

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON NATURAL RESOURCES

Call to Order: By **CHAIRMAN ROGER DEBRUYCKER**, on January 20, 1993, at 9:00 A.M.

ROLL CALL

Members Present:

Rep. Roger DeBruycker, Chairman (R)
Sen. Cecil Weeding, Vice Chairman (D)
Sen. Gerry Devlin (R)
Sen. Greg Jergeson (D)
Rep. John Johnson (D)
Rep. William Wiseman (R)

Members Excused: None

Members Absent: None

Staff Present: Roger Lloyd, Legislative Fiscal Analyst
Florine Smith, Office of Budget & Program
Planning
Theda Rossberg, Committee Secretary

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

Committee Business Summary:

Hearing: **DEPARTMENT OF STATE LANDS
Central Management Program**

Executive Action: None

HEARING DEPARTMENT OF STATE LANDS CENTRAL MANAGEMENT PROGRAM

Bud Clinch, Commissioner, Department of State Lands (DSL), gave testimony on this department. **EXHIBIT 1** He showed some overviews of the State Board of Land Commissioners. **EXHIBIT 2** He said the State Board of Land Commissioners is comprised of the Governor, Auditor, Attorney General, Superintendent of Public Instruction and the Secretary of State. He stated this Board oversees the entire actions of the department, and he reports directly to them.

There are five divisions within the department: Central Management Division, Reclamation Division, Lands Administration Division, Forestry Division and Field Operations Division.

Roger Lloyd, Legislative Fiscal Analyst reviewed the budget differences with the subcommittee. **EXHIBIT 3** He said there are two issues that deal with the Central Management Division: State Land Ownership Records and the Administrative Cost Allocation. See Page C-46 of the LFA budget book.

On the funding issue, see Page C-49 of the LFA budget Book.
EXHIBIT 4

In Table 1, this is the Air Operations Proprietary Account. The current level LFA fund balance is \$35,389 in FY 95 and the Executive balance is \$239,323 in FY 95. The difference is due to the Executive reserving some of the funds to finance the modifications. If the committee approves the LFA current level funding there are no funds for the budget modifications. If those modifications are approved additional funding sources will have to be identified.

Mr. Lloyd said if the Maintenance Facility/Air Operations modification is approved then the amounts budgeted in the LFA current level can be reduced by \$37,550 each year.

Florine Smith, Office of Budget Program and Planning said the first modification is for retrofitting two federal excess property helicopters. The second modification is for Maintenance Facility Operations and a request for a part-time FTE to hire a maintenance mechanic rather than using contracted services so there should be some reduction in contracted services.

Bob Kuchenbrod, Administrator of Centralized Services Division in the Department of State Lands reviewed an organizational chart with the subcommittee on the Central Management Division. **EXHIBIT 5** He said the Central Management Division is comprised of 29.26 FTE and has five different functions: Air Operations, Data Processing and Trust Records, Fiscal, Personal/Clerical and Operational Services.

Mr. Kuchenbrod presented written testimony. **EXHIBIT 6** He said the Fiscal Department is probably the most important for keeping records of State Lands and payroll, etc.

The Operational Services is located in Missoula because the Forestry Division has a large operation there for \$8 or \$9 million and we need fiscal support over there for those people.

He stated the department has made one change from the current level this biennium; the forestry staff located in Missoula was under our Division and we moved three FTE to the Forestry Division from our Division.

The department has people from the different areas to testify on their portion of the budget.

Mr. Kuchenbrod said in working with Roger Lloyd, the LFA he wanted to compliment him on being straightforward and an excellent analyst to work with. He indicated he has been in this business for about 20 years and really appreciates his expertise.

Budget Review EXHIBIT 3

Personal Services:

Mr. Kuchenbrod stated the person involved in the 5% reduction is a revenue agent. It was unfortunate that this position was vacant at the time. The revenue agent works with the Lands Division and the Department of Revenue on the oil and mineral leases with companies throughout the United States. The Department of Revenue advises that for every dollar spent the department gets \$20 back. We would like to reinstate this position because of its importance. There is a lot of turnover in this position due to the amount of traveling.

He reviewed a schedule of the dollar amounts collected in the special revenue account for the last few years. EXHIBIT 7

Tape 1, B.

The importance of this position also is to generate revenue.

REP. WISEMAN asked how many people are involved in this. Mr. Kuchenbrod said there are two people working on this.

SEN. WEEDING asked what dollar amount would be associated with 1.00 FTE or the 1.74 FTE. Mr. Kuchenbrod said that it would be approximately \$28,000. He said employee No. 46 Agency Counsel is a half-time attorney that works for the department. This is another instance where the department had to make cut-backs. We would like to reinstate that position and make it a full-time position.

John North, Department of State Lands, said the attorney that was in the position decided that he wanted to go half-time. Since that time we have picked up about .50 FTE by other attorneys putting in additional staff time. This is a lower grade attorney that helps the two senior attorneys. That attorney helps with smaller cases, i.e., the department has a \$15,000 judgement which needs to be collected and we have not been able to get at it. We had some quiet title actions involving minerals, etc. that need to be prosecuted. These cases are dormant due to the vacancy.

SEN. WEEDING asked if this is the half-time position that really was not vacant. Mr. North said this was a full-time attorney who, for personal reasons, wanted to go half-time. We had a person who agreed to come on board when that position was frozen.

SEN. WEEDING inquired if the department had an agreement signed by that person. Mr North said we don't ask for a signed agreement. This was a clerk with the justice system which agreed to keep her on for three or four months until she found other employment.

SEN. WEEDING asked if the deal consummated before December 11th. Mr. North said this was back in July and the person agreed to start work on August 3rd, but was not hired because of the July special session which took vacancy savings.

REP. WISEMAN said this half-time attorney is for nearly \$34,000 and asked if a full-time attorney would be about \$68,000. Mr. Lloyd said that was an error on his part and that figure represents a full FTE. The actual amount reduced would be around \$17,000.

Mr. Kuchenbrod said the next two employees are the seasonal pilots which were vacant December 11th when the vacancy savings was established.

Rick Burger, Chief Pilot, Department of State Lands, said the department operates the fire program in the summer time. It is more equitable to have our own pilots rather than contract for pilots. EXHIBIT 7

It is important for us to recruit for good qualified pilots. Without the 1.50 FTE it is not possible to provide safe and efficient services to the field for the fire season.

Equipment:

Mr. Kuchenbrod said in the last session we were granted a helicopter mover. The reason we didn't buy the helicopter mover was to cut back on general fund expenditures.

Mr. Burger discussed with the committee what the helicopter mover would do. Helicopters weigh between 1,800 pounds for a small helicopter to about 5,000 for the larger ones which is too heavy for one person to move. We have to try to round up enough people to get the helicopters inside in case of a hail storm. It takes three people to move one helicopter and with the mover device it can be moved with one person.

He said we are currently leasing 7,200 square feet of hanger space for the helicopters which is located in the back of the hanger. That is why we need the helicopter mover.

REP. WISEMAN asked if the mover is motorized. Mr. Burger said it is not; it is a hydraulic, battery operated device with wheels which one person can move around. It has hydraulic jacks that pick the helicopter off the floor.

Mr. Kuchenbrod said on equipment Item B, for computer purchases, he thought the department needed a higher tech computer for the data processing Bureau Chief. He believes that we can live with the LFA's recommendation. He moved money into the trust land marketing system for \$1,800 to pick up a lower cost computer.

Transfers:

Mr. Kuchenbrod noted the department agreed with the transfer concept. The legislative auditor's office audited the department and said we needed to perform the air operations out of the true internal service operation. That is a proprietary account. They suggested that the money be put into the budget as a transfer from general fund. The first of the year that money is transferred to the proprietary account and all expenses paid out of that account.

SEN. DEVLIN asked where the money comes from in the proprietary account. Mr. Kuchenbrod replied that it comes from rates charged us for the aircraft which support the non-fixed expenditures which are the maintenance, repairs and tools, etc. Most of the money comes from the supplemental for fighting fires.

SEN. DEVLIN asked if the \$5 million supplemental approved by the committee was part of it. Mr. Kuchenbrod said that is correct. There is about \$260,000 in the account and 60% comes from the fire supplemental.

Funding and Other Issues:

Item A - He said he would like to discuss how the proprietary fund works. The department can charge a fee to run these aircraft, and more is being collected each year than is expended. The reason is, we want to build up a reserve in this account. There is scheduled and non-scheduled maintenance on the aircraft. We cannot predict what the maintenance will be on the non-scheduled aircraft. An aircraft must be overhauled at 1,500 hours and it would cost \$120,000 to overhaul the engine. It is difficult for us to know when there will be non-scheduled maintenance on these aircraft.

We asked the Legislative Finance Committee for a budget amendment out of the proprietary account. In FY 93 we asked for \$50,000, \$200,000 in FY 92 and \$84,000 in FY 95. The last overhaul cost \$120,000 and is the reason we have to accumulate funds in the proprietary account.

Mr. Kuchenbrod presented a flow-chart showing the expenditures in the proprietary account. EXHIBIT 8 He said the maintenance facility is in a hanger at the Helena Regional Airport. We put out a bid in the paper saying we needed x amount of space for a hanger. We had three people who sent in quotes for the facility;

Morrison Flying Service was awarded the bid. They built a hanger with about 14,400 square feet of space and the department rents the back half. The funds are from the proprietary account.

The department contracted with the National Guard for mechanics at \$25 to \$30 per hour for mechanical work which amounted to about \$60,000 per year. Therefore, the department asked the Legislature for one FTE for \$27,000 per year which will get the work done for a lot less. If this modification is approved we can decrease our budget by approximately \$37,000.

Mr. Burger said we were contracting with the National Guard mechanics on their own time and they wanted more money and we could not pay Workers' Compensation.

SEN. DEVLIN inquired whether they were covered under health insurance also. Mr. Burger said the part-time FTE doesn't work enough to be covered for any benefits.

Ms. Smith said the .5 FTE or below would not have to be paid benefits.

Item B - Mr. Kuchenbrod said this is the travel money for the royalty auditor.

Item C - this is the RIT reclamation development funds. We didn't request this in FY 92.

Tape 2, A.

Item D - He said under 77-1-707 MCA of the codes the department is directed to have the Department of State Lands keep track of all the other property of state agencies. The fiscal note had \$140,000 for the biennium or \$70,000 per year. The statute says "to the extent feasible with available funding personnel of the department shall". Last summer at a meeting REP. BARDANOUVE asked us about this inventory system and suggested we ask for the funds to get this thing running. Our system is currently using 3 x 5 cards with a couple of file cabinets. The workload in the Land Division and Central Management has demanded that we have records up-to-date to 1989. We did not have the manpower to do this manually. We requested \$30,000 of general fund to help us set up a system and it was denied as one of the budget modifications. Currently, we still have the manual system.

SEN. DEVLIN asked how many documents the department administers. Mr. Kuchenbrod replied in 1987 there was 520 acres of non-trust state land owned by state agencies. We estimate there are about 4,228 parcels or tracts to administer from other state agencies.

Mr. Lloyd said since then FWP has had money available to buy property, and their acreage has increased substantially. They

are purchasing some fishing access sites and wildlife habitat sites.

CHAIRMAN DEBRUYCKER asked if the FWP pays the department anything, every other division has to be paid. **Mr. Kuchenbrod** said there is no provision where they pay the department.

SEN. DEVLIN said there was a bill in the last session to have some of the administration expenses of the lands that were purchased by FWP that they could take some of the money from the coal trust that was in HB 526 and use it to pay for their administration.

Mr. Lloyd said that is right, there were some statute changes which allowed FWP to use some of the funds for administrative costs. Perhaps the department could answer to "how much time is the department spending on lands for FWP". The statute says that anytime an agency purchases property they must notify the State Lands Division.

SEN. JERGESON asked if they were collecting funds from any state lands for the agency. **Mr. Kuchenbrod** said no, they were not.

SEN. DEVLIN noted that the reason for the bill in 1987 was these other agencies could not get the proper return on those lands because they didn't know how to manage them. DSL is doing the work and doesn't get any return from these agencies. **Mr. Kuchenbrod** said they only keep an inventory of the state lands that are outside of the trust lands that they own and any fees they collect they keep. If someone wants to know what lands belong to what agency they could let them know because DSL keeps track of the lands inventory.

SEN. DEVLIN said he thought the reason for that bill was to turn over the leasing etc. to DSL because they had the expertise, and the money collected went back to the agencies.

SEN. WEEDING said he understood they were permitted to pay expenses out of the collections from the lands they administer. **Mr. Kuchenbrod** read the statute, "77-1-704...."

Item E - he said there was a study conducted to find alternative methods of assessing indirect costs from state special revenue funds. We were to report to the Legislative Finance Committee before July of 1992. We were scheduled to address the Legislative Finance Committee on June 24th. Because of the special session we ran out of time and this never occurred. On July 10th we were scheduled again but again they ran out of time. This was a concern to us because the next Legislative Finance Committee was to meet in September. Therefore, our budget would have to be submitted prior to that, in August.

He stated he had written a letter to **SEN. JACOBSON** and members of the Finance Committee stating DSL would proceed according to the study for presenting its budget for the next session for the committee to evaluate.

Mr. Kuchenbrod presented a chart showing the state special revenue accounts. **EXHIBIT 9** He said there are 13 state special revenue accounts in the Department which is involved in forestry and reclamation division. DSL has eliminated some of those accounts for obvious reasons. They do not manage the RIT funds, the Department of Administration manages that account.

On the list presented to the committee, the department has identified several of those which it believes would be the committee's decision whether or not DSL should be using the RIT account to support Central Management. Those on the list are: Resource Development, Reclamation and Development and Reclamation RIT Grants. There are a couple of state special revenue accounts that are not included: 1) the Cabin Site Fees, there has been no activity in the account and there are no funds available; 2) the open cut reclamation account has a spending authority of about \$15,500 and the balance is very low.

Don Artly, Administrator of the Forestry Division, also addressed the items on the state special revenue accounts list. **EXHIBIT 9**

Forest Resources Nursery:

Some of these accounts could be tapped to help fund Central Management. In the Forestry Division we have already used those funds. In order to raise fees, there would have to be a statute change. We would either have to raise the fees or cut-back some of the programs in order to raise revenue.

Nursery Account:

There are no funds available. The Legislative Audit Report suggests using general fund to help fund the nursery program. Historically the nursery program has had general fund appropriations as well as special revenue. There is a charge for trees sold to the landowners. The price charged for these trees does not cover the cost of the program; the reason being to provide an incentive for conservation planting. DSL currently is trying to eliminate the general fund from that program. They are hoping they can operate on state special revenue by increasing the tree prices.

SEN. WEEDING asked if some of these timber cuts have to be re-seeded. **Mr. Artley** said the seedlings are grown for planting in the harvested areas. Those seedling are paid for out of the Timber Stand Improvement account. The seedlings are bought from DSL's nursery.

SEN. WEEDING questioned whether, under the Best Management Practices (BMP) directing the cutting of timber, the contract for cutting includes re-seeding. Mr. Kuchenbrod said that was correct, BMP recommends adequate forestry regeneration following timber harvesting. Sometimes natural regeneration of those areas would be the preferred way.

Forest Fire Protection:

One-third of the cost of providing fire protection is paid by private landowners; the general fund pays two-thirds. Therefore, only enough fees are collected to pay for one-third of the appropriation. By year-end this fund balance is zero. In order to change the rates to include indirect fees, the statute may have to be changed.

Forestry Slash Disposal:

This is a program funded half by general fund and half from fees collected. There is a fund balance in this account. The budget which will be presented to this committee for Forestry Slash Disposal has included the maximum amount of slash special revenue to fund the program. It will be necessary to bring that account down to about \$40,000 by the end of the year. The department wants to offset general fund with that cash balance. Therefore, this is available to fund indirect costs.

Mr. Lloyd asked if fees increased by 80 cents or up to 80 cents from the 60 cents currently charged. Mr. Artley said the fees would be increased by 20 cents making a total of 80 cents.

Timber Stand Improvement & Forestry Brush Disposal:

Both of these programs are 100% state special revenue funds. They are related to our Timber Sales Program. If timber is harvested on state lands DSL must follow the law the same as private landowners. DSL charges \$11 per 1,000 board feet which is used to fund the brush program.

Timber Stand Improvement is similar but the charge is \$22 per 1,000 board feet to pay for purchasing and planting seedlings. If the indirect costs have to be funded from this account the fees may have to be increased. The increases would require Land Board approval.

Gary Amestoy, Administrator, Reclamation Division, DSL, addressed three items; 1) Reclamation Bond Forfeitures; 2) Reclamation Hardrock and 3) DSL/EIS.

Reclamation Bond Forfeitures:

This money is available to various programs if there is a bond forfeiture. These are state special revenue funds and are only available for actual ground reclamation purposes.

Reclamation Hardrock:

The funds for this program are from the Metal Mines Reclamation Act and the Open-cut Mining Act. The fund is to provide monies for research, reclamation and water quality problems.

Tape 2, B.

Mr. Amestoy said the department has also used this as an emergency account. All three of these accounts are state special revenue accounts.

DSL/EIS:

The money is made available by a statutory provision in the Montana Environmental Policy Act. DSL may collect fees for the EIS preparation costs. It may require a statute change but the department would need to have a contract agreement with the project applicant. DSL would then take a portion for the Centralized Management Division for administration fees.

SEN. WEEDING questioned whether the department assessed the applicant for the EIS. Mr. Amestoy said that cost is collected from the applicant, and the department may be able to collect for indirects by putting some language in.

Mr. Lloyd said the analysis report on administrative costs references the accounts which the department states need statute changes to implement the costs. The statutes do not prohibit paying administrative costs and other state agencies have found that with similar statutory guidance assessments for administrative costs can be made.

Mr. Kuchenbrod stated the department is aware there is a general fund crunch and wants to be realistic in charging these accounts. If the funds are available and the department doesn't violate any statutes it agrees with the proposal for indirect costs.

REP. WISEMAN said he did not see where there are any funds available for administrative costs. Mr. Kuchenbrod said that is right, there are no funds for administrative costs.

Executive Budget Modifications:**Helicopter Development:**

In the last biennium the helicopters had about 1,700 hours of flight time and dropped about 156,000 gallons of fire suppression materials. He stated he flew 100 initial attack sorties in support of fires. In the last 15 years they have flown 15,500 accident free miles.

He stated the department established a goal many years ago to try to control 95% of the fires to 10 acres. EXHIBIT 10

The Legislative Audit Report states "It is more cost effective for the state to hire pilots and operate state helicopters and FEEP aircraft than to establish contracts for pilots and aircraft". EXHIBIT 10, Page 5 and EXHIBIT 10, A

REP. WISEMAN inquired, since these helicopters are on loan from the federal government, what is the possibility of the Feds taking them back. Mr. Burger replied that as long as the department is managing the helicopter properly and safely, the federal government has never taken one back.

REP. WISEMAN asked how many hours are on these helicopters and what is the percentage of life span. Mr. Burger replied one has about 5,600 hours on it and the other one has about 10,000 hours. The manufacturer and the FAA say that every nut and bolt has to be changed within a certain time frame. He stated the Hewey would probably last beyond his life time. The army is looking at keeping those instead of replacing them with new ones. Bell Helicopter offers rebuilt kits for them.

He said they are authorized through an agreement with the U.S. Forest Service to buy parts from the Department of Defense. The department is able to get parts sooner than the National Guard does and the cost is about one-fourth of what Bell Helicopter would charge. The hourly rate that is charged goes into the proprietary account to cover all these items.

Currently there are three medium helicopters; two light helicopters, one for the reclamation department and one for the fire program; and three fixed wing aircraft used for fire control, for a total of eight.

Maintenance Facility/Air Operations:

DSL had contracted to rent a hanger at the airport. The department contacted the Legislative Finance Committee and have asked them for a budget amendment to spend on leasing this hanger. It cost about \$43,200 to rent a hanger and the mechanic is budgeted at \$27,000.

Mr. Burger reviewed the maintenance facility with the committee.
EXHIBIT 11

He said the new leased facility has 7,200 square feet. It was costing approximately \$60,000 from the National Guard to help work on them. They were paying \$150 per month for private storage. He stated one helicopter did have some hail damage. The new aircraft will be modified with water buckets, wiring harness, mirrors and etc. to meet the specific mission.

REP. WISEMAN asked what it would cost to build a facility for the department. Mr. Burger replied they explored that possibility and the estimate was about \$425,000. The heating bill in the hanger in December was \$745 which the department didn't have to pay.

REP. WISEMAN asked what the five million acres of state land would be worth if it was all sold. Mr. Lloyd said he would not estimate what the land is worth. In 1987 there was a fiscal analyst study done on selling trust lands. He stated he believed that SEN. AKLESTAD is doing some research on that.

REP. WISEMAN stated it is a billion dollar investment, and inquired what is it netting. Mr. Kuchenbrod said he believed it netted approximately \$11 million per year. The collections are about \$50 million per year and the expenses are about \$17 million so there is a net of about \$33 million. He suggested sitting down with the committee and deciding which direction they are willing to go.

REP. WISEMAN said if you had a billion dollars invested in bonds the United States is paying 7% interest and there is no expense.

SEN. JERGESON said when push comes to shove it is getting what you think you have it appraised at.

HOUSE NATURAL RESOURCES SUBCOMMITTEE

January 20, 1993


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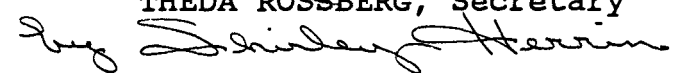
ADJOURNMENT

Adjournment: 11:45 A.M.



ROGER DEBRUYCKER, Chairman



THEDA ROSSBERG, Secretary


DB/tr

HOUSE OF REPRESENTATIVES

NATURAL RESOURCES SUB-COMMITTEE

ROLL CALL

DATE

1-20-93

NAME	PRESENT	ABSENT	EXCUSED
REP. ROGER DEBRUYCKER, CHAIRMAN	✓		
SEN. CECIL WEEDING, VICE CHAIRMAN	✓		
SEN. GERRY DEVLIN	✓		
REP. WILLIAM WISEMAN	✓		
REP. JOHN JOHNSON	✓		
SEN. GREG JERGESON	✓		

DATE 1-20-93~~SE~~ January 20, 1993

WRITTEN TESTIMONY
DEPARTMENT OF STATE LANDS

Bluger

The Department of State Lands conducts its programs and assigned missions through the following organizational structure (see organizational chart). The Department of State Lands is organized into five divisions; Central Management, Reclamation Division, Land Administration, Forestry, and Field Operations. The department has divided the state into six administrative regions and has located personnel and equipment at various land offices to serve the public and implement the department programs.

The State Board of Land Commissioners, comprised of the Governor, Auditor, Attorney General, Superintendent of Public Instruction, and Secretary of State, exercise the general authority, direction, and control over the care, management and disposition of state lands coming under its administration.

The Commissioner is the chief administrative officer in the department and is responsible to the board for the administration and management of all programs and functions vested in the department. The Legal and Environmental Services staffs provide the necessary legal and environmental direction and support to the departments programs.

The Central Management Division provides support in air operations, data processing, fiscal management, personnel administration, and operational support. The Division's programs are administered through five bureaus; the Fiscal Bureau, the Air Operations Bureau, the Data Processing and Trust Records Bureau, the Personnel and Secretarial Bureau, and the Operational Services Bureau.

The Reclamation Division is the State Regulatory Authority that is responsible for the administration and enforcement of all of Montana's mine land reclamation statutes and administrative rules. The division administers these responsibilities with the administrator's staff and through four bureaus: the Opencut Mining Bureau, Coal and Uranium Bureau, the Hard Rock Bureau and the Abandoned Mine Reclamation Bureau.

The reclamation administration is responsible for the overall management, policy development, coordination and evaluation of all programs within the division. The Opencut Mining Bureau requires and evaluates reclamation on opencut mines. Based upon these evaluations, the bureau must determine whether to issue or deny permit applications. The Hard Rock Bureau is responsible for administering the Metal Mine Reclamation Act and supplemental statutes. This involves technical, scientific and legal analysis of mining, operations, and reclamation plans on mines and prospecting sites for compliance with the Act. The Coal and Uranium Bureau is responsible for administering various statutes with respect to coal and uranium mine regulations. This involves issuing or denying mining permits, completing compliance evaluations, and analyzing plans for mining operations and reclamation of mines and prospecting sites. The Abandoned Mine Reclamation Bureau's function is to reclaim lands and water resources which have been adversely affected by past mining practices where there is no continuing reclamation responsibility.

DATE 1-20-93

~~SE~~

The Lands Administration Division manages classified grazing and agricultural trust lands, administers the leasing of natural resources on the surface and mineral estates. The Division's programs are administered through two bureaus; the Surface Management Bureau and the Mineral Management Bureau. The Division provides program direction, guidance, budget allocations and support to the Field Operations Division in the conduct of Lands Administration Programs.

The Forestry Division manages classified forest lands and their natural resources, protects the state's natural resources from wildfire, insect pests and disease, provides assistance to sustain or improve the natural resources of private forest lands, provides tree seedlings for conservation purposes and provides training in forestry, carpentry, and mechanics to Swan River Forest Camp residents. The Division's programs are administered through four bureaus; the Forest Management Bureau, the Fire Management Bureau, the Nursery and Grounds Bureau, and the Service Forestry Bureau. The Division provides program direction, guidance, budget allocations and support to the Field Operations Division in the conduct of Forestry Programs.

The Field Operations Division, through its 26 field offices, serves the public as the local department representatives and implements the field level programs and activities required by the department. It is comprised of personnel and equipment assigned by the other Divisions it's offices are located in the following communities; Helena, Missoula, Kalispell, Olney, Libby, Plains, Swan lake, Greenough, Anaconda, Hamilton, Conrad, Bozeman, Dillon, Lewistown, Glasgow, Billings, Miles City, Lima, Marion, Condon, Lincoln, and Garrison. Annual operating budgets are allocated to the Field Operations Division from each Division requiring Field Operations support.

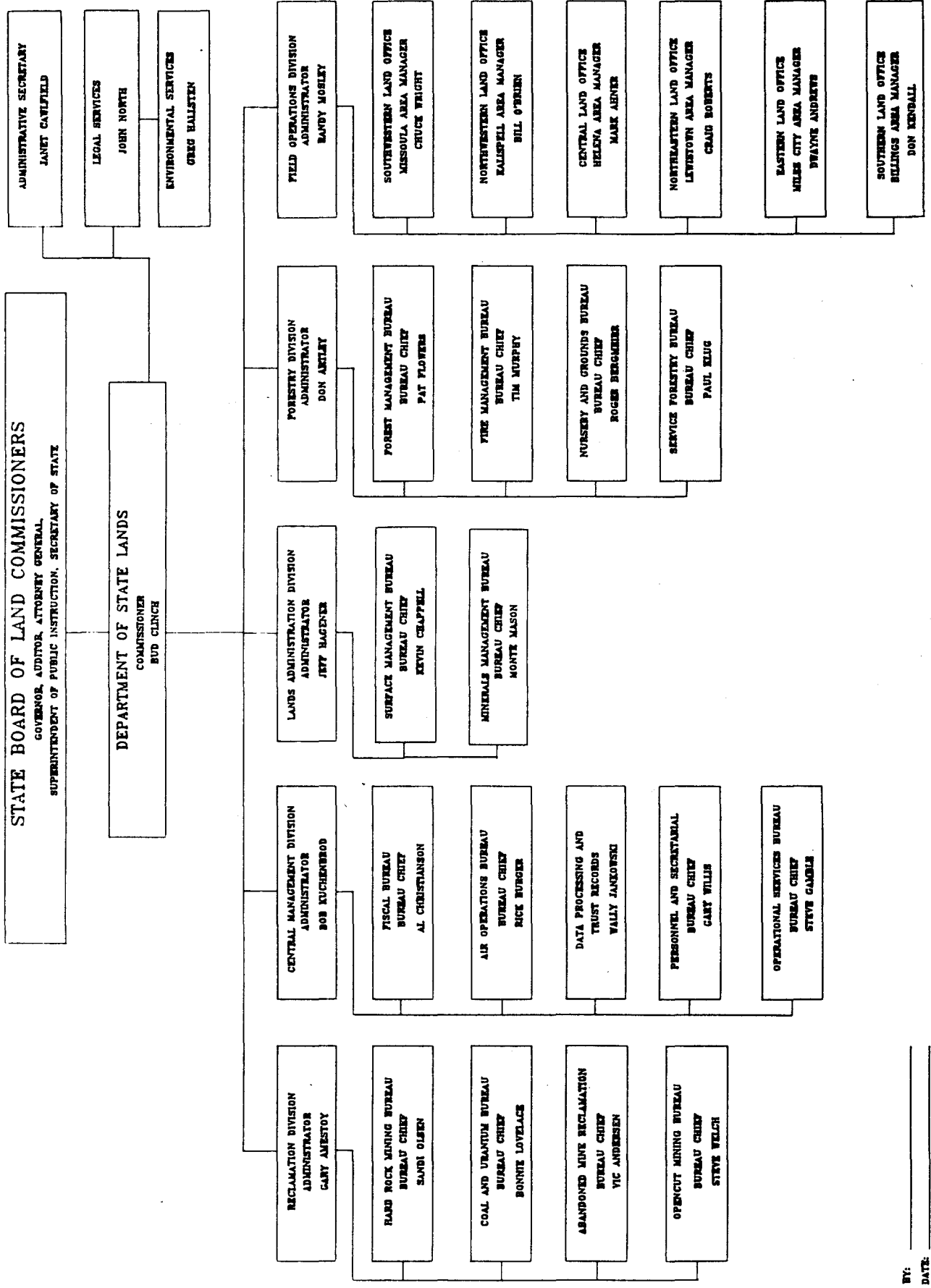
In conclusion, it's readily apparent that the Department has diverse statutory requirements and a broad range of responsibilities. We provide a multitude of services to the State of Montana while serving as landlord to over 9500 lessees on over 5.2 million acres of state trust land and administering an additional 3500 oil, gas, coal, metalliferous and gravel agreements. As mandated by the 1889 Enabling Act, we are required to manage these trust lands to receive the greatest financial gain for the trusts, the receipts of such revenues being deposited into either the permanent trust account or the distributable income and interest account. Historically such revenues amount to \$12 to 13 million for the permanent trust and \$18-20 million for the distributable account; directly offsetting general appropriation monies. Our ability within DSL to manage, assess, and collect appropriately due revenues are proportionate with adequate staffing levels. Being charged with the ultimate responsibility for managing Montana's trust lands for the greatest benefit to the state and respective trusts, the State Board of Land Commissioners strongly supports adequate staffing levels. Yesterday at the January 19th monthly Board meeting, they unanimously requested that I voice their sincere support for adequate Department of State Lands staffing. It is my hope that as the DSL staff presents our budget requests over the next several days that you recognize our sincere interest in meeting those expectations.

Thank you,

BUD CLINCH, Commissioner
Department of State Lands

EXHIBIT 2

DATE 1-20-93



APPROVED BY: _____
APPROVAL DATE: _____
DRAFTING DATE: December 22, 1992 FILE: M-CHART.DTG

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DEPARTMENT OF STATE LANDS
Program Summary

Central Management Program

Budget Item	Current Level Fiscal 1992	Current Level Fiscal 1993	Executive Fiscal 1994	LFA Fiscal 1994	Difference Fiscal 1994	Executive Fiscal 1995	LFA Fiscal 1995	Difference Fiscal 1995
FTE	31.00	35.22	29.26	31.00	(1.74)	29.26	31.00	(1.74)
Personal Services	994,095	1,019,824	1,065,011	1,116,809	(51,798)	1,070,725	1,122,738	(52,013)
Operating Expenses	642,858	657,051	560,871	561,021	(150)	518,581	518,740	(159)
Equipment	20,344	21,000	14,600	3,600	11,000	9,400	8,500	900
Grants	265,000	265,000	265,000	265,000	0	265,000	265,000	0
Transfers	0	0	0	123,323	(123,323)	0	67,280	(67,280)
Total Costs	\$1,922,298	\$1,962,875	\$1,905,482	\$2,069,753	(\$164,271)	\$1,863,706	\$1,982,258	(\$118,552)
Fund Sources								
General Fund	1,493,728	1,516,678	1,535,395	1,463,173	72,222	1,491,408	1,372,510	118,898
State Revenue Fund	126,109	137,302	75,073	115,226	(40,153)	71,703	110,056	(38,353)
Federal Revenue Fund	117,421	120,163	120,000	120,000	0	120,000	120,000	0
Proprietary Fund	185,039	188,732	175,014	371,354	(196,340)	180,595	379,692	(199,097)
Total Funds	\$1,922,298	\$1,962,875	\$1,905,482	\$2,069,753	(\$164,271)	\$1,863,706	\$1,982,258	(\$118,552)

Page References

LFA Budget Analysis, Vol. II pages C 48-49
Executive Budget page C-17

Current Level Differences

PERSONAL SERVICES—The executive eliminates 1.74 FTE in response to the 5% personal services reduction.

(51,798) (52,013)

MINOR DIFFERENCES

(150) (159)

EQUIPMENT

- A. Helicopter mover—The 1991 authorized the purchase of this equipment.
- B. The executive uses higher purchase prices for computers.

8,500 0
2,500 900

TRANSFERS—In response to a recent legislative audit recommendation, the LFA records the general fund expenditure as a transfer to the air operations proprietary account. The money is then spent from the proprietary account. Since this transfer amount depends on the amount of general fund ultimately appropriated to this program, the committee may wish to approve or disapprove the concept and not a specific dollar amount.

(123,323) (67,280)

TOTAL CURRENT LEVEL DIFFERENCES

(164,271) (118,552)

FUNDING AND OTHER ISSUES

A. The LFA current level uses fund balance in the proprietary account to offset general fund only in the 1995 biennium. The executive uses fund balance to fund two budget modifications. If the legislature accepts the LFA current level of funding, an alternative source of funding must be found to finance the modifications, if approved. See accounting entity analysis on page C-49 of the LFA Budget Analysis.

B. The LFA current level funds the gas royalty auditor's (position #140) travel expenses (\$6,557) with resource development funds as in the past. If this position is eliminated, the LFA current level can be decreased by \$6,557 each year.

C. RIT reclamation and development funds are used in the LFA current level to fund the program at the same level as in fiscal 1992. The executive does not fund from this revenue source.

D. The executive does not request funding to implement the state land ownership record system (77-1-701 through 77-1-707, MCA). See LFA Budget Analysis page C-46.

E. The 1991 Legislature directed the department to study alternative methods of allocating administrative costs in an effort to more equitably allocate these costs to state special revenue accounts. Although the study concluded that state special revenue accounts could be assessed administrative costs to offset general fund, the executive does not reflect these assessments. See LFA Budget Analysis page C-46.

Executive Budget Modifications

HELICOPTER DEVELOPMENT—The executive recommends 0.26 FTE (and \$54,705 general fund) in fiscal

59,686 99,229

1992 and 0.85 FTE (and \$31,445 general fund) in fiscal 1995 to retrofit two federal excess property helicopters for fire suppression. If the LFA current level of funding is accepted, another funding source must be found to replace funding from the proprietary account. See page C-44 of the LFA Budget Analysis.

MAINTENANCE FACILITY/AIR OPERATIONS—The executive recommends 1.00 FTE to continue a budget amendment that allowed leasing of a maintenance facility and the hiring of staff to perform maintenance and repair work on aircraft. If the LFA current level of funding is accepted, another funding source must be found to replace funding from the proprietary account. If this modification is approved, the LFA current level for maintenance in the Air Operations program can be reduced \$37,550 each year. See pages C 44-45 of the LFA Budget Analysis.

72,867

73,102

TOTAL MODIFIED LEVEL

132,553

172,331

Language

None

DEPARTMENT OF STATE LANDS
Central Management

EXHIBIT 3
DATE 1-20-93

Positions Removed by Joint Committee Action
House Appropriations & Senate Finance and Claims
January 6, 1993

		Total Personal Services		FTE		Total FTE Removed	Non-Approp. FTE
Position #	Position Description	Fiscal 1994	Fiscal 1995	Removed by 5% Reduction	Removed by Being Vacant		
All or Partial General Fund Positions							
140	Revenue Agent	28,241	26,244 28,241	1.00	0.00	1.00	
46	Agency Counsel	33,905 33,905	33,937	0.50		0.50	
90214	Pilot	27,639	28,220		0.60	0.60	
90213	Pilot	31,315	31,979	0.24	0.66	0.90	
Sub-Total		121,100	120,350	1.74	1.26	3.00	0.00
Non- General Fund Positions							
	None					0.00	
Sub-Total		0	0	0.00	0.00	0.00	0.00
TOTAL		121,100	120,350	1.74	1.26	3.00	0.00

Department of State Lands

Central Management Program

Transfers are a new expenditure of \$123,323 due to budgeting general fund expenditures in the Air Operations Bureau as transfers and increasing the air operations proprietary account by a like amount, as required by GAAP and recommended in a May 1992 Legislative Auditor report. This required accounting change is not included in the Executive budget.

Funding

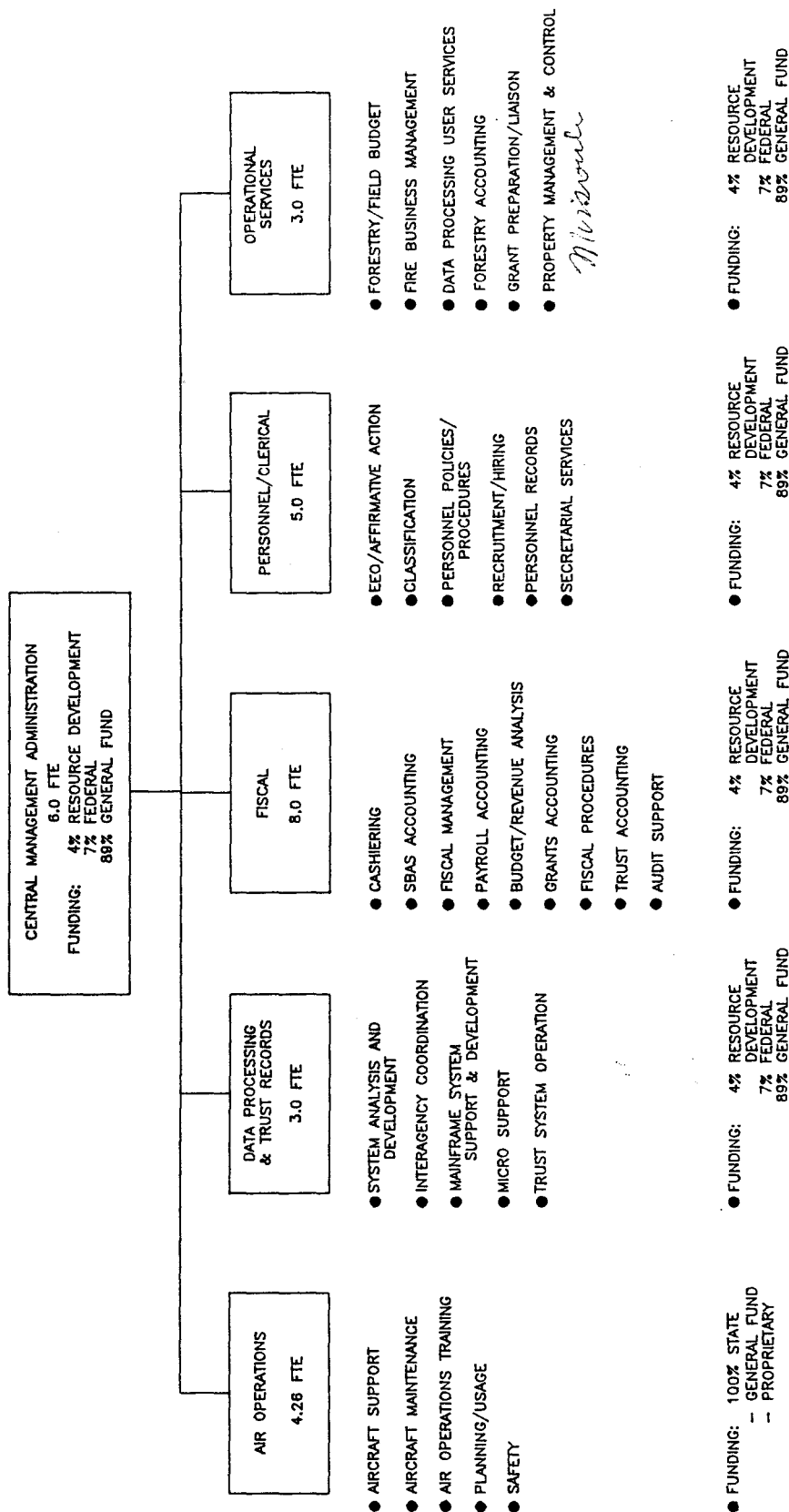
The Central Management program is funded with general fund, reclamation and development funds, resource development funds, federal indirect grant reimbursements, and a proprietary fund. General fund as a part of the funding for the Air Operations Bureau is transferred to and spent from the Bureau's proprietary fund account as required by GAAP and recommended by the Legislative Auditor. The reclamation and development fund, which receives resource indemnity trust interest, funds the program with the same amount as fiscal 1992. The resource development fund, which receives up to 2.5 percent of the income generated by state trust lands, finances the state trust land marketing systems and one-half of the yearly travel costs of the oil and gas royalty auditor. The aviation program's direct costs, such as fuel and maintenance, are financed from the proprietary fund while its fixed costs are paid with general fund. The LFA current level uses excess fund balance in the proprietary account in the Air Operations Bureau to reduce general fund only in the 1995

biennium. Table 1 shows the ending fund balance of this account under the Executive Budget and LFA current level of funding.

Table 1
Air Operations Account

	Actual Fiscal 1992	Appropriated Fiscal 1993	Executive Budget	
			Curr. Level Fiscal 1994	Curr. Level Fiscal 1995
Beginning Balance	\$204,731	\$241,543	\$94,932	\$169,918
<u>Revenues</u>				
Cost Recovery	\$326,124	\$250,000	\$250,000	\$250,000
Total Funds Available	\$530,855	\$491,543	\$344,932	\$419,918
<u>Disbursements</u>				
Central Mgn. - Air operations	\$235,572	\$185,611	\$175,014	\$180,595
Central Mgn. - Budget Amendment	50,532	211,000		
Total Disbursements	\$286,104	\$396,611	\$175,014	\$180,595
Prior Year Expenditures	\$3,208			
Ending Balance	\$241,543	\$94,932	\$169,918	\$239,323
	Actual Fiscal 1992	Appropriated Fiscal 1993	LFA Current Level	
			Curr. Level Fiscal 1994	Curr. Level Fiscal 1995
Beginning Balance	\$204,731	\$241,543	\$94,932	\$97,801
<u>Revenues</u>				
Cost Recovery	\$326,124	\$250,000	\$250,000	\$250,000
General Fund Transfer	0	0	124,223	67,280
Total Funds Available	\$530,855	\$491,543	\$469,155	\$415,081
<u>Disbursements</u>				
Central Mgn. - Air operations	\$235,572	\$185,611	\$371,354	\$379,692
Central Mgn. - Budget Amendment	50,532	211,000		
Total Disbursements	\$286,104	\$396,611	\$371,354	\$379,692
Prior Year Expenditures	\$3,208			
Ending Balance	\$241,543	\$94,932	\$97,801	\$35,389

CENTRAL MANAGEMENT DIVISION 29.26 FTE



January 20, 1993

WRITTEN TESTIMONY
CENTRAL MANAGEMENT DIVISION
DEPARTMENT OF STATE LANDS

BOB KUCHENBROD

The Central Management Program staff provide administrative and operational support services for the department. The staff are responsible for trust revenue collection distribution, fiscal, data processing, personnel and aviation services to all programs in the department. Legal, reception, and mail services are included in this program. Ownership records for trust and non-trust state-owned land are maintained by this program.

The State Land Commissioner is the chief executive officer of the department. The Commissioner makes policy and performs administrative functions to maximize earnings from and protect 5.2 million acres of school trust land; and effectively carry out the requirements of fire suppression laws and other forestry related assistance programs. Current level base funding maintains these programs at a minimal level.

The Fiscal Bureau maintains accounting systems that assure proper and timely collection and distribution of revenue earned from trust lands. The bureau processes all expense and employee travel claims within 5 days and prepares payrolls within the time frames established by the State Auditor. The bureau assures that department accounting practices are consistent with state statute and Department of Administration regulations, and are consistent and in compliance with GAAP. The bureau coordinates department budget allocations to all operating responsibility centers.

Air Operations provides safe and economical aviation services to department programs on as needed availability basis and performs maintenance inspections within a frequency that assures maximum and safety and reliability for three fixed wing and four rotary wing aircraft. Current level base funding provides the minimum necessary for current operations based on the average usage in the last 5 years.

Data Processing and Trust Records Bureau provide coordination and support for mainframe and microprocessor operations in the department and maintain deeds and patents that document the State's ownership in 5.1 million acres of trust surface land and approximately 6 million acres of minerals. With increased usage of microcomputers and mainframe applications, the bureau is pushed beyond it's resources to provide adequate training and assistance to users for optimum usage of the equipment and systems.

Personnel Bureau provides equal opportunity to all department employees and any applicants seeking employment with the department. This program administers personnel functions involving

EXHIBIT 6
DATE 1-20-93
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classification, recruitment and selection, discipline, grievance procedures, EEO Affirmative Action and payroll personnel records.

The bureau also supervises the typing, reception pool and the mail function in Helena; provides and manages the facilities rented for the Central office in Helena. The typing and reception workload has significantly increased because of mining and leasing activity in the state. Phone traffic averages approximately 300 calls per day with highs of nearly 600 calls.

The Operational Services Bureau manages field purchasing programs and maintains records as established by statute and regulations administered by the Department of Administration. The bureau prepares and monitors budget allocations to the 6 area land offices and the Division of Forestry, provides fire business management support and assistance to include maintaining and updating a Fire Business Manual. Conducts training sessions. In addition the bureau maintains a department inventory of 3500 PAMS and 1200 federal excess property items statewide.

The Royalty Audit program is operated under a Memorandum of Understanding (MOU) between the Department of Revenue and Department of State Lands. Under this MOU, the two auditor's conduct audits of oil, gas and coal leases on trust lands to determine whether the trust has been properly compensated. The audit staff also provides evidentiary support and technical expertise in legal actions to recover past due royalties.

The Legal Staff provides legal advise, drafting, and representation to the Board of Land Commissioners and the department. Legal advice is in the form of formal written opinions and informal advice to agency personnel. Drafting duties include correspondence, contracts, leases, rules, and legislation. Representation includes lawsuits by and against the department, permit enforcement actions, and representations before the Legislature. The current workload is at a level where base funding isn't adequate to expedite department legal matters in a timely manner.

"It is more cost effective for the state to hire pilots and operate state helicopters and FEPP aircraft than to establish contracts for pilots and aircraft."

(Office of Legislative Auditor
Performance Audit Report,
December, 1992, Page 37.)

The Air Operations Bureau continues to require more Pilot FTE to handle the demands placed on the bureau by area offices because of fire activity.

At present the Department operates three FEPP helicopters and three fire patrol fixed-wing aircraft. With only two full-time pilots, it is necessary to employ qualified, professional seasonal pilots to give the area offices seven-day-a-week coverage in the fixed-wing (fire patrol) and helicopter (rapid initial attack) areas.

In order to man three helicopters and three fixed-wing aircraft, the bureau has, in the past, operated an aggregate 1.5 FTE. This provides seven-day-a-week coverage for the entire fire season which can last as long as six months, but no less than 110 days.

The Air Operations Bureau also provides aviation coverage for the rest of the Department.

In addition to the FEPP aircraft, the bureau operates a Bell 205BIII helicopter, purchased through the Office of Surface Mining, which is dedicated to the Abandoned Mine Land Bureau. It also operates a State-owned Cessna 180 which has multiple uses from fire patrol to Administrative functions. These two aircraft are primarily manned by the two full-time pilots.

Mandated by our Operations Manual, each pilot will have a mandatory two days off every fourteen days. A qualified, professional relief pilot is required for those two days to maintain the seven-day-a-week coverage during the fire season.

DEPARTMENT OF STATE LANDS

AIR OPERATIONS

PROPRIETARY ACCOUNT

• • • • •

	FY94	FY95	FY96	FY97
Beginning Balance	\$ 94,932	104,418	125,723	53,803
Revenue	290,000	307,400	307,400	307,400
General Fund Transfer	197,844	191,018	198,658	206,605
Total Funds Available	582,776	602,836	631,781	567,808
Disbursements:				
Program Costs	372,858	371,613	386,478	401,936
Budget Amendments				
Scheduled Maintenance	12,000	12,000	98,000	60,000
Non-Scheduled Maintenance	23,300	23,300	23,300	23,300
Maintenance Facility	43,200	43,200	43,200	43,200
Mechanic	27,000	27,000	27,000	27,000
Total Disbursements	478,358	477,113	577,978	555,436
Ending Balance	104,418	125,723	53,803	\$ 12,372

Assumptions:

- Additional aircraft in Kalispell (Helicopter Development Mod) will generate \$76,000 in revenue per year less costs of \$58,600, net \$17,400 per FY95, FY96 and FY97.
- 4% growth assumed for FY96 and FY97.
- Revenue increase due to increase in the number of hours - Initial Attack Mission.
- Budget Mods for Helicopter Development and Maintenance Facility would be approved.
- Additional \$37,550 would be saved if Mechanic Mod is accepted.

A/E NO.	NAME	INCLUDED YES/NO	FY94 ALLOWABLE EXPENDITURES	FY93 6.9% FEDERAL RATE	FUNDS AVAILABLE	REQUIRED ACTION	IMPACT/DISCUSSION
02031	Forest Resources Nursery	YES	\$ 181,000	12,489	-0-	No Restrictions	● Price of seedlings would increase/Balance Depleted
02039	Forestry Fire Protection Fees	YES	1,076,000	74,244	121,905	Statute Change	● Dept. may charge no more than 1/3 of Fire Mgmt Budget
02073	Forestry Slash Disposal	YES	186,000	12,834	67,614	No Restrictions	● Fees would have to increase 80¢ per MBF per year per agreement.
02096	Reclamation Bond Forfeitures	YES	NONE	NONE	177,477	Statute Change	● Available funds used on existing projects
02449	Timber Stand Improvement	YES	284,000	19,596	-0-	Land Board Approval	● Diverting Trust assets require Statute changes
02450	Resource Development	NO	—	—	—	—	● Not managed by DSL
02451	Reclamation Hardrock	YES	772	54	193,132	Statute Change	● Less funds for reclamation projects
02458	Reclamation and Development	NO	—	—	—	—	● Not managed by DSL
02460	Reclamation RIT Grants	NO	—	—	—	—	● Not managed by DSL
02837	Forestry Brush Disposal	YES	241,000	16,629	-0-	No Restrictions	● Fees would have to increase 80¢ per MBF per year per agreement
02838	DSL/EIS ^{50,000}	YES	71,355	4,924	-0-	Statute Change	● Direct charge to the Mining Companies
02856	Cabin Site Fees <i>4,000</i>	NO	-0-	-0-	-0-	No Restrictions	● Administrative Cost?
			2,040,127	\$ 140,770			

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1-20-93

TABLE 2
UH-1H MISSION AND CAPABILITIES



UH-1H PICKED UP THROUGH FEPP IN 1991
ON LOAN TO STATE OF MONTANA



DSL UH-1H ON FIRE STANDBY
IN MISSION-READY STATUS

MISSION:

- INITIAL ATTACK AND SUPPORT
- BURNOUT
- LONGLINE OPERATIONS
- WATERBUCKET
(240 GAL. FOAM INJECTION)
- INTERNAL/EXTERNAL CARGO

DSL AIRCRAFT REMAIN AVAILABLE AT STRATEGIC LOCATIONS WITHOUT THE HIGH COST OF GUARANTEED DAILY AVAILABILITY, BECAUSE FIXED COSTS ARE SUPPORTED BY THE GENERAL FUND.

TESTIMONY
DEPARTMENT OF STATE LANDS

HELICOPTER DEVELOPMENT BUDGET MODIFICATION

Introduction: The Department of State Lands (DSL) has used helicopters for the rapid initial attack of wildfires for the past 15 years. The use of helicopters for moving firefighters and delivering aerial suppressants has proven to be a very effective tool. The National Fire Management Analysis (NFMAS) evaluations for DSL indicate improved efficiency using medium helicopters, over light helicopters. The Department of State Lands (DSL) proposes to develop two UH1H (Medium) helicopters that are loaned through the Federal Excess Property Program (FEPP). One helicopter will be a replacement for an older model medium FEPP helicopter. The second helicopter will be a replacement for a light helicopter on private contract. Specifically these helicopters will provide expanded rapid initial attack of wildfires primarily in the Missoula and Kalispell areas.

Background: The Department directs all its fire protection efforts towards keeping wildland fires as small as possible. The Department has established the primary goal of controlling 95% of all direct protection fires at 10 acres or less. All fire management plans emphasize early detection and rapid initial attack to meet this goal. The analysis of suppression expenditures shows that the smaller the wildfire, the smaller the suppression expenditures. The cost of resources damaged and/or lost is also minimized. Table 1 shows that fire expenditures averaged over an eleven (11) year period supports the department's current goal.

Proposal: The first helicopter developed will replace an aging UH-1B helicopter. The replacement of the UH-1B helicopter is necessary because of increasing limitations of parts availability. The UH-1H helicopter is the best replacement available to DSL through the Federal Excess Property Program.

The second helicopter developed will replace the Department's share of a joint helicopter contract in Kalispell. The contract helicopter is a light helicopter which has limited capabilities. DSL currently pays \$28,000 for the availability of a joint contract helicopter in northwest Montana. An additional \$14,000, or half again as much as is currently paid, will be required to continue this shared contract. An increase of \$14,000 in the current helicopter contract is indicative of the escalating costs for contracting private helicopters. The 1992 Office of the Legislative Auditor Performance Audit Report of DSL's fire operations supports State operated FEPP helicopters versus private contractors due to cost savings, increased capabilities, and expanded availability.

The use of a medium helicopters helps keep wildfires smaller with fewer dollars expended on fire suppression supplemental and greater savings on resources. The dollars saved in suppression and resource loss more than offset the dollars spent on operation of medium helicopters. The UH-1H (medium) helicopters will greatly enhance DSL's initial attack capabilities. A comparison of helicopter capabilities is shown in **Table 2**.

A number of factors and studies indicate a need for improved and expanded rapid initial attack through the use of helicopters is shown in **Table 3**.

EXHIBIT 10
DATE 1-20-93
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TABLE 1
AVERAGE COST OF FIRES
BY
SIZE CLASS

SIZE CLASS	ACREAGE RANGE	AVERAGE COST BY SIZE CLASS	COST INCREASE OVER A & B CLASS
A & B	0 to 9.5	\$3,548.00	
C	9.6 to 99.5	\$26,166.00	7.4 times
D	99.6 to 299.5	\$31,206.00	8.8 times
E	299.6 to 999.5	\$60,870.00	17.2 times
F	999.6 to 4999.5	\$238,136.00	67.1 times
G	4999.6 and larger	\$1,083,354.00	305.3 times

TABLE 3

EXHIBIT 10
DATE 1-20-93

**JUSTIFICATION AND FACTORS EFFECTING THE NEED
FOR
HELICOPTER MODIFICATION**

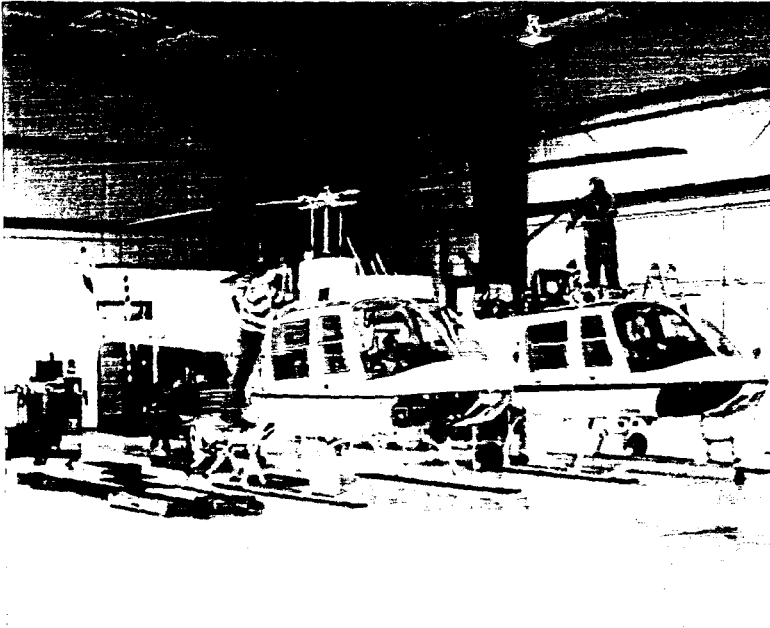
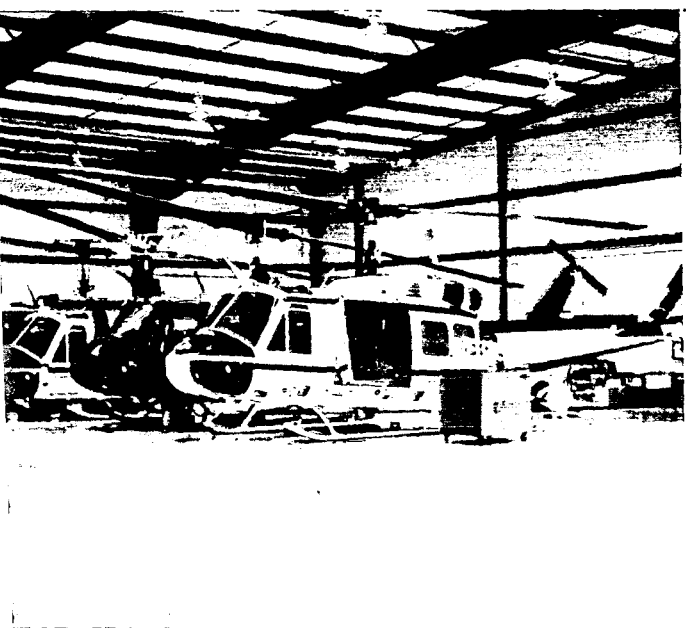
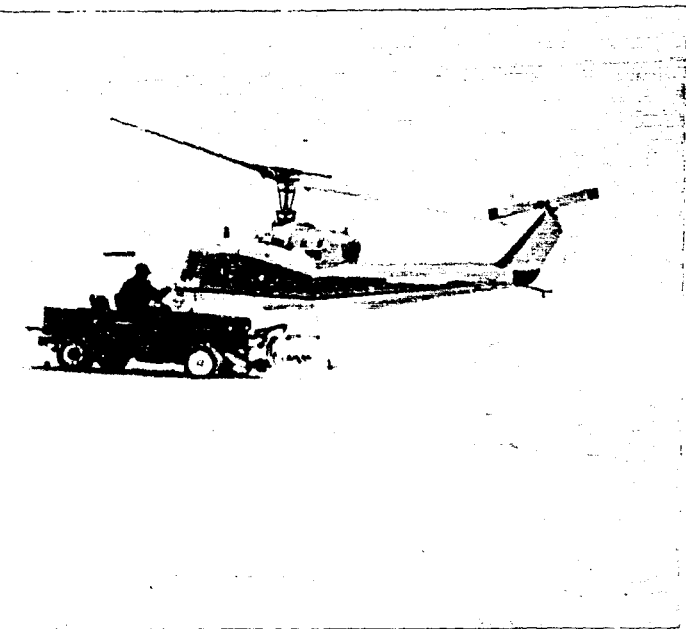
FACTOR													
Developments:	DSL protection of wildlands continues to increase in complexity. Increased development of structures into areas that were formerly exclusively wildlands expands the values at risk. This development has also resulted in an increased number of wildfires occurring from human activities.												
Access:	Resource management decisions (eg. road closures) continue to restrict ground access by suppression forces. The need to move firefighters by helicopter to suppress wildfires increases annually. Helicopters also greatly reduce fire spread prior to firefighters arriving by dropping suppressants on the wildfire.												
Funding Levels:	National Fire Management Analysis System (NFMAS) studies show that DSL's current fire program is presently funded at 20% below the optimum level. The NFMAS study also shows that funding for the helicopter in Kalispell is not adequate. Helicopter operations are the best way to reach the optimum level cost effectively. NFMAS study details these budget/cost ratios: For every \$1.00 cut in pre-suppression budgets you can expect a \$4.00 increase in suppression supplemental cost. For every \$1.00 added in pre-suppression budgets you can expect a \$2.00 decrease in suppression supplemental cost.												
History:	<ul style="list-style-type: none">• Original FY 83 request was for \$50,000 to fund a FEPP helicopter in Kalispell.• DSL was appropriated \$28,000 by the 83 Legislature.• DSL first attempted to contract a helicopter in FY 84. The cost of the contract would have been \$63,000 for a light helicopter.• In FY 85 DSL used the \$28,000 to fund ½ of joint helicopter contract in Kalispell with the USFS.• To meet the present contract share DSL would need an additional \$14,000.												
Present:	<table><tr><th>HELICOPTER</th><th>LOCATION</th><th>NEEDS</th></tr><tr><td>1 ea. UH-1H (Medium)</td><td>Helena</td><td>1989 - 1993 No Change</td></tr><tr><td>1 ea. UH-1B (Medium)</td><td>Missoula</td><td>1978 - 1993 UH-1H</td></tr><tr><td>1 ea. 206-B3 (Light)</td><td>Kalispell</td><td>1985 - 1993 UH-1H</td></tr></table> <ul style="list-style-type: none">• The first UH-1H will replace UH-1B in Missoula, Parts availability and cost. (\$15,000 paint & \$1,500 for helmets and flight suits in FY 94).• The second UH-1H Justification is for replacement of a Light 206-B3 in Kalispell. (Balance of dollars requested - Pilot, Fuel Truck Driver, Helicopter Manager, Fuel Truck & Preparing helicopter for service.)	HELICOPTER	LOCATION	NEEDS	1 ea. UH-1H (Medium)	Helena	1989 - 1993 No Change	1 ea. UH-1B (Medium)	Missoula	1978 - 1993 UH-1H	1 ea. 206-B3 (Light)	Kalispell	1985 - 1993 UH-1H
HELICOPTER	LOCATION	NEEDS											
1 ea. UH-1H (Medium)	Helena	1989 - 1993 No Change											
1 ea. UH-1B (Medium)	Missoula	1978 - 1993 UH-1H											
1 ea. 206-B3 (Light)	Kalispell	1985 - 1993 UH-1H											
Justification:	<p>DSL Aviation Plan, Fire Management Plan and NFMAS identify needs for medium helicopters to support DSL's fire operations.</p> <p>"It is more cost effective for the state to hire pilots and operate state helicopters and FEPP aircraft than to establish contracts for pilots and aircraft". (Office of Legislative Auditor Performance Audit Report Dec. 92, page 37)</p> <p>Best option is to adhere to the audit report and place a FEPP medium helicopter in Kalispell for long term cost \$10,000 and \$58,000 spending authority in the proprietary account.</p>												

DEPARTMENT OF STATE LANDS
ROYALTY AUDIT PROGRAM
SCHEDULE OF AMOUNTS COLLECTED THROUGH 3RD QTR 1992

	AMOUNTS COLLECTED	DATE
FALCON COLORADO	\$8008	6-29-87
MONTANA POWER CO.	\$160,947	7-05-89
FMP	\$177,089	8- -88
NORFOLK ENERGY	\$310,892	6-22-89
IREX	\$5250	6-29-89
QUINTANA	\$26,039	11-22-88
MOBIL	\$52,473	3-20-87
CONOCO	\$2715	1-18-89
LOUISIANA LAND	\$3730	6-13-88
GARY WILLIAMS	\$24,835	7-17-89
SANTA FE	\$53,072	6-30-89
J.BURNS BROWN	\$143,000	12-21-89
ROYALTY SERVICE CORP.	\$542	1-30-90
BWAB, INC.	\$8229	6-24-89
BWAB, INC.	\$6264.51	7-10-92
NORFOLK ENERGY	\$58,721	1-29-90
NORFOLK ENERGY	\$48,046	9- -90
MOUNTAIN STATES	\$45,000	9- -90
LUFF	\$11,582	4TH QTR 1990
LUFF	\$17,500	1ST QTR 1991
CONOCO	\$116	3RD QTR 1991
CONOCO	\$4846	4-01-91
PHILLIPS PETROLEUM	\$1307	9-30-89
UNOCAL	\$38,973	6- -92
SHELL	\$35,719	2- -92
LADD	\$7655	3-17-92
CUTBANK GAS	\$6000	4TH QTR 1991
NORTHLAND ROYALTY	<u>\$2098.38</u>	9- -92
	<u>\$1,260,648</u>	

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1-20-93

MAINTENANCE FACILITY AND FTE



1. FEDERAL GUIDELINES FOR STATE AIR OPERATIONS PLANS MANDATE THAT AIRCRAFT ON LOAN WILL BE ENVIRONMENTALLY AND PHYSICALLY SECURED.
2. DUE TO STRICT AND COMPLEX MAINTENANCE AND SAFETY STANDARDS IT WAS NECESSARY FOR DSL TO FIND AN ADEQUATE FACILITY AND MAINTENANCE PERSONNEL TO PROTECT AND MAINTAIN DSL AIRCRAFT.
3. THE DEPARTMENT OF ADMINISTRATION ASSISTED DSL IN FILLING THE FACILITY REQUIREMENT BY ENTERING INTO A LEASE AGREEMENT WITH A LOCAL FIXED-BASED OPERATOR.
4. IN ORDER TO MAINTAIN ALL DSL AIRCRAFT INTERNALLY IT WOULD REQUIRE 2.9 MAINTENANCE FTE. AT THE PRESENT TIME AOB HAS 1.0 MAINTENANCE FTE DEDICATED TO ALL ROTARY-WING AIRCRAFT. ALL OTHER MAINTENANCE SERVICE ARE CONTRACTED OUT.

**HOUSE OF REPRESENTATIVES
VISITOR REGISTER**

NATURAL RESOURCES SUBCOMMITTEE DATE 1-22-93
DEPARTMENT (S) _____ DIVISION _____

PLEASE PRINT

PLEASE PRINT

NAME	REPRESENTING	
BUD CUNYCH	DSL	
BOB KUCHENBERG	DSL	
Don Artley	DSL	
PAULY MOSELEY	DSL	
Tom MURPHY	DSL	
GARY AMESTOY	DSL	
RICK BURGER	DSL	
TERESA SCOTT	DSL	
Jerry Smith	DNRC	
John Nork		

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.