at Top, DNRC, MACD, SCS, to get help with Extension - Meet with Dave Sharpe and Allen Bjergo and work something up with them
8. Future state and federal funding for RC&D activities
9. Legislative proposals
10. Network for Communication

All RC&Ds should meet before the Governor's Economic Development meeting and put together a plan - state how coal monies should be spent.

Peggy Robles talked about infrastructure - MACD and conservation districts looking to RC&D for support for MACD efforts.

Nomination of officers was held with the results as follows:

Ken Minnie nominated Charles Hahnkamp for Chairman. Sue seconded the nomination. It was moved, seconded and passed that all nominations cease and that a unanimous ballot be cast for Charles Hahnkamp for Chairman of the statewide RC&D Association.

Sue Olson nominated Ken Minnie for Vice-Chairman. Lynn Webber seconded the nomination. It was moved, seconded, and passed that all nominations cease and that a unanimous ballot be cast for Ken Minnie for Vice-Chairman of the statewide RC&D Association.

Lynn Webber nominated Alyce Kuehn for Secretary. Martha Haverkamp seconded the nomination. It was moved, seconded and passed that all nominations should cease and a unanimous ballot be cast for Alyce Kuehn for Secretary of the statewide RC&D Association.

Martha Haverkamp nominated Bob Van Osten for Treasurer. Gene Langhus seconded the nomination. It was moved, seconded and passed that nominations should cease and a unanimous ballot be cast for Bob Van Osten for Treasurer of the statewide RC&D Association.

It was decided at this time that the dues be set at \$50.00 per RC&D for the statewide RC&D Association.

The next meeting of the Association will be the day before the Governor's Conference, to put together a plan to present to the Governor's Economic Development Committee to further the RC&D Program in the State of Montana.

It was also noted previously that ex-officio members also attend the meeting, as well as representatives from other organizations to meet the day before the Governor's conference.

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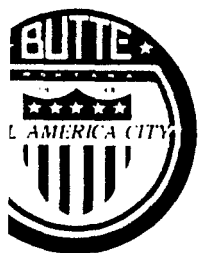
BYLAWS

OF THE

MONTANA

<RC&D>

RESOURCE CONSERVATION AND DEVELOPMENT
ASSOCIATION



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BUTTE LOCAL DEVELOPMENT CORPORATION

DATE: January 31, 1991

TO: Appropriations Joint Subcommittee--Natural Resources

FROM: Evan Barrett, Executive Director *EB*
Butte Local Development Corporation

RE: RC&D Funding

It has come to my attention that additional funds will be requested from your subcommittee for a statewide coordinator for Montana RC&D's.

I strongly urge your support for this funding.

Economic development is a worthwhile investment because our state and local communities see the return in increased tax base as communities grow and develop. And, in my opinion, the most successful programs for multi-county and regional coordination in economic development are the Resource, Conservation and Development (RC&D) programs.

In Southwestern Montana, we've been fortunate to have Headwaters RC&D (HRC D) involved as a dynamic coordinating and communication force. Perhaps their greatest success has been in their active pursuance of federal, state and private grants to fund programs and projects, including maintenance and expansion of Headwaters staff.

Their effectiveness in coordinating divergent communities' priorities and establishing mutual support networks has resulted in successful programs and projects including:

1. Area-wide Urban Forestry: begun in Drummond, the HRC D coordinated the support of all seven counties behind Drummond; since that successful first step, Butte too has implemented an urban forestry program that is scheduled to expand in 1991-1992.
2. Rural Economic Development Incubator (REDI): working with the National Center for Appropriate Technology (NCAT) in Butte, HRC D initiated and supports a "Business Incubator Without Walls" that has gained the respect of local economic development organizations and private business for their excellent services to small and start-up businesses throughout the region, including Butte-Silver Bow.

3. Southwest Montana Agricultural Business Incubator (SWABI): HRCD established SWABI to assist individuals and businesses on a circuit rider basis with marketing assistance on agribusiness projects. As Butte-Silver Bow diversifies its own economy into agribusiness, the eight county coordination exemplified by SWABI was helpful.
4. EDA Grants: HRCD was instrumental in coordinating the various economic development organizations in the eight counties to obtain formal recognition by the US Economic Development Administration as an Economic Development District through HRCD. This effort, which we anticipate will be successful, will be extremely beneficial to our area efforts to receive EDA grant monies.
5. Montana International Trade and Commercial Development Center, Inc.: HRCD was instrumental in completing a funding search for the Center and assisted in the preparation of a concept paper to obtain federal funding. Again, eight county participation was vital to establishing need and community support for the Center.

Again, I strongly support the expansion of RC&D's statewide. There can be no doubt as to their contribution to economic development, and with the availability of a statewide coordinator, the benefits we've gained in working with HRCD can be experienced by other communities throughout the state.

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P.O. BOX 326 • (406) 296-2521 • EUREKA, MONTANA 59901

Memo

Date: 1/30/91

To: Montana Legislators

From: First National Bank of Eureka
Erin Goosey, President

Re: R.C. & D. funding legislation

It has come to my attention that there is legislation pending that will determine the amount of funding that will become available for rural economic development. In order for your committee to have the benefit of our experience I ask that you consider the results of a pilot rural economic development project that was initiated in our area approximately two years ago as follows:

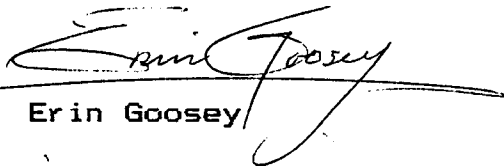
1. A group of individuals from diverse backgrounds and interests from our community were galvanized into an action committee that has faithfully pursued economic development opportunities.
2. We now have the border station at Roosville open 24 hours per day as a direct result of the lobbying effort initiated and pursued by the Economic Development Council(EDC). This has had a significant impact on local trade with the Canadians.
3. A block grant in the amount of \$230,000 was awarded to the Town of Eureka as a result of applications prepared by the members of the EDC. This was utilized to provide start up funds for the Eureka Pellet Mills, Inc. Project and we now have over 30 people employed locally who would have left the area in search of jobs without the presence of the mill.
4. Through the efforts of the EDC the highway projects scheduled for the completion of 93 North to the Canadian border will be completed far ahead of the original schedule including the renovation of the main street of Eureka. These projects are extremely important to our community as Highway 93 is a main artery from British Columbia through Eureka to major vacation and recreation areas of the state.

5. Because of the work that the EDC has completed our area was able to spearhead an effort to obtain a grant from the U.S. Forest Service for the purpose of determining those areas of commonality between our community and those surrounding us. The grant in the amount of \$47,000 was awarded to our area and this process is now in progress. Our area was in competition with others from across the U.S. which indicates the quality of work that resulted from the EDC's preparatory efforts.

6. The EDC has been instrumental in creating a strong coalition within our community through which groups are now working toward common goals.

I sincerely encourage your committee's support of funding for rural economic development. As you can see it has had a significant impact on the future of our community.

Sincerely,


Erin Goosey

The following identifies those under contract during the third quarter of 1990: Schafer and Associates, Montana Bureau of Mines and Geology, National Center for Appropriate Technology, Gary Spaeth (Lawyer), Celestine Lacey, Aquoneering, John Lacey (MSU).

HEADWATERS RC&D ACTIVITIES

Each of the eight counties of the HRC&D has realized a need for a coordinated program to plan for the future economic and social well-being of the entire area.

The following HRC&D activities is the direct result of local citizens decision on their own course of action starting from a grass-roots level using the project approach to address the areas problems. Table 1 is a summary of project activity. Table 2 summarizes the number of projects by county and multi-county.

Table 1: Headwaters Project Summary January 1, 1990 Through December 31, 1990.

The following is a breakdown for Headwaters project activities during 1990.

Projects assisted.....	38
Projects completed	10
Projects canceled.....	4
Projects Still Active.....	24

Table 2: Projects by County.

COUNTY	NUMBER OF PROJECTS		
	HRC&D	PTA	REDI
Beaverhead	2	0	5
Broadwater	0	1	2
Deer Lodge	4	2	1
Granite	3	1	2
Jefferson	0	-	0
Madison	2	0	3
Powell	0	1	1
Silver Bow	1	6	4
Area Wide	26	-	-
Total	38	11	18

Grand total of all projects 67

HRC&D - Headwaters RC&D Area, Inc.

PTA - Southwest Regional Procurement Technical Assistance Center

REDI - Rural Economic Development Incubator

Beaverhead County:

Big Hole River Project: A active project to stabilize the Big Hole River near Melrose by preventing a channel change which would cause economic damage to landowners, county property and recreational groups. The Headwaters assisted in the preparation of a grant request for \$35,027. The sponsors for the grant were the Beaverhead and Mile High Conservation Districts, the Skyline Sportsmen, Beaverhead and Silver Bow counties, the Montana Department of Fish, Wildlife, and Parks, and individual landowners. A grant for \$18,400 was approved by the 1989 Montana State Legislature. The contract for the project has been developed and work is scheduled to begin in the spring of 1991.

Women's Resource Center: A project to obtain operating funds for the Center. As the Center was not ready to proceed the project was cancelled.

Broadwater County:

No projects at this time

Deer Lodge County:

Reclamation Techniques for Heavy Metal Contaminated Agricultural Lands: A project to reclaim agricultural lands contaminated by past mining and smelting activities. Phase one's final report on the project was completed. Phase two, using RIT funds, has been completed. In addition, an interim report as well as the vegetative portion of the project was completed. An extension of one year was approved for the groundwater portion of the project. This was necessary to obtain adequate soil moisture data. In addition, an additional \$221,412 grant to take the plot work results to field scale was submitted to the Reclamation Development Grant Program for submission to the 1989 Montana State Legislature. However, the Long-Range Planning Sub-Committee recommended no funding for the project. This project is complete.

Anaconda Soil Stabilization and Erosion Control Project: A active project to reclaim approximately 3,000 acres adjacent to the City of Anaconda. To date, a total of 175,000 trees have been planted. In 1987 and 1988, using RC&D funds, forty-six acres of grass seeded by hand and with equipment along with 10 acres of shrubs were planted. In addition, a new agreement to use \$53,358 in RC&D funds to plant trees and shrubs in 1990 and 1991 was signed with the city. Work is underway to develop the contract for \$63,300 approved for the project by the 1987 Montana State Legislature. Additional tree planting was conducted during the spring 1990. Additional trees will be planted in the spring of 1991.

Clark Fork Reclamation Demonstration Project: A active project in cooperation with the RC&D, the State of Montana Governor's Office, and the Deer Lodge Valley Conservation District to research and demonstrate reclamation techniques on the Clark Fork River streambank, riparian zone, and adjacent agricultural lands. Prior to leaving office, Governor Schwinden signed over the project management to the Headwaters RC&D Area, Inc. A plan of work for the project was accepted by the DNRC. Field work is now being carried out as schedule.

Washoe Park Tree Planting: A active project to replace aging trees in Washoe Park located in Anaconda, Montana. The HRC&D forester is working with the city to develop a plan.

Granite County:

Shakes and Shingles Project: A active project to develop shakes and shingles from Lodgepole pine. Assistance was given in the development of a grant to cover part of the testing costs and market study required under International Codes Building Organization (ICBO). A grant for the project was prepared and submitted to the Montana Science & Technology Alliance (MSTA). However, the grant was not approved so the project sponsor obtained private funding to conduct the tests at a private testing lab. Tests have been completed. The Headwaters assisted with a \$20,000 grant request submitted to the Economic Development Administration to conduct a market study and obtain assistance for the project from the University Technical Assistance Program (UTAP). This grant was approved for \$26,000. The market study is nearing completion. UTAP has assisted with special equipment design, the EDA grant development and implementation of the market study. In addition, UTAP has agreed to assist with the plant design if the market study proves successful.

Demonstration Ice Block: A active project with the Granite County Conservation District to sponsor a \$99,979 grant application to the Water Development Grants Program for the submission to the 1991 Montana State Legislature. The purpose of this demonstration project will be to determine the feasibility of storing water in the form of ice blocks for augmenting water supplies in Montana. Cooperating entities consist of the Headwaters RC&D Area, Inc., the Montana State University and the Montana Bureau of Mines and Geology.

Drummond Tree Project: The project was to create an urban forestry project for the town of Drummond and to screen the Montana Rail Link Tracks. This project was expanded to a multi-county project. Now it is now called the Area-Wide Urban Forestry project.

Jefferson County:

No projects at this time

Madison County:

Madison Certified Weed Free Hay Project: A project to develop an area located in Madison County open only to guaranteed quality certified weed seed free hay and organize a growers group capable of producing the hay. Meetings were held with Madison County Weed Coordinator, U.S. Forest Service, BLM, FW&P, Ruby Valley C.D., a landowner, a representative of Cooperative Extension and the Headwaters RC&D. The Forest Service took the lead in developing the weed seed free hay area. Montana Agri-Producers Inc. (MAGPI) subcontracted with Madison County to organize growers and carry out the certification program. A \$65,500 grant application was submitted to the Governor's Weed Trust Fund to conduct the market study and implement the certification program, however, this grant was not approved. An additional, \$15,000 grant request was submitted to the Montana Growth Through Agriculture Council for the market study. This application was approved and work is underway. The Cooperative Extension Service (CES) in Jefferson and Madison counties developed a hay certification program. The Montana Department of Agriculture selected MAGPI to attend a quality hay program. MAGPI used private funds to develop the weed seed free certified hay pellets. The Cooperative Extension Service and Montana State University personnel assisted in the development of the pellets. Madison County received an additional \$2,500 grant from the Governor's Weed Trust Fund Committee to organize the certification program. This project is completed.

Virginia City Economic Development: A active project to assist Virginia City with the preparation of an economic development plan and provide on-going assistance with its implementation. The HRC&D staff completed a funding search for the town and the group was assisted by Dave Sharpe from the Cooperative Extension Service with a goal-setting session. Virginia City placed this project on hold and was therefore cancelled by the Headwaters. However, a new effort has organized and requested the Headwaters to conduct another goal-setting session assisted by Dave Sharpe and the Headwaters. Headwaters staff is awaiting future direction from the City at this time.

Powell County:

No projects at this time.

Silver Bow County:

Saint Lawrence O'Toole Church Renovation: The Headwaters staff is assisted the Saint Lawrence Church Association with the development of a grant request to preserve the church's interior. The project is completed.

Multi-County.

Weed Control Cost-Share: An active project to obtain funding for coordinated weed control efforts by ASCS. The Headwaters Range/Weed Committee along with the Montana Weed Control Association and others met with ASCS officials in Washington D.C. and Montana. Charles Hahnkamp travelled to Washington for the last three years with other states to talk with agencies and congressmen about the noxious weed problem and possible programs. The Montana Congressional Delegation and a number of Montana Legislators have been assisting in this effort. A grant of \$2500 was received from the Montana Governor's Weed Trust Fund to pay for a study on the impact of knapweed on rangeland erosion to support the need for ASCS cost-share. This study has been completed and was provided to all of the involved parties. Senator Baucus has introduced federal legislation to create a weed control cost-share program. The Headwaters is actively supporting this legislation. A grant of \$500 was received from Dow Chemical and contracted out to a private consultant (Cel Lacey) to prepare a proposal requested by the Montana State ASCS Committee, which has been forwarded to Washington D.C. This proposal would create a pilot cost-share weed control program in the Headwaters RC&D Area, Inc.

Water Resource Development & Conservation Accelerated Services (Southwest Montana Energy and Water Conservation Program): A active project where the Headwaters RC&D worked with 8 conservation districts, Soil Conservation Service (SCS), the National Center for Appropriate Technology (NCAT), and the Department of Natural Resources and Conservation (DNRC) to provide a seven-county education, technology transfer, and technical assistance program for promoting energy efficient irrigation water management. A grant of \$99,662 was submitted to Agricultural Energy Conservation Program Oil Overcharge Program. A \$25,000 grant was approved in 1988, but after a review of what could be accomplished at that funding level, the grant was returned and a new grant application was submitted. In 1989, a grant of \$44,800 was approved and the project was underway. NCAT is providing a 4 person crew trained in carrying out the field work. To date, 56 field audits have been conducted. Additional efforts to sign up other landowners is currently underway.

EDA Grant: A active project to obtain formal recognition by the Economic Development Administration as a Economic Development District through the Headwaters RC&D Council.

Headwaters staff is working with the Economic Development Committee to complete the application at this time.

Start-Up Fund: A active project to create a seven county start-up loan fund for small businesses under the direction of the Headwaters Economic Development Committee. Through the leadership of Dave Martin from Powell County Progress, the Articles of Incorporation have been submitted to the Secretary of State. The Economic Development Committee is currently pursuing the required technical assistance for the development of the loan fund.

Montana International Trade and Commercial Development Center, Inc: A active project to create an international trade and commercial development center to facilitate import/exports of Montana products and provide display space for Montana firms and conferences. The Headwaters has completed a funding search and is also assisting in the preparation of a concept paper to obtain federal funding. The Montana International Trade and Commercial Development Center Inc. has incorporated with the State of Montana. In addition, an application to IRS for recognition as a non-profit is underway. Board of Directors are nominated and several confirmed. The City of Butte is working with the local school district to make available a building for the center. Work on an EDA application to refurbish the building is in progress. Chris Gallus has been assigned as a part-time director. A federal funding request was submitted in 1989 by Senator Baucus. However, this request was denied at that level. A revised request was submitted to Representative Williams. Work on the development of grant applications to both private and corporate foundations is currently underway.

Regional Weed Computer Model: A active project to modify an existing Forest Service computer model. The model will be capable of predicting the necessary acreages of specific noxious weeds on private, state, and local government lands in southwestern Montana requiring control on a yearly basis using various control measures. A meeting was held with personnel from Montana State University to combine efforts. The project is on hold.

Job Training: A project in cooperation with the Montana AFL-CIO and Women In Transition to develop a job training program for low-income citizens of southwest Montana. This project was canceled.

Clark Fork Water Reservation Project: A active project to organize a basin wide effort to represent agriculture during the Clark Fork Water Reservation process and seek potential cooperative efforts with other interest groups. The Headwaters assisted the Mile High Conservation District in obtaining a \$30,430 grant from the Conservation Districts Division of the Montana Department of Natural Resources and

Conservation. The Headwaters sub-contracts the administration of the project. Oversight for the effort is provided by a sub-committee of the Headwaters Agricultural Water Resources Committee. A contract agreement with a consultant and lawyer has been developed. In addition, the sub-committee is now pursuing fundraising additional efforts to acquire an additional \$22,000 necessary for legal assistance during the Clark Fork Water Reservation hearings.

Utilization of Wood Waste: A active project to identify potential uses of wood wastes now collecting at area sawmills. An information search has been conducted and a grant request to the EPA through the Montana Department of Health and Environmental Science was developed. The grant was denied. A new grant request to the Reclamation Development Grants Program was submitted to the 1991 Montana State Legislature.

Area-Wide Urban Forestry: A active project to develop and implement urban forestry programs in a minimum of five Headwaters communities. This project was developed from the Drummond Tree Planting Project. A \$60,000 state grant has been obtained through the efforts of the Forestry Committee and June Bowls of Drummond. The project funds will be made available in July 1991.

Jack Creek Road: A active project to develop a road between Big Sky Montana and Ennis, Montana. The Headwaters Economic Development Committee and Council are in support of the project. Headwaters staff will assist as needed.

Big Game Survey: A survey directed at landowners to determine the impact of big game on private lands. The Big Game Committee has raised \$1500, in addition to a \$1000 RCAC Grant, to cover the cost of the survey. John Lacey, MSU Extension and MSU Sociology Department staff developed and disseminated the survey in cooperation with the Headwaters Big Game Committee. Survey results are being tabulated. Headwaters has determined that this project is completed.

Regional Technical Assistance Pool: This project was identified through the Headwaters RC&D Economic Development Committee. The intent of this project is to develop a list of pro bona expertise available to assist on projects with regional significance. Packets are currently being developed to distribute among the 8 county area for acquiring the needed volunteers with expertise.

Timber Bridge Demonstration Project: An active project through the efforts of the Forestry Committee, Headwaters county governments, Department of State Lands and the U.S. Forest Service a grant of \$30,000 was received from the Forest Service to develop a demonstration bridge. Granite County was selected as the initial site and has agreed to match the grant. Work on the bridge is scheduled to begin in 1990. The

Forestry Committee working with Headwaters counties will develop a list for future potential bridge sites.

Landowner/Sportsmen Conference: A conference to bring landowners and sportsmen groups together to develop solutions concerning the big game management issues which could be supported by the majority of both groups. The U.S. Forest Service, Montana Wildlife Federation, Montana Fish, Wildlife and Parks, Southwest Montana Stockgrowers, various sportsmen groups, Bureau of Land Management, Cooperation Extension Service, Soil Conservation Service and Headwaters RC&D staff were involved in the development and implementation of the April 28, 1990 conference. The Big Game Committee is currently reviewing the outcome of the conference proceedings. This project is completed.

Bull Mountain TAG Team: An active project by the Big Game Committee. The TAG (Technical Assistance Group) team is a small working group formed to address the problems of big game depredation on landowners and access by sportsmen in the Bull Mountains south of Boulder. The TAG team is made up of landowners in the Bull Mountains, sportsmen, Bureau of Land Management, Fish Wildlife and Parks and the Forest Service. The TAG team will define the specific problems and work to develop a plan of action.

Regional Landfill: A project identified through the Headwaters RC&D Economic Development Committee. This project is intended to investigate the feasibility for the development of a regional landfill to reduce future costs faced by counties due to the EPA Regulations scheduled to be implemented in the near future. To date, there have been several meetings with county commissioners, and others involved. Three counties have decided to participate. A consultant will be contracted to complete a feasibility study. This is an active project.

Medical Services: A task force was formed to explore ways medical services in southwest Montana can be maintained through cooperative efforts. The focus is to look at ways health care providers may network to provide services not presently able to provide. This is a active project.

Higher Education & Rural Economic Development: A task force was formed to explore ways rural economic development can use higher education more effectively. This is a active project.

Fundraising Seminar: A joint effort between the Headwaters RC&D and the Montana Department of Commerce to develop and hold a course on different forms of fundraising for local organizations. The Grantsmanship Center from Los Angeles, California was selected as the facilitator. The

course was held in August 21-23, 1989 in Butte, 20 individuals were trained. The project is now complete.

Planned Gift Giving: A project to develop a training session for endowments and other areas of planned gift giving. The project was cancelled.

Montana Assoc. of Conservation Districts (MACD) Rural Development Program: The Headwaters worked with the MACD, the Montana Department of Natural Resources, and the Soil Conservation Service to develop new multi-county areas based on the RC&D concept. The Headwaters staff has provided all the assistance, as required, therefore, the project is complete.

RC&D Computer Network: This project is to link the seven counties through their own computer network, begin the development of a resource assessment database and access to other federal, state and university databases. Funding was obtained through the SCS for the development of the network and a database. The network is now operational. Work on expansion and improvement of the network is underway. The project is complete.

Southwest Montana Coordinated Weed Control Grant IV: A coordinated effort by southwest Montana to control noxious weeds by chemical, biological or cultural control. A grant containing 29 various projects for 6 counties totaling \$250,000 was approved by the Department of Agriculture to further their efforts. This project is now complete, however another grant has been submitted for 1991.

Southwest Montana Coordinated Weed Control Grant V: A coordinated effort by southwest Montana to control noxious weeds. The fifth coordinated weed control grant has been submitted to the Department of Agriculture for funding. No action has been taken by the Department of Agriculture at this time.

RURAL ECONOMIC DEVELOPMENT INCUBATOR (REDI)

The National Center for Appropriate Technology in cooperation with Headwaters RC&D Area, Inc. Economic Development Committee created REDI in 1989.

REDI is a reliable source of technical business assistance and information for residents in southwestern Montana who require start-up business counselling or help addressing the needs of an existing small business. The following services are available to new or existing small businesses:

- 1) Assistance and counseling in all aspects of new business start-up.
- 2) Assistance and advice in business plan preparation and subsequent implementation.
- 3) Identification of market opportunities and the most appropriate marketing strategies.
- 4) Assistance in competition evaluation.
- 5) Evaluation of financing needs.
- 6) Employee requirements and local state and federal licensing and permitting considerations.

Technical assistance has been provided to 134 contacts as of October 31. A total of 21 businesses have been accepted by the board of directors as clients.

Beaverhead County:

Total Contacts: 29

Short term: 2

1. Individual wanted to buy a business and requested help in evaluating and approaching a purchase.
2. Manufacturing (Rough lumber)--Needs additional equipment which entails financing and thus writing of a business plan.

Clients: 5

1. Manufacturing (Walking poles/Ski poles)--New product, requested marketing help and have given some general business and planning counselling as well.
2. Service (Fine Arts School)--Initiated a Business plan for this new venture. Income statement pro forma showed this was not feasible as was being planned.
3. Manufacturing (Log Homes)--Refinement of business plan and helping with expansion and marketing ideas.
4. Service (Meat Processing)--Assisted in writing a business plan for financing.
5. Service (Truck stop complex)--Wants help writing business plan.

Broadwater County:

Total Contacts: 17

Short Term: 4

1. Manufacturing (Bow Sights)--Expansion and financing.
2. Manufacturing (Post & Pole/Grain Elevator)--Expansion of the Post & Pole business.
3. Manufacturing (Outdoor furniture)--Marketing questions.

Clients: 2

1. Service (Printing)--Time management problem, personnel and marketing discussions.
2. Service (Seed & Grain)--Help in expanding markets utilizing current skills and facilities.

Deer Lodge County:

Total Contacts: 12

Short term: 3

1. New Group Home (Aware, Inc.)--From pro forma, ran a six month cash flow statement.
2. Manufacturing (Wooden Pallets)--Buying a business and challenges involved in operating it.
3. Manufacturing (Boutique clothing item)--Exploring idea and whether a patent should be obtained. Evaluating costs for the item.

Clients: 1

1. Service (Printer)--Started from an idea to plan this business, and have now completed a very professional business plan.

Granite County:

Total Contacts: 10

Short Term: 1

1. Manufacturing (Pellet Mill)--Meetings and information for marketing and business planning.

Clients: 2

1. Service (Grocery Store)--Assistance in preparation for refinancing proposal, which needed to be updated.
2. Manufacturing (Lumber industry)--Desire to establish a trade association. Also how to research a patent.

Jefferson County:

Total Contacts: 6

Short term: 2

1. Retail (Hardware store)--Helped sort through the business numbers to complete a refinancing proposal. Focused information.
2. Service (Marketing)--Organic food products marketing. After two meetings referred to SMABI.

Clients: 0

Madison County:

Total Contacts: 15

Short term: 1

1. Mining (Gold)--Family group that needs financing onto continue work started through Bureau of Mines.

Clients: 3

1. Manufacturing (Construction Industry Invention)--Assistance in Patent Search work to find out current status of what has already been done, and what needs to be done for patent application.
2. Service (Restaurant)--Personnel problem which was leading to major frustrations and inefficiencies.
3. Service (Floral shop)--New business wanting information on payroll taxes requirements, and business deductions.

Powell County:

Total Contacts: 6

Short term: 2

1. Inventor (Implement Product)--Sent outline and process for undertaking a patent search at Montana Tech.
2. Manufacturing (Food Product)--In need of financing. Reviewed business plan and pointed out areas that needed further study.

Clients: 1

1. Service (Floral/Gift Shop)--Requested help in understanding daily business cash sheet, bookkeeping, and payroll.

Silver Bow County:

Total Contacts: 33

Short Term: 1

1. Service (Medical Technology)--Temporary service to hospitals, clinics, etc., anywhere in the U.S.

Clients: 4

1. Retail (Computer Store)--How to grow successfully for this new business. Planning, direction, and assistance in running the business.
2. Service (Fast Food)--Assisted in marketing information, business plan, and computerizing their financial projections. Helped evaluate the SBA comments about Robert Morris & Associates, supplying them with a copy of the guidelines.
3. Retail (First Aid Systems)--Review marketing procedures and ideas to expand their area of sales.
4. Service (Sewing)--Directed to financing area and advising on books and operation.

The Incubator-Without-Walls continues to thrive and with the

Ex. 3

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addition of Broadwater County keeps the Business Specialist very busy. As work with accepted clients has increased, the work itself has become more meaningful and productive. There still is a lack of marketing expertise and small business loan funds, but we hope this will be addressed as time progresses.

Conservation and Resource Development Division

TABLE FROM BUDGET OFFICE GOES HERE

Overview

The Conservation and Resource Development Division, which is made up of the Conservation Districts Bureau and the Resource Development Bureau, is responsible for a wide variety of programs.

The Conservation Districts Bureau provides financial and technical assistance, supervision, and coordination to Montana's 59 conservation districts and 30 state grazing districts in their efforts toward proper development and management of land, water, and other resources. The Bureau administers the Rangeland Resource Management Act and Loan program, provides assistance with the multi-agency coordinated resource management effort, directs riparian management education programs, administers multi-county rural development efforts, administers forest practices and water quality programs, assists in salinity control efforts, directs natural resource conservation education activities, and administers several conservation district grant programs.

The Resource Development Bureau administers six loan and grant programs utilized by individuals, partnerships, corporations, associations, irrigation districts, conservation districts, water and sewer districts, counties and municipalities. The programs include the water development grant, public and private loans, Renewable Resource Development grants and public loans, and the Reclamation and Development grant program. Collectively, around 50 grant projects are funded each biennium for a total of approximately \$5 million. The Bureau administers public loan programs which provide low interest financing to state and local entities such as water and sewer districts, cities, counties, irrigation districts, and conservation districts for water development projects. The private loan program, administered by the Bureau, is designed exclusively to help individuals, partnerships, associations, corporations, and other private parties to finance water-

related projects and activities. Total bonding authority of \$255 million is available to finance the public loans and \$10 million in bonding authority is available to finance private loans.

The Bureau also provides conservation districts with technical and administrative assistance in developing and promoting projects in the Yellowstone River basin, which use water set aside for agricultural purposes through the water reservation process.

Additional Bureau responsibilities include the financial administration of the Wastewater State Revolving Fund, which provides loans to municipalities for improving wastewater facilities and the financial administration of the Environmental Contingency Account. Funds out of this account are directed by the governor to address environmentally damaging emergencies.

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Raynar, P. S. Dwyer

Conservation Districts

TABLE FROM BUDGET OFFICE GOES HERE

Goals

- o To support, assist, and guide conservation districts in implementing their powers and programs by providing daily administrative, technical, financial, and legal assistance.
- o To assist in providing for the conservation, protection, restoration, and proper utilization of grass, forage, and range resources of the state by carrying out the mandate of the Grass Conservation Act and the Montana Rangeland Resources Act.
- o To sustain Montana's rural communities and improve economic stability by providing needed guidance, financing, and technical assistance to grassroots efforts in forming Resource Conservation and Development organizations.
- o To guide and direct soil and water conservation programs in the state by identifying problems and opportunities, proposing needed institutional changes, and coordinating local, state, and federal program efforts.

Authorization

76-15-101, et. seq
Conservation District Law requires the Department to: assist district supervisors in carrying out their powers and programs; to coordinate information exchange and cooperation between districts; to provide advice and consultation; to secure cooperation and assistance of the United States and state agencies; to disseminate information on district activities; to assist and supervise district operations; and to administer funding, to conservation districts to carry out their powers and programs.

75-7-101, et. seq
The Natural Streambed and Land Preservation Act of 1975; requires conservation districts to administer a streambed protection permit program. The Department is required to provide guidance and assistance to the districts under

76-15-105, MCA.

The Department also assists the Board of Natural Resources and Conservation with its rule-making authority under this section.

76-14-101, et. seq

The Montana Rangeland Resources Act requires the Department to administer a statewide rangeland management program and a rangeland improvement loan program. Section 2-15-3304, MCA, requires the Department to maintain and staff the office of state coordinator for the rangeland resource act.

76-16-101, et. seq

The Grass Conservation Act requires the Department to: assist in carrying out this act; to advise grazing districts; to supervise and coordinate the formation and operation of grazing districts; and to assist in the preparation of uniform plans for land use within district boundaries.

85-2-316

Reservation of Waters provides that the Department shall maintain records of all uses of water to conserve districts and provide technical and administrative assistance in preparation of reservation applications.

90-2-140

Energy Conservation in Agriculture authorizes the Department to provide oil overcharge fund grants to conservation districts for promotion of energy conservation in agriculture.

Base Program

The Conservation Districts Bureau is comprised of 7.2 FTE and is organized into three field offices and a central Helena office. The Bureau provides administrative, technical, and legal guidance and direction to the state's 59 conservation districts. It serves as coordinator and liaison between conservation districts and federal, state, and local governments. The Bureau is also responsible for statewide coordination of rangeland management and for administration of the state's 30 grazing districts.

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FTE

In pursuit of its responsibilities, the Bureau conducts a number of administrative, educational, technical, and financial assistance programs and activities described as follows.

Conservation District Operations Assistance. The Bureau provides administrative and legal assistance to conservation districts on their daily operations. The districts' broad statutory mandate for natural resource management requires their involvement in regulatory programs, water rights administration, technical assistance, financial transactions, contract management, and personnel management. The Bureau's objective is to provide direct response to all conservation district administrative and legal issues to facilitate normal district operations.

Administrative Grant Program. Conservation districts are eligible to receive grants for administration from the Bureau when their county mill levy of 1.5 mills is inadequate to support district operations. Financial need far exceeds the availability of funds. In fiscal year 1989, the Bureau received 41 applications totaling \$180,000. Grants, averaging about \$3,000 each, were approved to 38 districts for a total of \$95,000. The Bureau's objective is to establish program criteria, process grant applications, administer grant contracts, and monitor expenditures on an annual basis.

House Bill 223 Program. The Bureau administers the Conservation District Grant Program (HB223 Program) to provide funding for district projects and activities necessary to satisfy their natural resource management mandate. Funds are used to correct streambank erosion and sedimentation problems, rehabilitate burned areas, conduct water development projects, youth educational activities, and equipment rental programs. This program is the only direct source of funding available for conservation district projects and activities. Under base funding the objectives are to: process grant applications quarterly; administer grant contracts; and monitor project expenditures and progress monthly.

SB 310 Permit Program. Any private entity planning work

in or immediately adjacent to a stream must obtain a permit from their local conservation district under the Natural Streambed and Land Preservation Act. The Bureau provides for consistent administration of the permit program amongst the 59 conservation districts. The Bureau's objectives are to: develop a handbook and video on 310 administration for supervisors; to provide guidance on problem projects; and to continue to inform the public of stream permitting requirements.

Nonpoint Source Water Pollution Control Program. Montana's 59 conservation districts have been designated the local nonpoint source (NPS) control agency for nonfederal lands in the state. EPA has contributed \$80,000 annually for the past two years to assist districts with stream assessments, planning, and education efforts. The Bureau has received a Reclamation and Development Program grant to demonstrate best management practices for controlling nonpoint source pollution and rehabilitating three to four stream projects. The Bureau's objectives are to: assist districts with NPS inventory, planning, and education projects; implement three to four NPS demonstration projects; and develop a watershed education curriculum and field study program for schools.

Riparian Management Education and Information for Landowners. Over the past two years, the Bureau has organized and directed the activities of the Riparian Education Committee, an interagency/private organization cooperative.

The major activities of the riparian management program are: development of educational displays on grazing and forestry practices in streamside areas; identification of riparian demonstration areas in the state for use during landowner tours; sponsorship of local landowner workshops; production of a brochure, Montana's Riparian Areas; establishment of a library of riparian education materials and videos; planned production of a video emphasizing landowner benefits of well managed riparian areas and successful approaches to riparian management; and communication and idea-sharing with similar efforts in other western states. The program has reached tens of thousands of Montanans.

Under base funding, program objectives are to hold ten landowner workshops per year, to distribute 20,000 brochures a year, to have displays used at 30 functions per year, and to produce a landowner video.

Rangeland Resource Program. The Bureau is responsible for coordination and promotion of sound range management practices throughout the state. The program is implemented by conservation districts with guidance and assistance from the Bureau's program coordinator. Program activities are reviewed by the Rangeland Resource Executive Committee, which is appointed by the governor. The Bureau also administers a rangeland improvement loan program to finance range improvement projects which meet program goals. The program objectives are to: process loan applications; administer funded loans; promote range management education; address state range management and planning efforts.

Coordinated Resource Management. Serious conflicts are occurring between various interest groups concerning how public and private lands should be managed. Coordinated Resource Management (CRM) uses a consensus approach to promote, improve, and accomplish the communication and coordination necessary to get concerned people working together to attain good resource management on the ground. CRM plans, however, are completed by groups of local people--ranchers, farmers, other interested parties, and agency people involved in a specific area.

An organization of executives from state and federal agencies called the State Executive Group, assisted by a group of agency specialists called the State Task Group, provides leadership, direction, and training throughout the state. The Bureau coordinates task group activities and assists conservation districts in initiating planning activities.

Private Forest Stewardship Assistance Program. The Private Forest Stewardship program is an interagency-private landowner cooperative to encourage active management of private woodland. An active private timber management program would enhance stand vigor and

productivity; reduce fire, weed, insect, and disease infestations; and improve grazing, wildlife, fisheries, and timber production to meet landowners' needs. The stewardship program will be accomplished through a series of training workshops for resource professionals who provide timber management information to private landowners. The Bureau is a participating agency in the stewardship program, providing a valuable link with Montana's conservation districts. The Bureau will represent conservation districts, serve as an information source to the districts, encouraging their involvement, and promote the program. Under base funding, the program objective is to assist conservation districts in promoting the stewardship program among landowners and resource professionals in the district.

Forest Practices and Water Quality Program. The Cumulative Watershed Effects Cooperative (CWECC) was established in 1986 to limit cumulative watershed effects due to timber harvests. The Bureau represents the districts and the Department on the interagency-private industry CWECC. The Bureau is coordinating district involvement in the cooperative Best Management Practices education program, and is promoting sustainable forest management as a means of providing stable rural economies.

Under base funding, program objectives are to ensure that timber harvests on private and public lands in Montana cause minimal nonpoint source pollution (sedimentation), comply with 310 permit requirements, and provide long-term economic stability to Montana's rural communities.

Rural Development. Through the efforts of the Bureau, conservation districts, the Montana Association of Conservation Districts, the Soil Conservation Service, and the Headwaters Resource Conservation and Development Area (RC&D), fifteen counties are organizing to address rural development on a regional basis. The counties involved are Judith Basin, Fergus, Petroleum, Musselshell, Golden Valley, and Wheatland in Central Montana; Lincoln County in northeast Montana; plus Silverbow, Granite, Jefferson, Deer Lodge, Beaverhead, Broadwater, Madison, and Powell Counties in the Headwaters Area. Also sixteen counties in Eastern

2-1-91
Mar. Res. Div.

Montana including Carter, Powder River, Fallon, Custer, Gibaux, Prairie, Dawson, McCone, Richland, Garfield, Valley, Daniels, Sheridan, Roosevelt, Rosebud, and Treasure Counties are in the early stages of organizing.

The regional (multi-county) approach to rural development is requested and supported by local people. Although the effort is quite young, progress in regional cooperation and rural development has been made. A course has been developed for community leaders and local citizens which establishes an increased awareness of rural development, equipping participants with the tools to activate others to respond constructively and effectively to the negative economic changes affecting their communities. The course is targeted to fit the most basic needs of rural America: a need to know enough about what to do to respond to economic change and a need to know how to get all one's neighbors working together to confront these changes. Past experience has shown that the effort cannot be successful without a full time coordinator in each region. The Bureau has one staff person located in Roundup to represent six counties in that area. The Soil Conservation Service has funded a coordinator to represent eight counties in southwestern Montana.

It has not been determined yet how a coordinator position(s) will be funded in eastern Montana. Under base funding, the Rural Development Program objectives are to provide administrative assistance and direction to the Central Montana RC&D; to complete the regional organization of sixteen counties in eastern Montana; and to offer program assistance to new areas of the state if staff time and funding are available.

Grazing District Supervision and Assistance. State Grazing District Law (Grass Conservation Act) provides for the conservation, protection, restoration, and proper utilization of grass, forage, and range resources. It provides for the creation of cooperative nonprofit grazing districts and sets up a permitting system which binds in the management of all grazing lands where land ownership is intermingled. The Bureau acts in an advisory capacity to supervise and coordinate the formation, operation, and dissolution of grazing districts; to develop management plans for lands lying

within or outside grazing district boundaries in conformity with recognized conservation and stabilization policies. Thirty state grazing districts represent approximately 1,300 permittees, covering over 10 million acres of land. The Bureau's objectives are to: assist grazing districts by providing administrative and legal advice; monitor the grazing districts' financial status; and collect annual reports, financial statements, and dues.

Conservation District Training. The Bureau provides training for state's 59 conservation districts who are responsible for carrying out many complex state and federal laws. Workshops are held regionally to address water reservation application procedures, supervisor roles and responsibilities, office management, and computer accounting and record keeping. Printed materials will be developed including: The Supervisor Handbook; The 310 Procedure Guide; and the Conservation District Administrative Procedure Guide.

Public Awareness. The Bureau provides public information materials in the form of printed materials, slide/tape shows, and displays, which explain conservation district activities, services, and programs in erosion and sediment control, water quality, wildlife habitat, rural development, streambed protection, water reservations, and project funding.

In response to over 300 requests for handout material and displays, the objectives of the Bureau are to: develop two informational booklets; prepare two table top displays; and assist conservation districts in their public awareness activities.

Watershed Planning. The Bureau is encouraging the development of multipurpose flood control, erosion control, and off-stream storage projects through a cooperative agreement with the Soil Conservation Service, under Public Law 566. The Bureau provides \$64,500 per year to the Soil Conservation Service for project planning and assessment, with up to \$1,350,000 in federal funds supplied annually for project planning and construction. The Resource Conservation Advisory Council provides the review of watershed project applications

(DNRC director has the final approval).

Agricultural Energy Conservation Program. The 1987 legislature authorized the use of \$500,000 from the Oil Overcharge Restitution Account for a program that promotes energy conservation in agriculture. A total of 25 projects were funded, of which 24 are currently active. Projects funded include soil moisture monitoring projects, solar livestock watering projects, farm energy auditing projects, energy efficient irrigation demonstration projects, irrigation system audits, and legume rotations for energy conservation purposes. Under base funding, the objectives are to provide assistance to grant recipients in conducting their programs in accordance with federal guidelines; monitor project progress (through on-site visits and written reports); issue warrants based on quarterly reports supplied by the grantees; and file quarterly progress reports with the US Department of Energy. When projects are completed, information will be compiled and distributed to all conservation districts and other interested parties.

Sustainable and Small Scale Agriculture. Protection of groundwater quality, high energy costs, demand for chemical free food, and volatile farm economics have created a need for sustainable alternatives in agricultural production. The sustainable agriculture concept addresses many traditional conservation goals of the conservation districts. The objectives of the Bureau are to: incorporate the principles of sustainable agriculture into conservation districts' activities, services, and programs now offered. Information on sustainable management alternatives will be offered as part of the Bureau's monthly newsletter. The Bureau will also develop a resource directory of current publications.

Montana Salinity Control Association. The Bureau provides \$100,000 in pass-through funding to the Montana Salinity Control Association (MSCA). MSCA represents thirty-three conservation districts concerned with saline seep reclamation, prevention, and education programs. Over three million acres are now adversely affected in the Northern Great Plains with a conservative estimate of 300,000 acres of cropland out of production in Montana.

The annual growth rate is 10 percent. Resulting loss of farm income and lowered property values (decreased taxes) may cost the state economy over \$6 million. Increased costs include new rural water lines for domestic, livestock, and irrigation uses; water treatment; weed control; and repair of infrastructure (roads, streets, buildings). All told, salinity is costing the state economy over \$11.3 million per year.

MSCA has an interdisciplinary technical field team located in Conrad to provide individual site specific reclamation plans for landowners and municipalities. A continuing education and follow-up policy is an integral part of the program. The MSCA program has developed individual reclamation plans for 317 cooperators on 10,000 acres of saline affected land. Total planned acres exceed 75,000 acres.

Natural Resources Conservation Education Activities. This activity provides grant funding and policy guidance for resource conservation education programs, which benefit all Montanans. The Bureau assists conservation districts sponsoring three annual youth camps statewide: the Youth Range Camp; Range Days; and the Natural Resource Youth Camp. The camps provide youth with the knowledge and skills necessary to make decisions regarding future management, protection, and wise use of our natural resources. The Bureau also maintains and distributes a Conservation Education Resource Directory as a joint effort with the Office of Public Instruction. The directory identifies teacher training programs, extracurricular youth programs, and curriculum resources. The objectives of the Bureau are to sponsor three annual youth education camps; to distribute the resource directory to schools; and to assist local conservation districts with education workshops and tours.

Base Funding

The Conservation Districts Bureau receives funding from state, private, and federal sources. The major source of funding is received from the reclamation and development state special revenue account.

EXH - 5
2-01-91

EXHIBIT 5
DATE 2-1-91
Barry R. Sub.

5706 23 00000

CONSERVATION & RESOURCE DEVELOPMENT DIVISION

Budget Item	Actual Fiscal 1990	Appropriated Fiscal 1991	- - Current Fiscal 1992	Level - - Fiscal 1993	Change 1991-93 Biennium
FTE	20.00	7.20	20.00	20.00	12.80
Personal Services	493,675	214,947	590,878	590,299	66.69%
Operating Expenses	247,576	163,781	227,869	228,027	10.83%
Equipment	22,154	12,161	20,083	3,981	-29.87%
Local Assistance	91,300	95,000	91,300	91,300	-1.99%
Grants	199,814	186,089	186,089	186,089	-3.56%
Debt Service	<u>2,060</u>	<u>730</u>	<u>2,364</u>	<u>2,364</u>	<u>69.46%</u>
Total Program	\$1,056,579	\$672,708	\$1,118,583	\$1,102,060	28.41%
<u>Fund Sources</u>					
General Fund	52,084	75,184	78,562	74,707	20.43%
State Revenue Fund	986,568	553,851	1,014,872	1,002,242	30.95%
Federal Revenue Fund	<u>17,927</u>	<u>43,673</u>	<u>25,149</u>	<u>25,111</u>	<u>-18.41%</u>
Total Funds	\$1,056,579	\$672,708	\$1,118,583	\$1,102,060	28.41%

Program Description

The Conservation and Resource Development Division is made up of the Conservation Districts Bureau and the Resource Development Bureau.

The Conservation Districts Bureau coordinates, supervises, and provides financial and technical assistance to Montana's 59 conservation districts. It serves as coordination and liaison between conservation districts and federal, state, and local governments. The bureau is also responsible for statewide coordination of rangeland management and administration of the state's 30 grazing districts. The Resource Development Bureau provides technical, financial, and administrative assistance to public and private entities to complete projects that put renewable resources to work, increase the efficiency with which natural resources are used, or solve recognized environmental problems. In fulfilling these duties, the bureau administers four loan and grant programs.

Current Level Budget

This division's current level increases 28.4 percent due to a reorganization. In fiscal 1990, the Water Development Bureau, including 12.8 FTE, was transferred from the Water Resources Division to this division. The reorganization is reflected in fiscal 1990 expenditures but not in the fiscal 1991 appropriation or FTE. Personal services increase due to the reorganization, vacancy savings realized in fiscal 1990, and continuation of the fiscal 1991 pay plan increases in the 1993 biennium. Operating expenses increase by 10.8 percent due to the reorganization. Equipment includes one replacement vehicle for field offices and miscellaneous office and computer equipment.

Local assistance is provided to conservation districts to supplement local funding sources when mill levy revenue is inadequate to support district operations. The total represents the agency request, funded from RIT reclamation and development funds.

The following table details grant amounts included in the current level budget.

CONSERVATION & RESOURCE DEVELOPMENT DIVISION

Table 5
Conservation & Resource Development
Division Grants
1993 Biennium

<u>Grant Source</u>	<u>Fiscal 1992</u>	<u>Fiscal 1993</u>
Saline Seep	\$100,000	\$100,000
Conservation Dists.	<u>86,089</u>	<u>86,089</u>
TOTAL	\$186,089	\$186,089

Saline Seep grants are pass-through funds to the Montana Salinity Control Association (MSCA) to represent and provide technical assistance in saline seep reclamation, prevention, and education programs to 33 conservation districts. Saline seep grants are funded with RIT reclamation and development funds. Conservation

district grants, which are made to local conservation districts for projects and activities, are funded with 0.19 percent of the coal severance tax.

Debt service, which funds this division's share of DEC computer costs, increases because of the transfer of the Water Development Bureau to this division.

The Conservation and Resource Development Division is funded with: 1) state special revenues, which include rangeland improvement loan administration fees, grazing district fees, conservation district coal severance tax income, and RIT interest through the renewable resource development account (RRD), reclamation and development account (R and D), and water development account; 2) federal funds which include a grant for Rural Economic Development and rent income from the Army Corps of Engineers; and 3) general fund. The following tables detail funding for this division.

EXH - 6
2-01-91

Greater Yellowstone Association of Conservation Districts

FACTS ABOUT THE GREATER YELLOWSTONE ASSOCIATION OF CONSERVATION DISTRICTS

EXHIBIT 6
DATE 2-1-91
BY Mr. P. D. D.

Headquarters: P.O. Box 176
201 South Willson, Suite A
Bozeman, MT 59771
(406) 586-9333

Founded: February 1990

Purpose: Our mission is to promote conservation of natural resources in the Greater Yellowstone Area and to promote economic stability in the area. The GYA encompasses approximately 19 million acres, twenty-five percent of which is privately owned. GYACD also brings together diverse groups of people to develop natural resource management strategies for the GYA.

Officers: President: Darrell Walker, Agri-Businessman,
Daniel, Wyoming
Vice President: Delbert Winterfeld, Farmer, Swan
Valley, Idaho
Secretary/Treasurer: John Anderson, Rancher, Alder,
Montana

Executive
Director: Kara Ricketts

Members: 35 conservation districts in three states (Idaho, Montana, and Wyoming) surrounding Yellowstone National Park

Associate
Members: Other interested groups and individuals

Our Approach: We believe that the natural resources of the farm, ranch, ranch, and forest lands of the GYA are among the basic assets of Idaho, Montana, and Wyoming. The GYACD will provide leadership in the wise use and management of these natural resources as necessary to preserve and promote the health, safety, and welfare of the people of the area. GYACD's role is to advise and educate regarding resource issues; provide resource data to land users and units of local, state, and federal government; and assist in coordinating resource planning. We believe that wide dimensions of various resource problems can be addressed through local planning and the conservation district delivery system.

GREATER YELLOWSTONE ASSOCIATION OF CONSERVATION DISTRICTS

LEGISLATIVE FUNDING PROPOSAL

- Proposal:** To amend the Department of Natural Resources and Conservation Budget by adding \$25,000 per year to support the programs of the Greater Yellowstone Association of Conservation Districts (GYACD) through the 8 conservation districts in Montana.
- About GYACD:** The GYACD is a nonprofit organization headquartered in Bozeman, MT. It was created in February 1990 by conservation district supervisors from three states; Wyoming, Montana, and Idaho. There was a critical need to develop programs in the Greater Yellowstone Area, an area of approximately 19 million acres, to address concerns in water quality, grazing, riparian area management, and other natural resources in the Greater Yellowstone Area. In addition, it has been well documented that there is a need for an organization to provide information and educational materials and to take the lead in coordinated resource management planning. Coordinated resource management planning is a process initiated through conservation districts which brings together interested groups and individuals to develop action plans to assist natural resource management. Never before have all "sides" of issues been brought together to formulate solutions to natural resource management in the Greater Yellowstone Area. GYACD has begun these activities.
- How the Funds would be used:** The funds, if approved, would be used to implement additional coordinated resource management projects in the Greater Yellowstone Area. The 8 conservation districts involved in Montana have 98 potential coordinated resource management projects alone. In addition, the funds would be used to provide basic operational expenses for the association. The association is currently working on a project to standardize riparian definitions, qualitative and quantitative analysis of riparian areas in the Greater Yellowstone Area. This project involves private landowners, federal, and state agencies. Also, the association is receiving broad based support for developing an economic plan for the Greater Yellowstone Area which takes into account sustained use of natural resources.

6
DATE 2-1-91
HE Mr. P. S. S. S.

How is GYACD
funded
currently?

GYACD is currently funded through a two year grant received from the Chief of the Soil Conservation Service. Past Chief Wilson Scaling expressed the grave need that he saw for positive work to be done in the Greater Yellowstone Area to educate and inform people, establish coordinated resource management planning, and gather much needed natural resource data.

Why should
GYACD be
supported
by the 1991
Montana
Legislature?

We believe that in order for our programs to be successful, we must receive broad based support from federal, state, and private funding sources.

GREATER YELLOWSTONE AREA

LEGEND

Greater Yellowstone Area

1

- National Forest
- National Park
- National Wildlife Refuge
- John D. Rockefeller Jr. Memorial Parkway

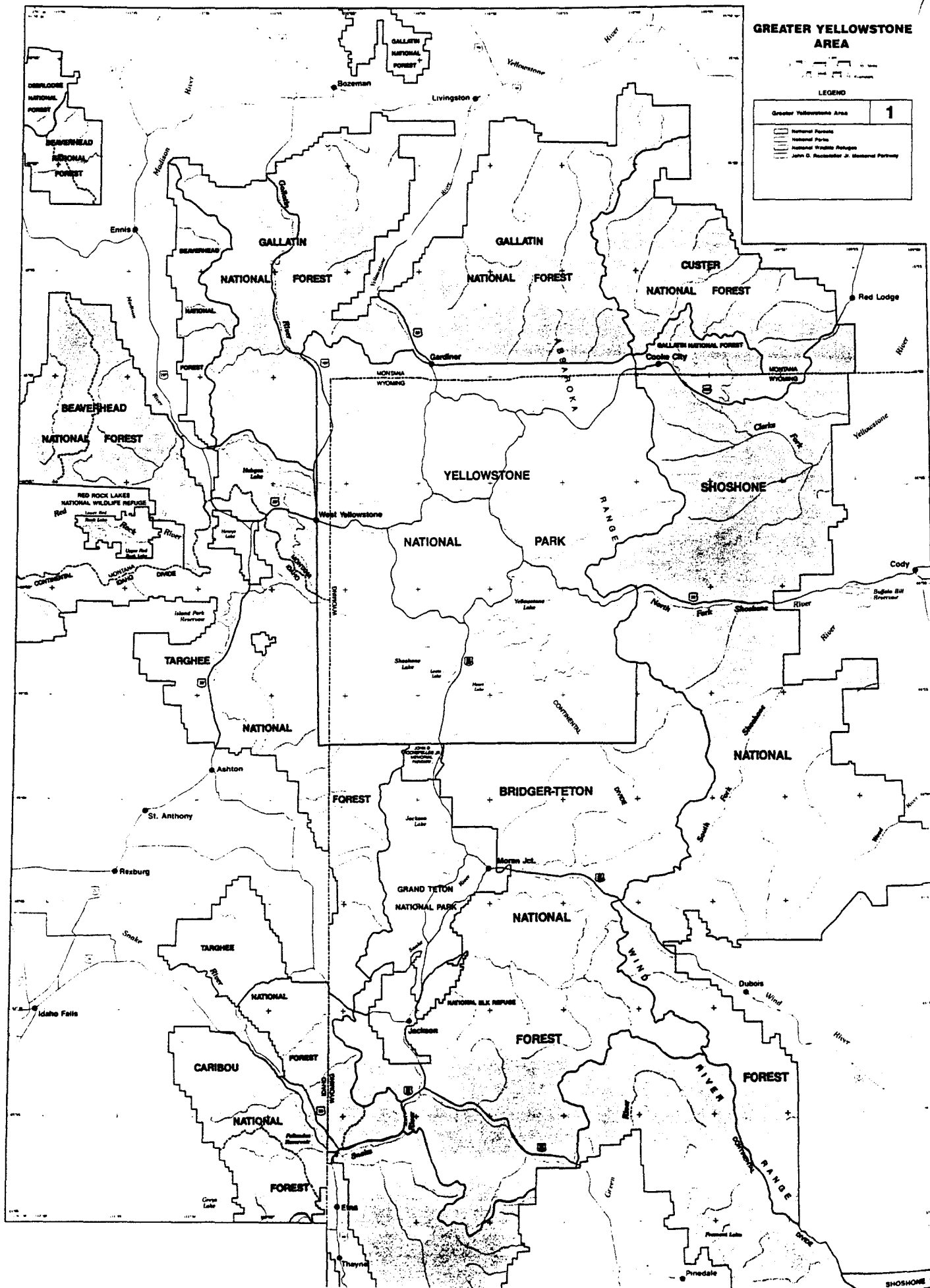


EXHIBIT C
DATE 2-1-91
454 Park Ave. New York

UTILITIES OFFERING AUDITS

1-29-91

Private utilities:

Montana Power
Pacific Power and Light
Great Falls Gas
Montana-Dakota Utilities

(All private utilities but MDU offer financial assistance (eg 0% loans) for conservation. MDU's program is limited to low-income households.)

Western coops:

Flathead
Glacier
Mission
Missoula
Ravalli

(Vigilante and Lincoln do not offer; Northern Lights not contacted.)

Eastern coops:

Big Horn
Park

Do not offer:

Beartooth
Big Flat
Fergus
Goldenwest
Hill (offers an informal version)

(Others not contacted; reportedly, most do not offer)

Greater Yellowstone Conservation District Funding
Conservation and Resource Development Division Budget Amendment

	<u>FY 1992</u>	<u>FY 1993</u>
6000 Grants	\$211,089	\$211,089

6
EXHIBIT 6
DATE 2-1-91
HE Mr. Dr. Sw.

GOALS

- 1) To provide information and educational materials to groups, the general public, organizations, and agencies to increase sound resource management in the GYA.

Ideas to Consider: information dissemination, working with the press and media, youth education, partnerships with agencies, state education departments, outdoor classrooms, workshops and retreats for "urban America"

- 2) Perpetuate and promote the economic stability of the GYA by sustained use of natural resources.

Ideas to Consider: economic stability studies and research, natural resource inventories, the appeals process, maintaining a supply of natural resources for production, grazing concerns, timber concerns, recreation access concerns, tourism.

- 3) Manage water resources for adequate water quality while providing quantity for economic stability in the GYA.

Ideas to Consider: water quality standards (or changes), inventories of streams in the GYA, sediment concerns, irrigation efficiency, water supply, minimum stream flow legislation, riparian area management

FOR EACH NEED THAT IS ADDRESSED, ANSWER THESE QUESTIONS:

- 1) What is the problem?
- 2) Where does the problem occur?
- 3) When does the problem occur?
- 4) Who is affected by the problem?
- 5) What is the extent of the problem? (numbers affected, percent of occurrence, etc.)
- 6) How long has the problem existed?
- 7) Have there been prior attempts to solve the problem and what was the result?
- 8) What is your solution?
- 9) What resources are needed to implement the solution?
- 10) How long will the solution take to implement?

DATE 2-1-91
RE Par. 421. 422.

Joint Appropriations Subcommittee on Natural Resources
Dept. of Agriculture Environmental Management Division Budget
Hearing Jan. 16-17, 1991

Mr. Chairman, members of the committee, for the record, my name is Pam Langley and I am the executive director of the Montana Agricultural Business Association. MABA is a trade association comprised of roughly 300 applicators, dealers, distributors and company representatives of crop protection and plant food products provided to the agricultural growers in this state. Our members include small independent businesses, co-ops, and corporations.

We are committed to using our products wisely to protect the environment as well as provide benefit to growers and Montana's economy.

The Montana Agricultural Business Association is opposed to the reduction in general fund money for this division proposed in the governor's budget you have before you today.

While others who appear before your committee may be unhappy with a freeze or a meager increase, I want to emphasize that is not what I am talking about.

I am talking about this budget proposing a decrease of roughly \$368,000 for the biennium in actual general fund tax monies for this division--an entity that is charged with environmental protection in agriculture. And, add to that, a reduction of \$220,000 proposed by earmarking pesticide registration fees--for central management--which I'll discuss later and you have a total of \$588,000--more than half a million dollars--that should be used in environmental protection in agriculture which under this budget reverts to the general fund for other uses.

This reduction comes on the heels of a reduction in the 1989 legislative appropriations of actual general fund money for the current biennium. That reduction was proposed in the past governor's budget--a budget which was endorsed by the current governor.

The 1989 changes moved the fees from contributing roughly 60 per cent of the division's budget to 80-85 per cent. This budget proposal moves the fees to contributing more than 100 per cent. If you adopt this, all but two positions will be funded by pesticide registration, dealer and applicator fees. In addition, fees are slated to contribute general government because of earmarking.

It is important for you to know that pesticide registration fees will have been increased from \$25 per product to \$50 in the 1987 Legislature, to \$90 in the 1989 Legislature, to \$200 in 1991.

To oppose the governor's budget is--to say the least--a very uncomfortable position for me. While our association is nonpartisan, I am known Republican and grew up on a farm in Hill County listening to the governor on the radio. In fact, he may have been a reason I chose journalism as my major for my bachelor's and master's degrees.

I tossed and turned at night for several weeks knowing that for agriculture and the environment--both of which are my heritage and my legacy to my children--I must today oppose what this governor's budget proposes.

But, I finally came to grips with the fact that the issue is neither personal nor partisan. Either you are committed to Montana's environment and to Montana's number one industry--agriculture--or you are not. You can be committed to the environment or to agriculture and not the other. But, in the case at hand--the budget for this division you have before you--it is not committed to either.

We are not opposed to the \$200/product fee--we agreed to that with the division in January 1990 in exchange to sunsetting the 1 per cent herbicide surcharge when the noxious weed trust fund reaches its cap and interest can be spent--creating a stable income for noxious weed control.

In agreeing to the increase, we knew that this will place Montana's product fees near the very top in the country and have the approval of the national association for companies who will be paying the fee. I'd be less than honest if I didn't tell you we are concerned that at this level, Montana could stand to lose crop protection chemicals that are important to our farmers and our thus our economy.

We agreed to the increase to put money into the ground water program to support HB 757 which we wholeheartedly endorsed in 1989. We are committed to environmental protection in agriculture. We want to protect ground water, we want to institute a solid pesticide container recycling program, we want to insure environmental protection. We agreed also because pesticides do not cause noxious weeds but in certain cases, they could cause ground water problems.

What we are opposed to is using fees to replace general fund money. All Montanans benefit from a healthy environment and economy and all Montanans should contribute to insure a healthy environment and economy. We have in the past. Why does the budget propose we discontinue to do so? What we need is to at least maintain a commitment to the environment and economy--not reduce it.

Earlier I mentioned earmarking pesticide fees which has not been the case in the past. That is proposed in LC 1222 which increases our fees and sunsets the 1 per cent surcharge. We back

EXHIBIT 6
DATE 2-1-91
HR. Rep. R. L. Smith

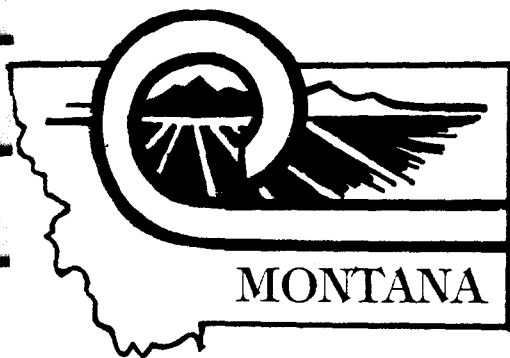
LC 1222 and support earmarking to insure that we do not continue to pick up more and more of the public's commitment.

However, we are opposed to moving from 60 per cent funding of environmental protection in agriculture before the 1989 Legislature to more than 100 per cent after this session as we not only fund the division but also contribute to general government funding.

If we thought we were not paying our fair share or we did not have issues out there that needed funding, we would not object. However, as I've noted the proposed fees are among the highest in the country despite the fact the figures I have show that Montana (fourth largest state geographically) uses less than one per cent of the pesticides nationally. In addition, we need to address pesticide container disposal and waste pesticide issues. We need money now to do so.

Our association has a pilot pesticide container recycling program planned for this year--April in Great Falls and Billings, July in several locations in the Triangle. However, a volunteer program will not suffice. We need funds--funds we had hoped would come from the increased registration fee increase we agreed to. We need a plastics shredder for a plastics recycling program to work, we need someone in the department to oversee container recycling, we need to compensate weed districts or other local entities for their time and energy as sites. In short, we need to move forward in environmental protection in agriculture--not fund state government with fee increases.

We respectfully ask this committee today to continue Montana's support of agriculture and the environment by reinstating the \$368,000 in actual general fund money to the division it appropriated in the 1989 session and to eliminate the \$220,000 for central management assessed on earmarked funds. Montana's agriculture, Montana's economy and Montana's environment are at stake.



7
DATE 2-1-91
BY Mr. Rex. Luv
EXH-7
2-01-91

Association of Conservation Districts
501 North Sanders
Helena, MT 59601
(406) 443-5711

February 1, 1991

Amendment: Conservation and Resource Development Budget

On behalf of the 59 Montana conservation districts, the Montana Association of Conservation Districts (MACD) strongly encourages you to accept this amendment.

The Conservation District Bureau (CDB) is within the Conservation and Resource Development Division (CARDD) of DNRC. The Conservation District Bureau is responsible by state law to assist and supervise local conservation districts. The Bureau assists conservation districts on a daily basis in the proper administration of conservation district business by providing administrative, legal, financial, and technical advice.

BACKGROUND

Conservation districts (CDs) are a part of your local government. They work the same way as your county commission does, with and for the people through locally elected officials. Conservation districts were formed in accordance with the Montana Soil Conservation District Law passed by the 26th General Assembly in 1939.

Today there are approximately 3,000 conservation districts throughout the 50 states, Puerto Rico, Virgin Islands, District of Columbia, Guam, and the Northern Mariana Islands and cover 98 percent of the privately owned lands.

Montana's 59 conservation districts are political subdivisions of state government, and are responsible under state law for natural resource management and conservation within their boundaries. They are a bridge between federal, state, and local resource management agencies and local land managers, and perform a variety of functions and activities in coordinating and implementing nation and state resource programs.

During the 1950s and 1960s there were modifications to the state laws and conservation district powers and scope of work was expanded to meet emerging resource needs. This increase in responsibility and authority has caused district officials to assume a greater leadership role in resource use and development in their communities.

The conservation districts develop and carry out long-range programs that will result in the conservation and improvement of soil and water resources; to provide assistance in the planning and application of conservation measures; and to encourage maximum participation by the general public and all local public and private agencies to fulfill this purpose.

Districts are governed by a board of five elected supervisors, who are elected at the General election. The population electing CD Supervisors is larger than the population electing county commissioners or the city councils. resource problems and concerns within their communities.

Conservation districts work on both private and public lands, and are charges to protect the natural resources, preserve wildlife, protect the tax base, protect public lands, and protect and promote the health, safety, and general welfare of the people of this state. Districts work on urban and rural natural resources issue, economic development -- a lead agency in the sponsoring of the RC&Ds both federally and statewide.

Conservation districts have not asked for any funding changes for over 10 years. In the mean time, we have gone backwards at an alarming rate. The time is now that we are asking for your help.

FUNDING

Conservation districts receive funding from different sources for different activities.

By law, Montana's CDs assess 1.5 mills on real property within the conservation district boundaries. The following is a broad spectrum of what the 1.5 mills bring into CDs.

- . 13 districts receive 0 - \$5,000
- . 12 districts receive \$5,001 - \$9,000
- . 14 districts receive \$9,001 - \$14,500
- . 4 districts receive \$14,501 - \$17,000
- . 17 districts receive \$17,001 - \$20,000
- . 11 districts receive more than \$20,000

Initiative 105 has froze the CDs to the dollar amount they received in 1986.

Only 23 CDs have at least one full-time staff person. In the 1990s it is difficult to operate an office, pay a staff person, and also have an effective operation on the low budgets CDs have.

Conservation districts who levy their full 1.5 mills (or because of I 105 the same dollar amount as they did in 1986) and have a need for more administrative money, can apply for "administrative" grants from the Local Assistance account in CARDs budget.

There is \$95,000 in this Local Assistance accounting entity. In 1990 39 districts applied for administrative grants and 38 received grants and could show an actual need of \$211,233.

In 1990 the highest grant allowed a district was \$4,500 and the lowest was \$1,000 with an average of \$2,500. No district with a budget of over \$20,000 was given grant money in 1990. The applications were rated on a basis of need:

- . Must levy maximum amount possible
- . Submit their budget
- lower budgets received higher rating

EXHIBIT 7
DATE 2-1-91
Mar. 4th. 91. SW

- . Number of employees
fewer employee(s) received higher rating
- . Activities

We suggest the Accounting Entity 5000, Local Assistance, be amended to \$225,000 for each of the Fiscal Years 1992 and 1993. If 38 CDs applied for "administrative grants" they would on an average receive \$5,900.

One of the responsibilities the State of Montana has given CDs is the responsibility of administering the Natural Streambed and Land Preservation Act, SB-310. This bill requires that any private, non-governmental individual or corporation that proposes to work in or near a stream on private or public land must apply for a 310 permit. District supervisors have taken this responsibility very seriously and are doing a good job. Hundreds of applications and permits are processed by the districts every year. The workload is tremendous and the CDs do not receive any funding for administering this state law. I have been told that it costs the FW&P \$79.00 for each application they work on, and they do not have the administration responsibilities, follow-up or other responsibilities that the CDs have.

The process for obtaining a 310 permit is that the applicant applies to the district for the permit. A plan of work, maps, and other pertinent information is included with the application. At the first meeting the Board of Supervisors reviews the proposal and decides if the proposed activity is a project as defined by law. If the district declares the activity a project, then the Montana Department of Fish, Wildlife and Parks is advised of the activity. Most projects require a "team inspection." The "team" includes the supervisor(s), hold an on-site DFW&P representative, and the applicant or his representative and an on-site inspection is held of the proposed project area. At the next regular meeting of the Board of Supervisors a decision is made whether to approve the project as proposed, approve the project with modification, or deny the project.

Occasionally a person will undertake an activity without the 310 permit and this is a violation of the law. County Attorneys are, by law, to represent the CDs but it is often difficult to get the county attorney assistance because of their heavy workload and the fact they are funded to work with CDs. As a result, often when the districts have a 310 violation they are not able to get assistance from the county attorneys and the violation is not addressed.

We are seeking to have a full time attorney in the Conservation District Bureau to work directly with conservation districts. We recommend a budget of \$60,112 to fund the position. You have a copy of our proposed budget.

I would like to explain our thinking on it.

\$39,262 -- Entry state level grade 1/2 step 2. This includes 24% benefits

\$5,000 -- Other Services. We don't know how heavy the workload will be and might have to contract for help or might need an outreach program.

\$1,850 -- Supplies. Normal office supplies that are needed.

\$2,500 -- Communications. Telephone, postage, FAX, and so on.

\$6,000 -- Travel. Must cover the entire state. Figures at \$500/12 months

\$5,000 -- Other. Miscellaneous expenses that occur. Photography, repairs, and so on.

\$5,000 -- Equipment. When we approached DNRC about this, they could house the position, but do not have extra furniture--desks, chairs, law books, lights. For the attorney position we were encouraged to try and get someone with experience in this type of work. A grade 15 would be \$24,404 plus 24% benefits, grade 17 would start at \$29,015 plus benefits. Training is expensive and the districts need someone who can start to work right away and be affective.

\$60,112 divided by 59 equals \$1,018. There is, we feel, a good service for the entire state of Montana's natural resources and conservation districts.

MACD sincerely hopes that you will seriously consider our suggested amendments to the Local Assistance and District Legal Assistant position.

We project that it would cost approximately \$60,000 for this position. A budget breakdown is attached.

If you have any questions, I would be willing to attempt to answer them or find the answers out for you.

Thank you.



Peggy L. Parmelee
Executive Vice President

MONTANA
CONSERVATION DISTRICT
FUNDING

EXHIBIT 7
DATE 2-1-91
HB Var. P2 Sw.

CONSERVATION DISTRICT	NO. EMPLOYEES IN DISTRICT	% MILL USED	DOLLARS RECEIVED	REQUESTED ADMIN. GRANT	DOLLARS RECEIVED
BEAVERHEAD	1 part time	1.5	\$ 8,365	\$ 2,694	\$1,500
BIG HORN	1 part time	1.49	22,000	-----	-----
BIG SANDY	1 part time	1.5	7,011	4,003	3,000
BITTERROOT	1 full time	1.5	33,220	-----	-----
BLAINE	1 full time	.7	9,585	6,440	2,000
BROADWATER	1 part time	1.5	3,523	3,523	3,500
CARBON	2 part time	1.5	15,500	7,904	1,000
CARTER	1 part time	1.5	3,500	5,000	4,000
CASCADE	2 full time	1.5	58,326	-----	-----
CHOUTEAU	1 full time	1.45	16,400	6,200	1,000
CUSTER	1 full time	1.5	13,800	3,210	1,500
DANIELS	1 full time	1.5	10,500	3,500	1,500
DEER LDG/N POWELL	1 full time	1.3	15,000	4,000	3,500
EASTERN SANDERS	1 part time	1.5	3,000	5,263	3,500
FERGUS	1 part time	1.5	19,870	1,400	1,000
	2 full time				
FLATHEAD	1 full time	1.5	74,000	-----	-----
	15 various				
GALLATIN	1 full time	1.2	35,000	-----	-----
GARFIELD	1 part time	1.5	5,309	8,500	3,000
GLACIER	1 full time	1.5	17,450	4,223	1,000
GRANITE	1 part time	1.5	4,131	-----	-----
GREEN MOUNTAIN	1 part time	1.0	6,473	2,000	2,000
HILL	1 full time	1.4	32,000	3,000	0
JEFF/MADIS/MILE	1 part time	1.5	9,000	-----	-----
JUDITH BASIN	1 part time	1.5	5,000	2,500	2,400
LAKE	1 full time	.89	26,875	-----	-----
LEWIS & CLARK	1 full time	1.5	30,000	-----	-----
LIBERTY	1 full time	1.5	15,219	4,095	1,000
LINCOLN	1 full time	1.5	19,759	10,096	1,000
LITTLE BEAVER	1 part time	1.5	6,500	8,000	2,000
LOWER MUSSELSHELL	1 part time	1.5	7,000	2,500	2,400
MADISON	2 part time	1.5	7,500	-----	-----
MC CONE	1 full time	1.5	6,500	11,820	3,500
MEAGHER	1 part time	1.5	4,243	6,442	4,000
MILE HIGH	Jefferson	.75	19,000	-----	-----
MINERAL	1 part time	1.0	3,135	2,363	3,370
MISSOULA	1 full time	1.45	79,928	-----	-----
PARK	1 part time	1.5	6,183	9,720	4,200
PETROLEUM	1 part time	1.5	1,500	3,259	3,000
PHILLIPS	1 full time	1.5	8,900	14,077	3,300
PONDERA	1 part time	1.5	11,674	-----	-----
POWDER RIVER	1 part time	1.5	4,500	2,500	2,000
PRAIRIE	1 part time	1.5	3,200	11,093	3,500
RICHLAND	2 part time	1.5	9,805	3,700	1,000
ROSEBUD	2 full time	.4	53,262	-----	-----
RUBY VALLEY	1 part time	1.5	4,133	9,032	4,500
SHERIDAN	1 part time	1.5	9,571	8,236	2,500
STILLWATER	1 part time	1.5	11,320	1,830	1,500
SWEET GRASS	1 part time	1.5	2,383	5,156	4,000
TETON	1 full time	1.5	13,207	6,057	2,000
TOOLE	1 part time	1.5	13,143	3,825	1,500
TREASURE	1 part time	1.5	9,412	3,019	2,330
UPPER MUSSELSHELL	1 part time	1.5	7,500	-----	-----
VALLEY	2 part time	1.18	19,740	-----	-----
WIBAUX	1 full time	1.5	2,300	11,053	4,000
YELLOWSTONE	1 full time		47,000	-----	-----
			\$905,595	\$211,233	\$92,000

Conservation and Resource Development Division

TABLE FROM BUDGET OFFICE GOES HERE

Overview

The Conservation and Resource Development Division, which is made up of the Conservation Districts Bureau and the Resource Development Bureau, is responsible for a wide variety of programs.

The Conservation Districts Bureau provides financial and technical assistance, supervision, and coordination to Montana's 59 conservation districts and 30 state grazing districts in their efforts toward proper development and management of land, water, and other resource. The Bureau administers the Rangeland Resource Management Act and Loan program, provides assistance with the multi-agency coordinated resource management effort, directs riparian management education programs, administers multi-county rural development efforts, administers forest practices and water quality programs, assists in salinity control efforts, directs natural resource conservation education activities, and administers several conservation district grant programs.

The Resource Development Bureau administers six loan and grant programs utilized by individuals, partnerships, corporations, associations, irrigation districts, conservation districts, water and sewer districts, counties and municipalities. The programs include the water development grant, public and private loans, Renewable Resource Development grants and public loans, and the Reclamation and Development grant program. Collectively, around 50 grant projects are funded each biennium for a total of approximately \$5 million. The Bureau administers public loan programs which provide low interest financing to state and local entities such as water and sewer districts, cities, counties, irrigation districts, and conservation districts for water development projects. The private loan program, administered by the Bureau, is designed exclusively to help individuals, partnerships, associations, corporations, and other private parties to finance water-

related projects and activities. Total bonding authority of \$255 million is available to finance the public loans and \$10 million in bonding authority is available to finance private loans.

The Bureau also provides conservation districts with technical and administrative assistance in developing and promoting projects in the Yellowstone River basin, which use water set aside for agricultural purposes through the water reservation process.

Additional Bureau responsibilities include the financial administration of the Wastewater State Revolving Fund, which provides loans to municipalities for improving wastewater facilities and the financial administration of the Environmental Contingency Account. Funds out of this account are directed by the governor to address environmentally damaging emergencies.

EXHIBIT

DATE

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2-01-91

year. Rev. Dev.

Goals

- o To provide financial, technical, and administrative assistance to private and public entities for water and other natural resource projects and activities.
- o To provide a vehicle to implement the state water plan.
- o To provide Conservation Districts with technical and administrative assistance in developing and promoting projects in the Yellowstone River Basin which use water set aside for agricultural purposes through the water reservations process.
- o To prevent the state from losing money on the loans it issues through the Bureau programs.
- o To provide loan funds through bonding programs.

Authorization

Mont. Code Ann.
§85-1-601, et seq. (1989)
Establishes the Montana Water Development Program to further the state's policies regarding the conservation, development and beneficial use of water resources.
Assigns to DNRC the responsibility to administer the program.

Mont. Code Ann.
§17-5-701, et seq. (1989)
Creates the mechanism to issue bonds backed by the coal severance tax to fund water projects.

Mont. Code Ann.
§90-2-101, et seq. (1989)
Establishes the Renewable Resources Development Program to invest a proportion of the tax and other revenues from non-renewable resources in development of renewable resources. Creates the mechanism to issue bonds and appropriate funds for the loan and grant program.

Assigns to DNRC the responsibility to administer the program.

Mont. Code Ann.
§90-2-1101, et seq. (1989)
Establishes the Reclamation and Development Grants program to fund projects that indemnify the people of the state for the effects of past mineral development and that meet other crucial state needs. Assigns DNRC the responsibility to administer the program.

Mont. Code Ann.
§85-2-316, et seq. (1989)
Establishes a means of reserving water for existing or future beneficial uses. Requires the DNRC to provide technical and administrative assistance to the conservation districts in putting reserved water to use.

Mont. Code Ann.
§75-5-1101, et seq. (1989)
Creates the State Revolving Fund program to provide a means of using state match funds to leverage EPA construction grant funds for construction of wastewater treatment facilities. Assigns DNRC the responsibility of administering the financial aspects of the program.

Base Program

I. Description

The Resource Development Bureau is comprised of 12.5 FTE. The Bureau provides technical, financial, and administrative assistance to public and private entities to complete projects that put renewable resources to work, increase the efficiency with which natural resources are used, or solve recognized environmental problems. Some of the most important roles the Bureau programs play are:

1. Plan implementation. Planning is essential to assure actions taken actually solve the problem at hand in the most cost-effective manner possible. Without the

resources to follow through with action, however, planning is largely a wasted effort. The loan and grant programs are a source of funding for actually constructing projects or carrying out activities which arise from planning efforts initiated at the local and state level.

2. Source of local cost-share funds. Federal government funds for many local- and state-sponsored projects are decreasing. Of the federal financial programs still active, virtually all mandate that the non-federal entity meet a stiff matching fund requirement before any federal financial assistance becomes available. The bureau programs frequently provide one of the few sources and in many cases, the only source of matching funds needed to secure federal funding that can cover as much as 75 percent of total project cost.

3. Incentives for improved resource management. Before a project is approved under any of the programs, the sponsor must show a substantial benefit to public resources. The programs create a positive incentive for resource users to improve management practices which affect public resources, often by increasing the efficiency with which those resources are used, changing the nature of that use to avoid creating costly resource problems in the future, or mitigating damages caused by past resource use.

4. Facilitating compliance with government mandates. Local governments in particular are subject to ever more stringent mandates to provide safer drinking water supplies, reduce pollutant discharge to receiving waters, repair deteriorating infrastructure, abandon environmentally suspect waste disposal practices, etc. The programs offer some of the only options now available for assisting these entities in shouldering the substantial financial commitments necessary to comply with these mandates.

5. Pass-through savings. Because of the state's excellent credit rating, it is able to borrow money

in the credit market at a considerably lower cost than can individual project sponsors. These savings are passed along to parties approved for funding under the identified loan programs, improving profit margins for producers or reducing potentially excessive rates for recipients of public services.

6. Economic development/Infrastructure improvement. The grant and loan programs plan an important role in establishing the sound infrastructure critical for economic development. Sewer systems, water supply, and distribution systems, and water storage facilities have been the primary focus of these efforts. In addition, numerous projects have been funded that increase productivity of resources or return to full productivity land made unproductive by saline seep, erosion, mine wastes, etc.

7. Encouraging local initiative. Over 80 percent of the projects funded have been sponsored by local governments. The availability of both financial and administrative assistance encourages local government to take the initiative to solve their own problems and make things happen in their community.

8. Responsiveness to changing natural resource management priorities. Most of the program guidelines are sufficiently general to allow many types of natural resources projects to be funded under existing program. The focus of the programs can be changed by a modification of executive branch policy to respond rapidly to changing resource management priorities.

The Bureau currently administers three loan and grant programs. A fourth will be added in mid-1990. Bureau administrative costs for the existing loan and grant programs was less than 3 percent of the funds issued during the FY 88-89 biennium. The Bureau also assists the conservation districts in the Yellowstone River basin in putting to use water set aside for future needs through the water reservation process. Finally, the Bureau is involved in lien purchases on bad loans and in meeting payment obligations on bonds it has sold to finance loans through the Water Development and Renewable

2-01-91
Natural Resources

Resource Development programs.

Each of these Bureau responsibilities is described briefly below.

Water Development Program

Through this program, project sponsors receive assistance in initiating and completing a wide range of water-related projects and activities. The program is comprised of three parts: grants, public loans and private loans.

For the FY 90-91 biennium, a total of 13 grants for \$731,668 are expected to be funded. These grant funds will be matched with approximately \$1,590,000 in federal, state, local and private funds. Irrigation-related rehabilitation projects will affect about 1,000 water users and almost 55,000 irrigated acres. Public and rural water/wastewater projects will benefit approximately 3,800 individuals as well as users of the approved projects in the state. One of the providing flat-water recreation to residents of Sheridan County and northeast Montana. Another grant will be awarded to Butte-Silver Bow to help with the coordination of the Clark Fork Basin cleanup activities.

For the same period, a total of 13 public loans for \$20,029,784 were authorized by the 1989 Legislature. Five of these projects are under contract with DNRC and one has already been completed. These Water Development Public Loan funds will be matched with approximately \$13,445,000 in federal, state and local funds. Public and rural water and wastewater projects will benefit almost 50,000 individual users. The lone irrigation rehabilitation project will benefit 44 farms while reducing both the water and power requirements for irrigation of 7,000 acres.

Over the past year, the Bureau has issued 7 loans to private parties totaling more than \$436,000. These loans have attracted over \$112,000 in cost-share funds. Projects funded by these loans will increase the efficiency of water use on over 1,200 acres of irrigated

cropland, reducing total water demand by an estimated 4,300 acre-feet. In addition, crop production increases worth about \$36,000 per year should result from these projects.

Renewable Resource Development Program

The Renewable Resource Development Program is designed to provide assistance to public entities for a broad range of natural resources-related projects. It has both a grant and small loan program.

The 1989 Legislature authorized a total of \$1,292,530 in RRD grant monies to fund 22 projects. These RRD grant funds will be matched with approximately \$2,774,000 of federal, state, and local funds. Seven of the approved projects benefit over 6,700 individuals in upgrading of their water/wastewater systems. Nine of the projects are studies or data generating activities beneficial to all Montanans. Groundwater monitoring and investigations will be conducted as part of three projects which will provide much needed information to over 100,000 residents dependent on local groundwater supplies. One project will expand outdoor recreational opportunities for residents of Bozeman and Gallatin County; another will determine the potential of providing flat water recreation in Yellowstone County.

A total of 3 public loans for \$376,380 were authorized by the 1989 Legislature. All were for community water supply system improvements. When the projects are constructed, the loans will be matched with approximately \$686,340 in federal, state, and local funds.

Reclamation and Development Grants

The Reclamation and Development Grant program establishes a state capability to fund projects that indemnify Montana citizens for the effects of past mineral development on public resources and that meet other crucial state needs serving the public interest. It is a grant program only.

For the FY 90-91 biennium, \$2.85 million has been appropriated to fund 15 projects. These projects have

attracted an additional \$1.42 million in matching funds. A good example of the type of project funded under this program is the Blackfoot River Abandoned Mines project, which will eliminate a major source of contamination to the upper Blackfoot River by reclaiming and eliminating acid mine discharges from five abandoned hard-rock mines east of Lincoln. Other projects are concentrated in the following areas: mine reclamation construction (5); mine reclamation research (3); non-point pollution control (2); hazardous waste cleanup (1); and, information systems and transfer (1). Routine project monitoring, inspection and grant contract closeout continues on 23 projects authorized by the 1987 Legislature.

State Revolving Fund

The State Revolving Fund was created by the 1989 Legislature. It is designed to combine Environmental Protection Agency construction grant money with state matching money to create a low-interest loan program that will be used to fund community wastewater treatment projects. DNRC will administer the financial aspects of this program while DHEC will administer the technical review/compliance monitoring aspects. The program is expected to begin funding projects during the fall of 1990.

Water Reservations

Water set aside through the reservation process must be put to actual beneficial use to withstand the test of claims by downstream states and for reservations to prove effective in equitably allocating a scarce resource for future use among different in-state groups. Of all the applications in the Yellowstone River basin water reservation process, the conservation districts were most limited in the staff and funding resources needed to comply with technical and administrative requirements for using reserved water. Recognizing this, the 1981 Legislature provided Water Development program funds to directly assist the CDs. With the resulting position, the Bureau has helped each CD develop procedures needed to administer its water reservation. The Bureau has also helped the CDs compile detailed project plans which must

be approved by the Board of Natural Resources and Conservation before project development. This assistance, together with a concerted effort by all CDs to promote the use of their reserved water, has resulted in the approval of 90 projects to use 25,381 acre-feet per year in 14 conservation districts.

Lien Purchases on Bad Loans

The Water Development Program has included a private loan program since 1981. Proceeds from State General Obligation Bond sales are used to make these loans. The loans are made at the interest rate received on the bonds and are up to \$200,000 each. To date 71 loans have been made which total \$4.7 million.

These loans are made primarily for irrigation projects and are secured by mortgages or liens on property (usually real estate) equal in value to at least 125% of the amount of the loan. These mortgages may be first, second, or behind a contract for deed.

To date there has been two partial defaults and indications of potential problems with 7 or 8 of their outstanding loans. If loans are foreclosed on either by the State or other mortgage holders, and the security (property) is sold at a sheriff's sale, the State may have to purchase the prior lien to protect its security.

In the Water Development Private Loan Program the "loss loan lien purchase" money is used to protect the State's investment should any of the loan recipients be foreclosed on by the State or other mortgage holders. This would include maintenance on the project in order to preserve collateral or to buy out prior lien holders. In situations where the State is not the first lien holder and a foreclosure is initiated, the property may go to sheriff's sale. In order to protect its investment, the State may need to be in a position to purchase the property at a price high enough to buy out prior lien holders. If the State fails to do this, a first mortgage holder, for example, would bid as much as they were owed and all others with a secured interest would lose their investment. These funds would be recovered after the

State resold the property.

Bond Payments

Four bonding programs are being administered by the Conservation and Resource Development Division. They are the Water Development Private Loan Program (\$10 million bonding authority); the Water Development Public Loan Program (\$250 million bonding authority); the Renewable Resource Development Loan Program (\$5 million bonding authority); and the State Wastewater Treatment Revolving Fund Program (\$10 million bonding authority).

The cost of issuing bonds (approximately 3% of face value) is paid for by the entity receiving the loan. The typical expenses included are:

- (1) Underwriters Discount
- (2) Bond Counsel Fee
- (3) Financial Advisor Fee
- (4) Paying Agent Fee
- (5) Registrar Fee
- (6) Bond Printing
- (7) Official Statement Printing
- (8) Moody's Rating
- (9) Standard Poors Rating
- (10) Auditor's Fee
- (11) Letter of Credit Fee

11. Objectives

The Water Development grant, Renewable Resources grant, and Reclamation and Development grant programs are administered in a similar fashion. Any grant issued through these programs must first receive legislative approval; thus, the programs operate on a 2-year cycle, with the application submittal deadline on May 15 of even-numbered years. The major objectives for these programs are as follows.

1. Complete review and evaluation of applications for technical/financial feasibility, need, and public benefits within 120 days after submittal deadline.
2. Prepare final application ranking and funding

recommendations within 150 days after submittal deadline.

3. Complete final report containing project funding and ranking recommendations, submit to Governor by January 1 of odd-numbered years.
 4. Complete grant agreements for legislatively-approved projects within 60 days of notice of fund availability.
 5. Monitor performance and compliance of each grant project (inspections, progress reports, claim payments, completion of stated tasks, etc.). (ongoing)
 6. Update/review all necessary program policies, forms, contract documents, application guidelines, ranking criteria. (ongoing)
 7. Monitor program budgets and cashflow (ongoing).
- The Water Development and Renewable Resource Development public loan programs are financed by bond sales. Like the grants, public loans must be approved by the legislature. These programs, therefore, operate on the same two-year cycle. The major objectives for the programs are:
1. Complete review and evaluation of applications for technical/financial feasibility, need and public benefits within 120 days after submittal deadline.
 2. Prepare final application funding recommendation within 150 days after submittal deadline.
 3. Complete final report containing project funding recommendations, submit to Governor by January 1 of odd-numbered years.
 4. Review and approve plans, specifications, and contract documents for legislatively approved projects within 30 days after they are received.
 5. Prepare bond purchase agreements for legislatively approved loan projects within 60 days of applicant's request and notification.

6. Conduct bond sales on an "as needed" basis to fund the approved projects.

7. Monitor performance and compliance of each loan project, which includes inspections, progress reports, completion of stated tasks, etc. Conduct at least one field inspection per project per year during project construction.

8. Update and revise all necessary program policies, forms, contract documents and application guidelines. (ongoing)

9. Monitor program budgets and loan repayments, and make bond debt service payments on time. (ongoing)

Private loans issued through the Water Development Program are also financed with bond sales. Unlike grant and public loan programs, only Department Director approval is required before the loan is issued. Major objectives for this sub-program are:

1. Complete assessment of whether to approve the loan within three weeks of receiving a correct and complete loan application.
2. Obtain loan funds for approved projects within three months after applications are approved.
3. Assure that financial condition of loan recipients are adequate to preclude need for foreclosures on loans issued.
4. Assure that security received from loan recipients is adequate so that, should foreclosure on delinquent loans be necessary, no loans losses will be incurred.
5. Complete foreclosure action on the five outstanding problem loans by June 30, 1992.

The major objectives for the Water Reservation program are as follows:

1. Respond to a request for assistance to help applicants prepare a detailed development plan within two weeks of receiving that request from the conservation district.

2. Complete preparation of detailed development plans for individual projects within 3 weeks of receiving such a request from a conservation district. Secure Board approval at next regularly scheduled Board meeting.

3. By June 30 of each year, update and verify records on the use of reserved water by conservation districts maintained by both the districts and the Department.

Objectives for the State Revolving Fund program are incorporated into the Department of Health and Environmental Science narrative for that program. Objectives for lien purchases on bad loans and bond payments are covered implicitly in the private and public loan program objectives.

Base Funding

In FY90, the bureau utilized state special revenue accounts for funding. A similar funding arrangement is expected for FY91-93, except that the administrative costs associated with DNRC's role in the state revolving fund will probably be covered by EPA construction grant funds.

EXHIBIT 8
DATE 2-1-91
BY Mr. Per. Duv.

2-01-91
2-01-91

EXHIBIT 9
DATE 2-1-91
HB Nat. Fed. Inc.

Budget Item	Actual		Executive		LFA		Difference		Executive		LFA		Difference	
	Fiscal 1990	Fiscal 1992	Fiscal 1992	Fiscal 1992	Fiscal 1992	Fiscal 1992	Fiscal 1992	Fiscal 1992	Fiscal 1993	Fiscal 1993	Fiscal 1993	Fiscal 1993	Fiscal 1993	Fiscal 1993
FTE	20.0	20.00	20.00	20.00	20.00	20.00	0	0	20.00	20.00	20.00	20.00	0	0
Personal Services	493,675	590,643	590,643	590,878	590,878	590,878	(235)	(235)	590,299	590,040	590,299	590,299	(259)	(259)
Operating Expenses	247,576	234,650	234,650	227,869	227,869	227,869	6,781	6,781	236,350	236,350	228,027	228,027	8,323	8,323
Equipment	22,154	14,414	14,414	20,083	20,083	20,083	(5,669)	(5,669)	14,789	14,789	3,981	3,981	10,808	10,808
Capital Outlay	0	306,000	306,000	0	0	0	306,000	306,000	306,000	306,000	0	0	306,000	306,000
Local Assistance	91,300	95,000	95,000	91,300	91,300	91,300	3,700	3,700	95,000	95,000	91,300	91,300	3,700	3,700
Grants	199,814	186,089	186,089	186,089	186,089	186,089	0	0	186,089	186,089	186,089	186,089	0	0
Debt Service	2,060	3,953,685	3,953,685	2,364	2,364	2,364	3,951,321	3,951,321	4,025,475	4,025,475	2,364	2,364	4,023,111	4,023,111
Total Expend	1,056,579	5,380,481	5,380,481	1,118,583	1,118,583	1,118,583	4,261,898	4,261,898	5,453,743	5,453,743	1,102,060	1,102,060	4,351,683	4,351,683

Fund Sources

General Fund	52,084	75,184	75,184	78,562	78,562	(3,378)	75,182	74,707	475
State Revenue Fund	986,568	1,310,727	1,310,727	1,014,872	1,014,872	295,855	1,312,201	1,002,242	309,959
Federal Revenue Fund	17,927	40,970	40,970	25,149	25,149	15,821	40,970	25,111	15,859
Debt Service Fund	0	3,953,600	3,953,600	0	0	3,953,600	4,025,390	0	4,025,390
Total Funds	1,056,579	5,380,481	5,380,481	1,118,583	1,118,583	4,261,898	5,453,743	1,102,060	4,351,683

LFA Current Level Analysis Reference: page C-35

Executive Budget Summary Reference: page 90 (DNRE), and page 83 (State Lands)

Executive Budget Narrative Reference: page 27 (State Lands)

Current Level Issues

A. Reorganization Issues

NONE

B. Appropriation Policy Issues (Non-action Items)

1. Difference in Computer Network Charge

2. Difference in inflation

C. Budget Base Differences

3,411 3,411
(1,227) 513

(2,419) (4,583)

-----Executive Over (Under) LFA-----

D. Program Issues

1. Executive budget includes \$31,309 more than LFA for Rural Economic Development operating expenses (federal and state special revenue)	15,501	15,808
2. LFA includes \$30,226 more than Executive Budget for contracted services in Conservation Districts Division (state special revenue)	(15,742)	(14,484)
3. Executive Budget includes \$5,139 more than LFA for equipment (state special revenue)	(5,669)	10,808
4. Executive Budget includes \$7,400 more than LFA for Local Assistance not included in LFA due to coding error. (state special revenue)	3,700	3,700
5. Executive includes 7,974,432 more than LFA for bond debt service. Not included in LFA current level because statutorily appropriated.	3,951,321	4,023,111
6. Executive Budget includes \$14,421 more than LFA for operating expenses in Resource Development Division (state special revenue)	7,022	7,399
7. Executive Budget includes \$612,000 more than LFA each year for loss lien purchases	306,000	306,000
TOTAL	4,261,898	4,351,683

E. Language Issues

1. Loss Lien Program--Biennial appropriation of \$1 million for purchase of liens on loan collateral property. Stipulate funds may only be used for this purpose. (water development bond proceeds--state special revenue)	1,000,000	
2. Rangeland Loans--authorize department to award up to \$700,000 over the biennium for rangeland loans from account established in Section 76-14-112 MCA (state special revenue)	700,000	

3. Conservation District Grants--Appropriate all the coal severance tax allocated to conservation districts (state special revenue)

36,089 per year

4. Appropriation to transfer up to 25% of amount available for grants from the Water Development & Renewable Resource Development special revenue accounts to the Water Development Storage special revenue account contingent upon passage of LC 908.

F. Additional Issues

1. Neither LFA or Executive Budget includes \$30,000 for State Revolving Fund (SRF) for loan administration. (federal funds from DHES)	15,000	15,000
2. Neither LFA or Executive Budget includes \$14,704 for pay exceptions already approved. (mix of general fund/state special revenue)	7,366	7,338

G. Funding Issues

1. LFA includes \$9020 more federal funds than Executive from Corps of Engineers which is no longer available to this division.	(4,523)	(4,497)
2. Executive Budget includes \$40,700 more than LFA for a federal grant in Rural Economic Development Division. Grant is anticipated to be awarded at Executive level.	20,344	20,356

HOUSE OF REPRESENTATIVES

PLEASE PRINT.

VISITOR'S REGISTER

Natural Resources

SUBCOMMITTEE

DATE 2-01-91

DEPARTMENT

DIVISION

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NAME	REPRESENTING
Wayne Wetzel	DNRC
KAREN BARCLAY	DNRC
Mary J. Deane	Heavens RCD
Nichelle	MMDC
Charles Hahnke	H RCD
GREG AMES	DNRC
Chloe Kuehn	MT Assoc. of RCD's
Bob Van Ooster	GYACD
John Armstrong	DNRC
KARA RICHARDS	GYACD
JOHN C. ANDERSON	GYACD
STEVE SCHWITZ	DNRC
John Smith	DNRC
Jana M. Miller	DNRC
Ray Beck	DNRC
Jane Holzer	MT Salmon Control Assn
Bob Williams	Senate Dist 15
John H. Anderson Jr	Senate Dist 37

CS-14

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Natural Resources

SUBCOMMITTEE DATE

DEPARTMENT

DIVISION

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CS-14