MINUTES

MONTANA HOUSE OF REPRESENTATIVES
53rd LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON LONG-RANGE PLANNING

Call to Order: By Rep. Ernest Bergsagel, Chairman, on February 3, 1993, at 8:00 AM

ROLL CALL

Members Present:
Rep. Ernest Bergsagel, Chair (R)
Sen. Bob Hockett, Vice Chair (D)
Rep. Francis Bardanouve (D)
Sen. Ethel Harding (R)
Sen. Eleanor Vaughn (D)
Rep. Tom Zook (R)

Members Excused: None

Members Absent: None

Staff Present: Jim Haubein, Legislative Fiscal Analyst
Jane Hamman, Office of Budget & Program Planning
Sandra Boggs, Committee Secretary

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

Committee Business Summary:
Hearing: HB 6; WATER DEVELOPMENT AND RENEWABLE RESOURCE DEVELOPMENT PROGRAMS
Executive Action: NONE

HEARING ON HB 6; WATER DEVELOPMENT AND RENEWABLE RESOURCE DEVELOPMENT PROGRAMS

Tape No. 1:A:002

BUDGET ITEM PROJECT #15 TOWN OF WINNETT:

Tape No. 1:A:004

Informational Testimony: **Charles E. Allen, Town of Winnett,** spoke on behalf of a $50,000 grant and a $50,000 loan for their Sewer Reconstruction and Rehabilitation project. **EXHIBIT 1.** He presented a written summary of his testimony, including a Table of Water Rates which shows that Winnett residents have more expensive rates than the state average. **EXHIBIT 2. Mr. Allen** asked that the committee take these high rates into consideration and reduce the loan amount by granting more money for the project.

Proponents' Testimony: **REP. DICK KNOX, HD 29, Fergus,** spoke in support of the Town of Winnett's grant application for RRD funds. He stated that the town has an obvious problem that has to be corrected. The water supply is threatened with raw sewage contamination. The town does have a financial problem and needs the committee's support to correct the problem.

SEN. JOHN HERTEL, SD 15, Moore, spoke in support of the Town of Winnett's grant application for RRD funds. The committee can see from the town's application that the town does have a big problem. The sewer system is old, and one of the biggest problems is the threat to Mcdonald creek, which could create another major problem. The community is in a unique area; it is isolated, and they need this financial help very badly. He thinks that because they are isolated, they are often overlooked in may regards. He urged the committee to support this badly needed project.

Questions, Responses, and Discussion: **REP. FRANCIS BARDANOUVE** asked how many people lived in Winnett. **Mr. Allen** stated that the 1990 survey documented 188.

REP. BARDANOUVE asked how much they pay for water and sewage. **Mr. Allen** stated that the Department of Commerce equalizes all towns in Montana based on 10,000 gallons of usage, which puts Winnett at $25.25 for sewer rates. They pay $37.20 for water.

Proponents' Testimony: **Dave Mosser, Engineer, Morrison-Maierle-CSSA Inc.,** spoke in support of the Town of Winnett's grant application. He stated that he worked on preparing the feasibility study for the town's project. The town is in a critical need of the money. Mr. Allen is currently the only employee and there are a number of safety problems. There are collapsing manholes, plugged sewers, and a dysfunctional aeration system. The proposed project will not only help the community with environmental concerns, but will also help protect Mr. Allen while he does his job.

Questions, Responses, and Discussion: **REP. BARDANOUVE** asked what the threat is to Mcdonald Creek. **Mr. Allen** stated that now there are two exposed 12-inch lines crossing the creek. There is no bury on them and they feed a 24-inch line that feeds their lagoons and the lift station. This project would move the lift station across the creek and do away with the 12-inch and the 24-inch lines. The replacement lines would be buried under the creek instead of running through it.

BUDGET ITEM PROJECT #18 PETROLEUM COUNTY:

Tape No. 1:A:256

Informational Testimony: **Bill Harris, Concessionaire, Crooked Creek Recreation Area and Fort Musselshell Marina,** spoke on behalf of the $50,000 grant and $50,000 loan for the Crooked Creek Recreation Area. **EXHIBIT 3.** He provided the committee with copies of letters of recommendation, pool elevation forecasts and

other information on proposed improvements. **EXHIBIT 4.** He stated that a small airstrip has been built, lodges for hunters have been built, a primitive campground and other improvements have been made. He is encouraged about the future of the project. The need for RRD funds to help is extreme at this point. The recreation area needs to be changed from primitive facilities to more modern, acceptable facilities for general public use. There are untapped opportunities for recreation and tourism in the area.

Questions, Responses, and Discussion: **SEN. BOB HOCKETT** stated that he has been impressed with the number of people involved in the big Walleye tournaments at the Fort Peck Reservoir. He asked if that had anything to do with this project. **Mr. Harris** stated that the walleye tournaments are held near the dam and are not in the Crooked Creek Recreation area. However a small-mouth bass tournament my be held in the Recreation area.

SEN. HOCKETT asked if the reservoir is so isolated that people don't visit it. **Mr. Allen** said that was probably the biggest attraction it has. There is no place else in the country that is as remote and offers the same type of recreation. There are 1,600 miles of lakeshore, and there are only eight spots that will ever be allowed to have access and improvements. Therefore, it will always be a wilderness lake.

REP. TOM ZOOK stated that part of their funding is based on $200,000 from the Corps of Engineers, and yet $60,000 of that has already been spent at another site. The $200,000 is what the Corps has available for all seven Fort Peck Recreation sites. **REP. ZOOK** asked if Mr. Harris thought the Crooked Creek project would get full funding from them. **Mr. Allen** stated yes, because at this point they are the only project requesting funds. The Corps has a limit as to how long they have to put that money to use, so they are willing to put the money into the Crooked Creek improvement project.

REP. ZOOK stated that there is currently only $140,000 available, but the project is counting on the $200,000. Where will the other $60,000 be made up? **Mr. Allen** stated it would have to be made up, either by him or by other grants.

REP. ZOOK asked if the assumption that Petroleum County has made in regards to the Corps providing additional lands at no cost, is a safe one. **Mr. Allen** stated that the lands aren't really necessary to complete the project. The large lease area was applied for to expand the camping area.

REP. BARDANOUVE asked how the loan would be paid off. **Mr. Allen** stated that the loan payments would be paid off by his concession profits. Petroleum County will make him responsible for the loan payments.

REP. BARDANOUVE asked how many visitors come to the isolated

area. He must have a lot of visitors and a considerable amount of income to pay off an obligation this large. **Mr. Allen** stated that currently the revenues have not been large. In the past there has been good use, and they have shown that they will provide for the amount of traffic they need.

Proponent's Testimony: **REP. DICK KNOX, HD 29, Fergus,** spoke in support of this grant application. He stated to the committee that this improvement project is well documented. **REP. KNOX** stated that he thinks highly of Bill Harris as an individual and as a business man who is able to work with the public and treat them fairly. The level of Ft. Peck lake has dropped considerably and created a major problem for the area. The purpose of this project is to expand his operation so that he is not totally dependent on the lake and lake-type recreation. The potential for other outdoor activities being actively sought out by the public is in great abundance in this area.

REP. KNOX stated that Ft. Peck is on its way up, and the Corps of Engineers has made a commitment to maintain it at a more equitable level. There is every chance in the next couple of years, that Mr. Harris will have water right up to his dock. An all-weather road now exists down to the site, and the site is in an excellent spot on the west side of the reservoir. The wilderness character of this location will remain as it is, because it is surrounded by the Charlie M. Russell Wildlife Refuge.

SEN. JOHN HERTEL, SD 15, Moore, spoke in support of the Crooked Creek Recreation Area Improvement project. This is a remote area that hasn't been used by the public a great deal yet. He feels a project like this could aid in bringing more tourists to the area. This would give access to people not familiar with it. The public wants areas they can use for recreation. This would be a good boost for Petroleum County, and he thinks eventually it would even help the city of Winnett.

Questions, Responses, and Discussion: **SEN. HOCKETT** referred to Petroleum County's assumption about obtaining additional leased lands, and asked if Sen. Hertel knew of the County Commissioners work with this project. **SEN. HERTEL** stated that he knows that the County Commissioners are 100% in support of this project.

Mr. Harris stated that Petroleum County already has a 25 year lease on the necessary land from the Corps of Engineers. The request for additional lands was approved in Riverdale, but they have not yet heard if it was approved in Omaha. The additional land is not critical to this part of the project.

SEN. HOCKETT asked who maintains the road to the site, and if there are ranchers along the road. **Mr. Harris** stated that there are ranchers on all but the last 20 miles of the road. It is a raised, all-weather gravel road that is maintained by the county in an agreement with the Fish and Wildlife Service and the Bureau

of Land Management.

SEN. HOCKETT asked if the county has any financial responsibility for the loan. **Mr. Harris** stated that it is his understanding that the loan would be through the county, but that it would ultimately be his responsibility. The county is sponsoring the loan, but he is not sure of the exact details of how that will work. Originally the county applied for a $100,000 grant, but it was changed in the process to be a $50,000 grant and a $50,000 loan.

John Tubbs, Chief of Resource Development Bureau, Department of Natural Resources and Conservation, informed the committee that the fact that there is some revenue potential for this project led DNRC to their consistent recommendation that a maximum grant of $50,000, and "within their ability to pay, an additional $50,000 loan would be authorized." The DNRC would work with county and work with an assessment type bond, to ensure that the county makes a commitment to pay any loan back. The understanding would be that the county goes back to the campground area and uses the primary revenue source to pay back the loan.

REP. BARDANOUVE asked if this was a private project applying for RRD funds. **Mr. Tubbs** stated that by the county obtaining the loan and grant funds, DNRC is addressing that concern. He referred them to **EXHIBIT 3 - PAGE 53** for specific language on how that concern is being addressed. The county will own the improvements that this grant will make.

REP. BARDANOUVE stated that he believed that the Corps of Engineers will eventually finance these improvements. **Mr. Tubbs** stated that it is unclear that will happen. Local and state matches are often required with any federal expenditures.

CHAIRMAN ERNEST BERGSAGEL stated that some of the Corps of Engineers funds are required by private or state match.

Mr. Harris stated that the public use that will be beneficial from this project and will not be revenue producing. The water access, the landscaping, and the sewers will be free to the public. The concession's gain will be indirect. The 25-year lease with the Corps of Engineers is renewable.

Ms. Jeanne Doney, Program Officer, DNRC, provided the committee with a copy of a Billings Chamber of Commerce letter in support of the improvement project. **EXHIBIT 5.**

BUDGET ITEM PROJECT #47 BIG HORN CONSERVATION DISTRICT:
Tape No. 1:A:947

Informational Testimony: **Roger Nedens, Supervisor, Big Horn Conservation District,** spoke on behalf of the Rocky Ranch Deep Well Restoration Project. This grant application was recommended for zero funding by DNRC. **EXHIBIT 6.** He stated that this well is

the only water source that maintains an excess of 50 acres of wildlife habitat, wetlands and a bass pond which is open to public fishing. Deep Well also provided stock water and irrigation water for the 3,000 acre ranch. Other substantial benefits are obtained by re-establishing water flow in two currently dry drainages. They used to have year-round running water in them. The project would promote recovery of eight miles of riparian area providing stock and wildlife watering to five other farms and ranches. This well restoration project is widely supported by neighbors, sportsmen and the Department of Fish, Wildlife and Parks. The RRD funds are vital to completing the project.

Proponents' Testimony: **Gladys Herman, Owner, Rocky Ranch,** spoke in support of her application for RRD funds. She stated that it is an artesian well with a depth of 3,750 feet to 4,000 feet. She has had three bids averaging around $150,000 for the drilling. The well would be cased and cemented from the bottom up, to help the prevent electrolysis corrosion on the pipe. The valve flows 2,000 gallons per minute and is her only water supply. The FWP used her ponds, which are fed by the well, to stock with bass. The FWP has also offered their assistance. She has been without the lakes for three years.

Questions, Responses, and Discussion: **SEN. ETHEL HARDING** asked how it was known that the new well would be another artesian well. **Ms. Herman** stated that she knows it is on a Madison Formation. The new well will be approximately 200 feet from the original well.

SEN. HARDING stated that she has had an artesian well on her property, but she does not know what guarantee she has that if she drilled another well it would be artesian as well. What kind of expert advice has Ms. Herman received that convinced her she will get an artesian well. **Ms. Herman** stated that the geologist has stated that logically it should be artesian. The water is hot water, and her cows thrive on it. Her calves weigh 75 to 100 pounds more than her neighbor's.

REP. ZOOK asked if this well was used for irrigation in the past. **Ms. Herman** stated that it has been used for 37 years on 160 acres.

REP. ZOOK asked if there had been any problem with salts. **Ms. Herman** stated that the well has a lot of minerals, so there have been problems with salt.

REP. ZOOK quoted DNRC's comments which state that the aquifer has elevated levels of sodium, chloride, and other dissolved solids. Water of this quality is marginal for agricultural purposes. **Ms. Herman** stated that she would disagree, the water is marvelous and has done well with vegetation.

REP. ZOOK asked DNRC where it got its information on sodium and

mineral content. **Mr. Tubbs** stated that the department had the data on parts per million of dissolved minerals when the staff reviewed the project. There are set guidelines that determine water quality, and they were referred to when the department determined the water was marginal for agricultural use. In addition, there was concern that the discharge of the water would be well above standards that would ever allow permitting. This well does not require a permit, but if it did, it would not qualify.

REP. BARDANOUVE asked if there was a depletion of the water table with all the activity that is fed by this well. **Ms. Herman** stated that after all her lakes are full, the water flows through other ranches to the Big Horn River. However, this time she will place a valve on the well to control it more. She has intentions to let her neighbors use what they can have, but she wants to control it so that it will not end up in the Big Horn River.

REP. BARDANOUVE asked if it ran year round. **Ms. Herman** stated that does, and flows at 2,000 gal./minute at its peak.

Tape 1:B:003

SEN. HOCKETT wondered if there was regulation concerning the number of gallons per minute that a well owner can take from underground water sources. **Mr. Tubbs** stated that Ms. Herman already has a water right to the water, and will not need a new permit.

SEN. HOCKETT asked Mr. Nedens if the Conservation District considered the low quality of the water when they endorsed the project. There could be a possibility of salt problems down the road. **Mr. Nedens** stated that this water has been used for irrigation in the past. With an intensely managed sprinkler irrigation system, this type of water can grow salt-tolerant alfalfa, and some grains. It is the opinion of the district that, with this type of management, irrigation can continue.

SEN. HOCKETT asked Ms. Herman if there would be a guarantee in writing to other ranchers that guarantees their right to the water, in the event that she sells the ranch someday. **Ms. Herman** stated that in the past it has been good neighborship, but she agrees that some contracts would be a good idea. Her neighbor across the fence used her water for years, but has not made an offer to help restore the well. The DNRC requested her to ask for the neighbor's financial help, and she found that the neighbor had put in his own well for $65,000. She will put something in writing in the future.

SEN. HOCKETT stated that if she had five neighbors that put in as much as she is, she would not need a grant. **Ms. Herman** stated that no one has come and offered, and she has felt cheated as a neighbor.

REP. BARDANOUVE asked who will pay the $15,000 not available from a grant. **Ms. Herman** stated that the banks will have to back her.

REP. BARDANOUVE made the observation that sometimes when ranches change hands, the new owners do not allow the same courtesies the past owners have. **Ms. Herman** stated that the ranch will pass to her children, and it is her wish that it not be sold.

BUDGET ITEM PROJECT #4 TOWN OF RYEGATE:

Tape No. 1:B:157

Informational Testimony: **Rusty RoKita, Program Administrator for Community Development Block Grant, Town of Ryegate,** spoke on behalf of the $33,750 grant and the $66,250 loan for the Ryegate Water System Improvement Project. **EXHIBIT 7.** He stated that the project is ranked fourth highest by DNRC due to health and safety concerns. The financial concerns of Ryegate have prevented the mayor and the Town Clerk from testifying on behalf of their application. Therefore he and the engineers will speak on behalf of the project. The total town's budget for the general fund is approximately $33,000. There are 260 people in the town, with 111 families.

Mr. RoKita reminded members that small towns across Montana are faced with the same compliance regulations that larger municipalities are. The cost of doing this is sometimes more expensive for rural areas than for cities. Fifty-eight percent of the people earn under low-to-moderate incomes, which is 80% of the county's median income. Almost half are considered very low income.

Mr. RoKita stated that the water system was installed in 1925 and is deteriorating badly. Spills and breaks in the system bring contaminants back into the system. He asked the committee to consider that the town asked for a minimum amount of money on their application. That was one year ago, and now with engineering studies and a completion schedule done, he asked that the committee consider granting $49,000 and loaning $149,000. The town will sell a revenue bond for $120,000, and increase residents' fees to $19. The total cost for completing the project is $200,000, not the original estimate of $100,000.

James Karaker, Engineer, HKM Associates, stated that construction has begun on Phase One of the project. **EXHIBIT 7** provides information on the three phases of the project. Revised estimates put Phase One costs at approximately $475,000; Phase Two costs at approximately $198,754. The request to the committee is to fund 25% of the $198,754.

Questions, Responses, and Discussion: **SEN. HOCKETT** expressed concern that the majority of the residents are over 65. He asked the current water rates. **Mr. Karaker** stated that residents pay $19. The average costs in Montana for users of brand new systems is $23-$25 per month. The communities must by law comply with

regulations from the Water Quality Bureau. Across Montana the population is getting older, and residents are facing long-term bonded indebtedness. The only consolation is that water and sewer systems need attention and must be taken care of. It is the county seat that needs the system. CDBG funds have helped, and the community is willing to borrow funds.

SEN. HOCKETT commented that in his district there are a lot of towns similar to Ryegate, and their water bills are $50 per month. He is concerned about Ryegate's ability to pay this back over a period of years. **Mr. Karaker** stated that the town's population is not dropping, and since it is the county seat, it probably won't die.

BUDGET ITEM PROJECT #11 HUNTLEY WATER AND SEWER DISTRICT:
Tape No. 1:B:475

Informational Testimony: Shirley Sherman, Huntley Water and Sewer District, spoke on behalf of the $50,000 grant and $50,000 loan for the Huntley Water District Water System Rehabilitation Project. **EXHIBIT 8**. She stated that the rehabilitation project is long overdue. The system was installed in 1966, and there has been no work done on it since that time. There are 98 customers that pay approximately $25.00 per month for water. **EXHIBIT 8** explains the objectives of the rehabilitation project.

Dave Mosser, Engineer, spoke on the technical aspects of the rehabilitation project. **EXHIBIT 8** provides more information. The community only has one well at this time, and RRD funds will assist in creating a second well mandated by DHES. The community would like to begin construction in 1994. It is imperative that the RRD funds be available at that time to allow for a single bidding process. This will prevent any duplication of funds. There are a number of benefits to the project, and one of them will be increased fire protection.

Questions, Responses, and Discussion: CHAIRMAN BERGSAGEL asked Mr. Tubbs if this project was also being considered for funding by the Treasure State Endowment Program. **Mr. Tubbs** stated that the same proposal is being considered for funding by the TSEP, and the two departments are working closely together to ensure that no double funding will occur.

Proponents' Testimony: Casey Joyce, Grant Development Specialist, Yellowstone County, spoke in support of Huntley Water District's application for RRD funds. She stated that the whole project relies on RRD funds as matches for grants. The whole project totals $745,300. Farmer's Home Administration Grant funds, Farmer's Home Administration Loan funds, CDBG funds and local funds totalling $45,300 will make up the balance of project costs.

Ms. Joyce stated that changes are being made at the federal and state level to the CDBG process that may make funds available to

water and sewer districts. That would help a great deal in Yellowstone County. The county has a large number of unincorporated communities, and the only way some of them can access funding sources is through county sponsorship.

Ms. Joyce stated that DNRC's recommendation for a $50,000 loan instead of a $100,000 grant, was one reason the TSEP funds are being sought. The $50,000 loan would be a hardship for the residents, and the $100,000 grant would be preferable. She mentioned that the project would provide an uninterrupted and safe supply of water to all customers, and would provide for better fire protection. The fire department is interested in seeking funds to upgrade its fire protection equipment.

BUDGET ITEM PROJECT #5 YELLOWSTONE COUNTY:

Tape No. 1:B:788

Informational Testimony: **Earl Guss, President, Yellowstone River Parks Association,** spoke on behalf of a $100,000 grant for Yellowstone County's Yellowstone River Project. **EXHIBIT 9.** He stated that he understood the legislature's budget constraints. He requested that this project retain its #5 ranking if interest from the Coal Tax Severance Fund does not revert to the General Fund. The application has been reviewed by DNRC and signed by both Governor Racicot and Governor Stephens, and the YRPA requests that the LRP committee fund the project.

Mr. Guss provided the committee with information on the YRPA organization **EXHIBIT 10.** He stated that development of a park along the river will be beneficial to residents and business.

Dan Miller, Landscape Architect, Member of YRPA, stated that in 1961 a comprehensive park development plan was developed for Billings. At that time it was recommended to develop the river park system and to begin acquiring the land. Thirty years later the city is realizing the value of that recommendation, and has begun plans for developing trails along the entire length of the Yellowstone. This project will add to the quality of life in Billings and the surrounding region. The plans would open the river visually to the public and create a transportation system that links river parks more closely to the community. **EXHIBIT 9** provides more information on the benefits to the community.

Proponents' Testimony: **Ken Heikes** spoke in support of the grant on behalf of Yellowstone County, City of Billings, Montana Trade Port Authority, and Billings Area Chamber of Commerce. They all heartily endorse this broad-based community project. The committee was provided with a Position Statement from the Department of Parks, Recreation & Public Lands, City of Billings, in support of the project. **EXHIBIT 11.**

Ms. Joyce, Yellowstone County, stated that Yellowstone County is sponsoring this project as well. The people involved are all volunteer and sought county sponsorship.

Questions, Responses, and Discussion: **CHAIRMAN BERGSAGEL** asked the people in support of this project and from Billings to stand up and be counted. There were nine people who stood.

CHAIRMAN BERGSAGEL asked who owns the land involved. **Mr. Guss** stated that there were private owners, public entities such as Montana Power, city parks, and county parks. Consents of Trespass will be sought; land will be bought and some easements will be purchased.

CHAIRMAN BERGSAGEL asked Mr. Tubbs if funding would be held off until those contracts were made. **Mr. Tubbs** agreed that was correct.

CHAIRMAN BERGSAGEL stated that he applauds the group's willingness to work to achieve this large project.

BUDGET ITEM PROJECT #38 YELLOWSTONE COUNTY:

Tape No. 1:B:177

Esther Bengtson, Former Senator, Shepherd, spoke on behalf of the $85,000 grant for the Shepherd Rural Water System Development - Feasibility Study. **EXHIBIT 12.** She stated that a proposal for forming a water and sewer district was defeated in June by 19 votes. Another petition drive is complete and the proposal will be in front of the voters again soon. She provided the committee with a brochure on the proposed district. **EXHIBIT 13.**

Ms. Bengtson stated that Shepherd needs a grant to complete a feasibility study that will used to convince voters that a district is necessary. The Billings Bench Water Association Canal will be used as a delivery system. **EXHIBIT 12** provides more information on the proposed study.

Ms. Bengtson stated that the DNRC commented that other alternatives were not explored. However, a study was completed in 1984, and in 1988 preliminary studies were done on water for that area. The well and the Yellowstone River were determined to not be available; they do not have a water right on the Yellowstone River. The water right of the BBWA will be utilized. The water conservation district has excess water right capacity on the Yellowstone and would like to support the project. The schools and fire district are very supportive. Five wells supply water to the schools, and one has been closed already. A study has shown that when the Meridian Mine begins operating in RoundUp, an additional 50 families will move into Shepherd.

Tape 2:A:003

Ms. Joyce, Yellowstone County, is sponsoring this because Shepherd is not incorporated. She stated that it is estimated that approximately 3,500 residents will live in the area in the next five years. The school is relying on groundwater to meet their needs. The Soil Conservation Service has tested the water

supply and is concerned about the poor water quality. DHES has shut down one well. The project would enable local government to meet federal and state health and safety standards for water quality and fire safety. Yellowstone County is working with Huntley and Shepherd water users and hope that a water district can be formed. This project was submitted to the TSEP program for a $100,000 grant or deferred loan. The project is ranked low for RRD funding, and they hope it will rank higher in the TSEP. Insurance rates have gone up in the area because of the inability to provide adequate fire protection.

Ken Heikes, spoke representing the Yellowstone County Commissioners. He stated that they whole-heartedly endorse the project.

Questions, Responses, and Discussion: **SEN. HOCKETT** asked Mr. Tubbs if DNRC is concerned about the voters unwillingness to form a district. He also asked why, with their concerns about the project, they recommended only a grant and not a grant/loan combination. **Mr. Tubbs** stated that there was concern about the voters' unwillingness to form a district. From the environmental resource perspective the project will be beneficial for the community. The no vote resulted in the low ranking. The recommendation for a grant resulted from the fact that the community has no funds for a match. The grant is $15,000 less than requested so that the community has the opportunity to match it with local funds. No loan is recommended because these funds will be used for a study, and no revenue will be generated to create pay-back potential.

SEN. HOCKETT stated that DNRC's comments also include concern that administration and travel costs are high. He agreed they were high, and wondered if funds were being used for something other than the study. He thinks the residents should pay something for the services they'll receive. He asked why the department places the comments in the project description, but then does not do anything about them.

Mr. Tubbs stated that the level of funds recommended reflect the need for the project. The department wants to let the LRP committee know exactly what their concerns are, and therefore include comments.

SEN. HARDING stated that it looks like the project is needed, and asked why a feasibility study was necessary. **Ms. Bengtson** stated that firm figures about project costs are needed to convince people that the costs associated with the project are justified.

Orrin Ferris, HKM Associates, stated that he has offered his assistance to get the project to this point. The DNRC commented that there has been a low level of study to this point, and he agreed that it was a reconnaissance level study. A minimum amount of work needed to be done to illustrate that the project was worth pursuing. He realizes how unpopular feasibility studies can

be, but this project would be a very expensive one. The community is not prepared, given current information, to come forward and request funding for construction. The feasibility study will get them to that point.

Mr. Ferris stated that the community members want to know how much the water is going to cost, and there is no reliable information on that. It could be expensive enough that they can't support the full amount. Other funds will then be sought out to make the project work.

Ms. Doney referred the committee to the **EXHIBIT 2 - PAGE iii, 2/1/93,** for a list of the projects in priority ranking order. She stated that only the projects not technically or financially feasible are ranked for zero funding. The projects ranked 1 - 46 are all feasible; however, only $1.2 million is available for all projects the legislature might appropriate. Anything that falls below the funding line is basically an unfunded project, unless the committee moves a project to a higher ranking. Statutorily, DNRC is responsible for ranking the projects, and the committee is responsible for making the funding decisions.

BUDGET ITEM PROJECT #26 TOWN OF CIRCLE:

Tape No. 2:A:311

Proponents' Testimony: REP. BETTY LOU KASTEN, HD 28, Brockway, spoke in support of a $15,000 grant to the Town of Circle for their Municipal Water Quality Improvement project. **EXHIBIT 14.** She stated that for the 30 years she has lived in Circle the water has been undrinkable and people have hauled water in from elsewhere. If citizens don't have health, there is no prosperity for the community. She asked the committee to support this water improvement project.

REP. KASTEN spoke in support of **Project #41, Roosevelt County Conservation District, Project #42, Richland County and Project #36, Little Beaver Conservation District.** She stated that all these need to be looked at because once the water leaves her district it flows in to North Dakota. The water should be used here in Montana, especially if it could be used to enhance the economy. Recreation in eastern Montana is becoming a big part of the economy. She stated that she will be available for questions from members on the House floor, and requested favorable committee review of these projects.

Informational Testimony: Donald Clarin, Mayor, Town of Circle, presented the committee with a packet of information on the water quality improvement project. **EXHIBIT 15.** Changes have occurred since the project application was filed with DNRC, and EXHIBIT 15 covers those changes. **EXHIBIT 15** explains Phase 1 and Phase 2 of the project. In 1988 the town received a letter of non-compliance from the state Water Quality Bureau due to high levels of fluoride in the water.

Mr. Clarin requested an increase in grant funds from $15,000 to $36,000. DNRC's Technical Assessment, **EXHIBIT 14**, mentions that Circle considered two options for correcting the problem that were too expensive. He stated that Circle did not determine the options as too expensive; the Water Quality Bureau recommended that the project be pursued through EPA. EPA has a program set up for small systems technology. From 1988 to 1992, Circle has been working with EPA on this program, and were notified by them that they would not be able to participate. The town then retained an engineer and began work on this project.

Mr. Clarin stated that DNRC's comments in the Financial Assessment, **EXHIBIT 14** again mention that Circle considered two options too expensive. **Mr. Clarin** again clarified for the committee that the Water Quality Bureau encouraged the town to work with the EPA on test projects.

Mr. Clarin stated that projected water rates will be approximately $36 per month per user. Based on the Department of Commerce criteria, the town is at $21.35 per month. Twenty-six percent of residents in Circle are retired and on fixed incomes. The town has received a letter of commitment for partial financing from the FMHA. The amount of that financing will be known after a complete engineering study is made. He asked the committee to consider the amended information he presented and to increase the grant to $36,000.

Questions, Responses, and Discussion: **SEN. HOCKETT** stated that Circle is similar to other communities in Montana and has a high percentage of retired residents. He asked if the water rates would increase beyond $36 per month. **Mr. Clarin** stated that CDBG funds would be sought to try to cover part of the costs, but he does anticipate higher rates.

REP. BARDANOUVE asked for an estimate of the overall project costs, and if the community will be able to support it. **Mr. Clarin** stated that the most accurate estimate is for approximately $700,000. A CDBG Grant will be filed this September, and water rates will be increased in order to afford the improvement.

Proponents' Testimony: Jim Karaker, Engineer, HKM Associates, stressed that fluoride and sodium levels would be lowered by this project. High sodium levels affects individuals with heart conditions, in addition to affecting the growth of gardens and lawns. **Mr. Karaker** stated that the previous study determined that lime softening would not effectively take care of the problem. The reverse-osmosis system used did not address all aspects of the problems. He stressed to the committee that the previous study was not a complete comprehensive study; it was a quick study that came up with a ballpark figure of $700,000. The study that this grant would assist in funding is more comprehensive and will do a complete cost analysis.

BUDGET ITEM PROJECT #41 ROOSEVELT COUNTY CONSERVATION DISTRICT:
Tape No. 2:A;690

Boone Whitmer, Roosevelt County Conservation District, spoke on behalf of the $7,000 grant for their Recreation Enhancement of Missouri River. **EXHIBIT 16.** He stated that this is a grassroots effort to provide access to the Missouri River from Fort Peck to the North Dakota line. The Corps of Engineers did a one year study on site-selection and engineering of the boat ramps. The District was approached by the DNRC and asked to participate in a grassroots effort to make the river available. The Missouri River Development group, along with the Conservation District have taken this project on. Initially $100,000 was asked for to provide three sites and two alternate sites. The Ft. Peck Indian Reservation borders quite a bit of the river in this area, and access of tribal property is difficult. Three major sites have been identified, however. Individuals have a problem accessing the river, and no search and rescue can be conducted on 180 river miles. The DNRC has recommended $7,000, and the District feels that would be enough to make a good faith effort on the part of the state of Montana to fulfill its commitment to the area. There has been no commitment on the part of the state through FWP or DNRC, or any federal or state department. Other areas of the state have gotten money to develop fishing area sites, rest and recreation facilities. This part of eastern Montana has received no funds, and the citizens would like to see a good faith effort on the part of the legislature to continue their efforts. The Corps of Engineers has put a lot of time and money into developing the engineering study, and the citizens feel justified receiving a $7,000 grant.

Questions, Responses, and Discussion: CHAIRMAN BERGSAGEL asked if Fish and Game has been approached to help negotiate fishing access sites on the reservation. **Mr. Whitmer** stated that the tribal government has their own Fish and Wildlife management project on the reservation. The state agency and the tribal agency have yet to reach an agreement on who will receive fishing license fees. However, FWP has not received a mandate to develop fishing access sites in eastern Montana. FWP has asked the group to lend assistance and develop a grassroots effort to establish fishing sites.

REP. BARDANOUVE asked if this was a private project that should be handled by FWP. **CHAIRMAN BERGSAGEL** stated he understood that FWP has received no mandate from the legislature to develop fishing access sites on that portion of the Missouri River. This grant would assist in that endeavor and provide legitimacy for the groups performance. **Mr. Whitmer** stated that two sites would require a long-term lease or an out-right buy. The $7,000 would be a good faith effort to the landowners that the state is interested in the property.

CHAIRMAN BERGSAGEL asked who would own the site if the $7,000 is used. **Mr. Whitmer** stated that the Roosevelt Conservation District

would be the main entity to negotiate for those sites. The land would then be turned over to a state agency. FWP has stated that money is not available for buying land. They would offer a long-term lease to the Conservation District which would own the property.

REP. BARDANOUVE asked if DNRC had approached the District. **Mr. Whitmer** stated he is the Chairman of the Missouri River Development Group, and that there is a severe stream bank erosion on the Missouri River from Ft. Peck to the North Dakota line. The MRDG was formed to alleviate that problem, and they have secured $3 million in stream bank erosion funds from the federal government. Since the MRDG was such a viable group, FWP and Walleyes Unlimited have approached them to also try to secure sites on the Missouri for recreational access.

Mr. Tubbs stated that the Water Resources and Water Management Bureau of DNRC approached the MRDG for their involvement. The Bureau has actively been working in the Ft. Peck area of Montana to try to address some of the problems there. The development of recreational sites along the lower Missouri is supported by the DNRC; however, the difficulty is that the grant application did not have as much information as necessary to warrant greater funding. The $7,000 was recommended so that the group could do more work on the proposal and re-submit it in a future biennium with a very competitive project.

Mr. Whitmer stated that a poor grant application was submitted because at the time of submission the Corps of Engineers study and recommendation of four sites had not been received by the groups involved.

BUDGET ITEM PROJECT #16 FORT PECK RURAL WATER DISTRICT:
Tape No. 2:A:121

Informational Testimony: **Gene Alsberg, Fort Peck Rural Water District,** spoke on behalf of the $40,000 grant for a Fort Peck Rural Water Engineering Study. **EXHIBIT 17.** He presented the committee with a written overview of the project, including the current water quality. **EXHIBIT 18.**

Jim Karaker, Engineer, HKM Assoc. spoke about the technical aspects of the Engineering Study. **EXHIBIT 18, Appendix B** provides further information on the quality of the water. He stated that hauling water is expensive for the residents.

Tape 2:B:003

Mr. Karaker stated that, in addition to the obvious benefits of improving the water system of this area, there would be increased employment because water management personnel would need to be hired, and new home construction and tourism development could commence.

Proponents' Testimony: **Gene Reimche, Member, Valley County Board of Commissioners,** spoke in support of the grant proposal for an engineering study.

Joe Yeoman, Fort Peck Rural Water Association, spoke in support of the engineering proposal and asked for the committee's support.

REP. TED SCHYE, HD 18, Glasgow, spoke in support of the Fort Peck Rural Water District's grant for a Rural Water Engineering Study. He also spoke in support of four grants from Valley County. He stated he would not stand up individually and speak for all four projects, but will be available in the audience for questions.

Questions, Responses, and Discussion: **CHAIRMAN BERGSAGEL** asked if the prices quoted were based on the users' current costs of hauling water. **Mr. Alsberg** stated that a typical dwelling unit in the District consumes 5,000 gallons per month. **EXHIBIT 18 - PAGE 1:** the $75 to $132 quotes are accurate to the cost of hauling water. The $150 to $264 for 10,000 gal./month is what the residents would typically pay when a system is in place, according to the Department of Commerce's comparison of statewide data.

Mr. Reimche stated that currently water is purchased from the city of Fort Peck. If Fort Peck does any development, this source of water will be cut off and citizens will have to haul water 30 miles at least.

Mr. Yeoman stated that his family conserves water and uses only 5,000 to 6,000 gallons for a family of four.

BUDGET ITEM PROJECT #30 GLASGOW IRRIGATION DISTRICT:
Tape No. 2:B:195

Informational Testimony: **Melvin Novak, Member, Glasgow Irrigation District,** spoke on behalf of a $50,000 grant and a $50,000 loan for their System Rehabilitation (Phase II) through Farm Delivery project. **EXHIBIT 19.** He provided a written copy of his testimony, including further information on the proposed project. **EXHIBIT 20.**

Proponents' Testimony: **Jo Brunner, Executive Director, Montana Water Resources Association,** stated that MWRA asks the LRP committee to strongly consider this proposal. The program would better regulate diversions and provide more factual information. Glasgow is at the end of the water supply and the continuing drought condition is making it more of a necessity to allow for accurate water diversions.

Questions, Responses, and Discussion: **REP. BARDANOUVE** asked if there is a program in place that replaces parts of the distribution system, year-by-year. **Mr. Novak** stated that there is such a program in place, but now the majority of parts need

replacing.

Vern Steiner stated that parts have been replaced as they become totally unusable; therefore, a number of new parts have been installed. However, when there are 300 farm/field turnouts it becomes quite expensive. **Mr. Novak** informed the committee that plastic pipe would be used to avoid corrosion, and would have greater life expectancy. The structures to be put in place will better measure the water flowing through them.

REP. BARDANOUVE asked the per acre charge for water. **Mr. Novak** stated that currently they are $12 per acre. When the Rehabilitation and Betterment study was completed, the costs were $10.66/acre. Based on the study, the U.S. Bureau of Reclamation would only loan $2.2 million, because that was all the community had the ability to repay.

BUDGET ITEM PROJECT #32 VALLEY COUNTY:

Tape No. 2:B:470

Informational Testimony: Gene Reimche, Member, Valley County Board of Commissioners, spoke on behalf of a $100,000 grant for a Fort Peck Reservoir Breakwater. **EXHIBIT 21.** He provided the committee with a written copy of his testimony. **EXHIBIT 22.**

Proponents' Testimony: M.K. Graham, Director, 2 Rivers Growth, spoke in support of the Breakwater project. He presented the committee with a written copy of his testimony. **EXHIBIT 23.** He also presented the committee with a letter of support from Don Pfau, Co-Chairman, Fort Peck Advisory Council. **EXHIBIT 24.**

Questions, Responses, and Discussion: REP. ZOOK asked Mr. Graham, hypothetically, how a choice could be made between a project like this, with beneficial recreational and tourism aspects, and a project that would replace a small town's completely decrepit water and sewer system.

Mr. Graham stated he recognized the difficulty for the committee in making choices. He stated that human welfare should certainly take precedence over this type of project. However, he stated that there is a human element to this type of project which promotes economic growth in a depressed area. People have left the area, and have had to go on welfare because of the lack of work. Economic development is drastically needed in eastern Montana.

REP. ZOOK asked if a Chamber of Commerce exists in the area. **Mr. Graham** stated that 2 Rivers Development operates hand-in-hand with the Chamber of Commerce, and actually operates under it.

REP. ZOOK stated that he does not see any local funds involved, and other projects have had civic organization support. He asked if the Chamber is really interested in this project. **Mr. Graham** stated that the Chamber is very much behind the project and he is

representing them here today. Most of the local contribution will be in-kind to the project. The Corps of Engineers has estimated that the project will cost between $6 million and $8 million. The organizers feel the project can be done for $800,000 and are shooting for that. If RRD funds help, the community will get it done for a lesser amount.

REP. ZOOK stated that he does not doubt the community is behind it, but would like to see them behind it financially. **Mr. Graham** stated that the community will support it, but most likely with in-kind donations. People are wiling to donate work and other contributions for the project.

REP. ZOOK stated that he does not mean to put down the project in any way, he does feel it is a great project. There are very few recreational areas in eastern Montana, and Fort Peck Lake goes beyond being just recreation. He wished the organizers luck with the project.

CHAIRMAN BERGSAGEL asked if FWP was contacted in regards to finding out if any federal or state funds were available. **Mr. Graham** stated that it does not appear that the project would qualify.

REP. SCHYE stated that the project organizers have inquired at length with the state and federal fish and game agencies, as well as the Corps of Engineers. There are jurisdiction problems with Ft. Peck due to all the agencies involved. He is not sure where negotiations are, but the $100,000 grant from DNRC will not cover the total costs, and other monies will be sought.

Ms. Doney stated that the LRP committee has to prioritize three programs. The Renewable Resource program, that these programs are a part of, were set up wisely to invest part of the mineral resource revenues into projects that would create sustainable incomes for Montana's economy. As mineral resources are depleted, it is good to get in place resources that can be further taxed in the future. That is why DNRC sees the benefit of projects like Ft. Peck.

BUDGET ITEM PROJECT #20 TOWN OF NASHUA:

Tape No. 2:B:025

Informational Testimony: **Duane Tihista, Town Council, Nashua,** spoke on behalf of the $50,000 grant for a Water Storage System Improvements project. **EXHIBIT 25.** HE stated that the town has over $71,000 in their water funds checking account, but the water tower is completely falling apart inside. The town still needs $150,000. The town has applied for a FMHA for grant/loan funds.

Mr. Tihista stated that the water meets drinking safety standards but is poor water. The water rates will be raised to approximately $24 per month. The water tower needs to be replaced because pieces of the sides are breaking off and falling in. In

the future, if Ft. Peck gets a new water line, Nashua will be able to tie into it.

Questions, Responses, and Discussion: **REP. BARDANOUVE** asked the condition of the whole water system. **Mr. Tihista** stated that new distribution lines were put in during the 1970's. Many of the valves need to be replaced due to the poor water. The town will first replace the tower, then attend to the other needs.

Proponent's Testimony: **REP. SCHYE** stated that he will speak with Fish & Game concerning funds for any or all the four projects in the Valley County area. He reminded the committee that he is in support of **Projects #16, #30, #32, and #20.** He stated that the water systems are a problem for this area, and agreed that the LRP committee has some tough decisions to make. He stated that the Breakwater project is good project although it does not deal directly with human safety.

BUDGET ITEM PROJECT #2 RICHLAND COUNTY:

Tape No. 2:B:231

Brian Hilderman, Engineer, Interstate Engineering, Inc., spoke on behalf of a $60,300 grant for Richland County's Lone Tree Dam Rehabilitation Study. **EXHIBIT 26.** Representing the Lone Tree Ranch, he stated that this study is needed bring the Lone Tree dams into compliance with the Dam Safety Act. The Ranch has two options: either bring them into compliance or breach the dams. If the dams are breached there is a potential for increased annual flooding downstream. It was not known that houses and a town would be built downstream when the dams were constructed. **Mr. Hilderman** provided the committee with two letters of support: one from the City of Sidney City Council, **EXHIBIT 27,** and one from Richland County Board of County Commissioners, **EXHIBIT 28.**

Tape 3:A:002

Questions, Responses, and Discussion: **REP. BARDANOUVE** asked if the need for this dam to comply would be affected by the Bureau of Dam Safety's study to change the way dams are evaluated for safety. **Mr. Tubbs** stated that two projects do relate somewhat. The study proposed by the Bureau would not result in effective changes for several years. In the meantime, there are a number of existing dam owners who have to comply with current dam safety, standards.

Mr. Tubbs stated that because this is a private dam, some public benefit must result from the project. A requirement has been placed that would require easements or contracts to guarantee that the reservoir will continue to be available to the public.

REP. ZOOK stated that he believes that requirement is really unfair to the dam owners. The dam owners did not build the dams for those recreational purposes, and apparently used their own resources to build the dam. The only reason it is a problem now

is a result of somebody else unadvisedly building their homes below the dam. He is amazed that the landowner put up $10,000 to help the project along. He believes the landowner should be totally removed from any liability for this; it should be somebody else's problem.

Ms. Doney stated that even though the problem was created by development in Sidney, the dam is a high hazard dam now. The landowner has the options of upgrading it or breaching it. She stated the landowner probably decided to put $10,000 into the project, because if he breached the dam, it would cost that much to build a storage facility elsewhere.

REP. ZOOK stated that the reason it is a high hazard dam is not the fault of the landowner or of good construction; yet he is the one stuck with the problem. **Mr. Tubbs** stated that the DNRC realizes that is true. Now the county recognizes that, and realizes the cost to the private individual far exceeds his benefit of keeping that storage facility. The flood control portion of the project has made it necessary for the state to get involved. The state recognizes that one additional benefit is the potential for recreational access. The LRP committee has the final decision, and can remove the recreational requirement.

REP. ZOOK asked how the city of Sidney or Richland County was contributing to the study project. **Mr. Tubbs** stated that the county is not itself contributing financially, but will administer the grant.

REP. ZOOK commented he was sorry to put a burden like that on the county. He understands their support on paper anyway. **Mr. Tubbs** stated that DNRC has requested that the county put up at least $2,000 to match RRD grant funds.

REP. BARDANOUVE asked how big the dams are. **Mr. Hilderman** stated there is an 83,000 square mile drainage area, and one dam generates 93,000 cubic feet per second. There is 1,860 acre feet involved.

REP. BARDANOUVE stated that unless these dams are bigger than the Powell dam, there seems to be too much money involved. **Mr. Tubbs** stated that DNRC review determined that the estimated costs seemed reasonable to them. Before any RRD funds would be released, the county would have to seek bids for this specific plan. The grant funds would only be available in proportion to the total project costs. The grant will be given only for actual dollars needed.

REP. BARDANOUVE stated he wanted some comparisons between the Powell Lake Dam, and these dams.

Proponents' Testimony: SEN. LARRY TVEIT, SD 11, Fairview, spoke in support of the $60,300 grant for the Rehabilitation Study. He stated that he was there in 1952 when the dam broke and flooded

Sidney. The flooding caused a lot of damage. There have been a lot of homes built near the creek. The danger is still there, and the safety of people throughout the town should be considered. He urged the committee to approve all or part of the grant.

BUDGET ITEM PROJECT #36 LITTLE BEAVER CONSERVATION DISTRICT:
Tape No. 2:B:399

Informational Testimony: Wayne Mangold, Chairman, Little Beaver Conservation District, spoke on behalf of a $47,318 grant for their Little and Lower Missouri Water Reservation Development and Implementation project. **EXHIBIT 29.** He presented a written summary of his testimony, **EXHIBIT 30,** and a handout on the proposed project, **EXHIBIT 31.** He stated that this process is necessary to give them equal footing with other interested parties as the debate over water continues to get more complex. The District feels it is necessary to have grant money this legislative session, next session is believed to be too late.

Proponents' Testimony: Boone Whitmer read a letter of support form Pete Purvis, Chairman of Roosevelt County Conservation District. **EXHIBIT 32.**

Mr. Whitmer stated that he is also an irrigator in McCone County. The irrigators have a difficult time with the Corps of Engineers maintaining minimum flow in the Missouri River for pumping operations. He finds it ironic that they are fighting the FWP for their water rights. He also finds it ironic that the state had no problem coming up with funds to challenge the Corps of Engineers in court over their management of the Missouri River. But here eleven conservation districts are fighting for water reservations for future economic development in eastern Montana, and they have no funding. He stated that this is not just a state issue, but a federal issue dealing with agriculture. He stated that it is hard for communities like his to come up with financial support from local governments or individuals to take on court cases. The FWP will prevail because they have the financial resources; therefore, he urges the committee to adopt the grant for the Little Beaver proposal.

Questions, Responses, and Discussion: REP. BARDANOUVE stated that if the legislature begins to finance battles over water rights, there is no limit to what it will cost in the long run. It will be years before the problems between water reservations are solved. In addition, FWP is part of the state government, so we'll be using its funds to fight funds being appropriated here within the government. He fears there will be no end to this fighting, and the state does not have the funds. He appreciates the District's concern, but does not know how the state can get involved.

Mr. Whitmer stated that in the past FWP has taken DNRC to court on in-stream flows, because at that time there was no beneficial use attached to in-stream flow. The state financed the fight.

FWP has been successful in the western part of the state in acquiring in-stream flows, and now is going into the eastern part of the state to fight for in-stream flows. This will be done against irrigation lands being developed in that area. Water will become such a paramount part of eastern Montana and to the economic development of eastern Montana, that it will need to be protected. The water is worth the grant money, and will protect the current water right holders from losing their rights to in-stream flows and downstream holders.

Mr. Whitmer stated that if there is one single important issue in front of the committee today, it is the preservation of their water rights in eastern Montana, and to develop the economic base. This is probably the most important grant application before the committee because it sets a precedent that has been established in the decade of the 80's. He stated that he has been involved in water law litigation all his life and currently they are fighting for minimum in-stream flow in the Missouri River. He has personally financed trips to Washington, D.C. and has not asked for government grants. So when the state talks about financing litigation, he reminds them that he has financed his own little project in trying to maintain water rights for the citizens in eastern Montana.

Proponents' Testimony: REP. LARRY TVEIT, SD 11, Fairview, stated his support for the Little Beaver's proposal for a Water Reservation Development and Implementation project. He stated he also owns two irrigated farms. He believes it is ironic that DNRC seeds clouds to benefit South Dakota at the expense of Montana. FWP wants to put the Missouri River in-stream flow at 50% to guarantee downstream states more water. The Conservation Districts are asking for future reservations. There is a lot of land that can be developed for irrigation. The dams were originally put in with the promise of 1 million acres of irrigated land, and that has not happened. The area should now be developed for economic benefits and to increase the ability of the farmers and ranchers to exist along the river. For those reason he believes this is an important piece of legislation on water reservations to pull together and take a stand to protect their livelihood in Montana. He strongly supports this proposal and hopes the committee will too.

Questions, Responses, and Discussion: REP. ZOOK asked if FWP wants to get 50% in-stream flow from Culbertson and beyond. **REP. TVEIT** stated that it could be from below Ft. Peck Dam, but he knows it is from south of Culbertson and beyond. **Mr. Tubbs** stated he is confident that the in-stream flow is from Culbertson and beyond to North Dakota.

Mr. Mangold stated that the Districts see water as a very big issue in the coming years, and the reservation process is one way that landowners can preserve their rights. Help will be needed for cropland producers. He reminded the committee that the legislature put the Districts in this position. The agricultural

producers come to the Districts to ask them to work for the members and protect their rights. The Districts need legislative help to accomplish this.

Proponents' Testimony: **REP. BILL REHBEIN, HD 21, Richland,** stated that he is a farmer/rancher on non-irrigated lands. He believes in the right to survive in rural Montana, and believes it is important to support a project that would enhance that right. The landowners are paying a great amount of taxes that are being spent in the state.

REP. REHBEIN stated that he missed testimony on the Richland County grant application for the Lone Tree Dam Rehabilitation Study, but is in support of the project.

Questions, Responses, and Discussion: **CHAIRMAN BERGSAGEL** stated that he shares Rep. Bardanouve's frustration. He spent time on the Northwest Power Planning Council. The rates on energy were raised in order to allow people to sue each other and they paid for the attorneys. He wondered if the people are really represented in those situations.

BUDGET ITEM PROJECT #25 CUSTER COUNTY:

Tape No. 3:A:056

Ms. Doney, DNRC, stated that the $4,725 grant is for a recycling project. The application was for an $18,900 grant to purchase a baler and a forklift. **EXHIBIT 33.** DNRC's recommendation was that they provide 75% of the costs. DNRC believed it was appropriate that landfill fees be used to pay the debt for financing the project costs not covered by the grant. However, Custer County does not operate the landfill. It was then decided that the appropriate applicant is the landfill district not the county. Perhaps an agreement could be reached between the landfill and DNRC concerning the amount to be financed.

Custer County sent materials to be presented to the committee and entered into the record. **EXHIBIT 34.**

Ms. Doney stated that the application may be withdrawn, and submitted again in two years with more clarity on the financial payback capabilities. **Ms. Doney** will inform the committee if the application is withdrawn.

Questions, Responses, and Discussion: **REP. BARDANOUVE** asked why a recycling project was applying for RRD funds. **Ms. Doney** stated that the Resource Development program takes care of projects that are not water related. DNRC considers the benefits of this project in offsetting the need and cost of obtaining additional landfill space. However, the committee will note that the project does not rank as high as other projects.

REP. BARDANOUVE asked if the whole concept for the grant funds

was being raided if recycling projects start to receive funding. He also expressed dislike for seeing projects that seem to be FWP projects.

CHAIRMAN BERGSAGEL stated that he agreed with Rep. Bardanouve and requested to see a statement of intent for what these grants are to be used for. The committee will then review that. The committee is feeling frustration with some of the grant applications. **REP. ZOOK** commented that he is frustrated as well.

Mr. Tubbs stated that this year provides a tremendous opportunity to review the intent and decide whether the current track should be continued. DNRC feels that the projects before the committee this year reflect statute and past grant approvals. Recycling projects have been approved in the past. This will be an opportunity to review and correct trends now. DNRC has reviewed the statute and has tried to meet the statutory requirements in their ranking system.

CHAIRMAN BERGSAGEL stated that the committee is tired of studying and suing, and would like to do something.

Tape 3:B:001

Ms. Doney informed the committee that she had the requested information in regards to the town of Shelby's grant application. The town residents currently pay $36.51 for water and just over $15 for sewer. They have a very large request for funds in with the TSEP program; however, that is for their sewer. The sewer backs up within the community. The sewer rate will go up to $24 per user; if TSEP funds are received, the sewer rate will only go up to $17.

ADJOURNMENT

Adjournment: 12:30 PM

ERNEST BERGSAGEL, Chair

SANDRA BOGGS, Secretary

EB/sb

HOUSE OF REPRESENTATIVES

LONG - RANGE PLANNING **SUB-COMMITTEE**

ROLL CALL **DATE** 2/3/93

NAME	PRESENT	ABSENT	EXCUSED
SEN. BOB HOCKETT, VICE-CHAIR	✓		
REP. FRANCIS BARDONOUVE	✓		
SEN. ETHEL HARDING	✓		
SEN. ELEANOR VAUGHN	✓		
REP. TOM ZOOK	✓		
REP. ERNEST BERGSAGEL, CHAIR	✓		

No additional environmental review would be necessary for this project unless any changes in the scope or approach showed a potential for adverse impacts. If any such changes were proposed, DNRC would prepare an environmental checklist.

RECOMMENDATION

Since the project sponsor is able to assess fees to recover all or part of the project's cost, the project is considered to have limited "payback capability" and therefore must provide additional matching funds to the extent possible. DNRC recommends a grant up to $94,184 to be negotiated based on the project sponsor's ability to assess training fees.

Grant funds will be provided after DNRC approves a scope of work and a budget, after matching funds have been secured, and after training fees have been established. University indirect costs and university salaries included in legislatively approved university budgets and authorized in a 1994-95 appropriations bill shall not be reimbursed with grant funds.

Any reduction in the project's scope of work will require a proportional reduction in the grant amount. Any funds received from training fees and sources other than those already identified will cause a dollar-for-dollar reduction in the funds awarded under this grant.

PROJECT NO. 15

APPLICANT NAME	TOWN OF WINNETT
PROJECT NAME	Town of Winnett Sewer Reconstruction and Rehabilitation
AMOUNT REQUESTED	$100,000 GRANT
OTHER FUNDING SOURCES	$375,000 (Community Development Block Grant) $453,500 (Farmer's Home Administration Loan/Grant)
TOTAL PROJECT COST	$928,500
AMOUNT RECOMMENDED	$ 50,000 GRANT $ 50,000 LOAN

PROJECT ABSTRACT (Prepared and submitted by applicant)

The town of Winnett is requesting funding from DNRC to help preserve water quality in McDonald Creek and protect local area groundwater from present and future contamination by the town's sewer system.

The town's collection system was constructed in 1922. Sewer lines in the town's southern half run against the lay of the land with flat grades. As a result, some blocks continue to use septic systems, and other blocks are being plugged by raw sewage. Manholes located throughout the town need to be repaired, and some are on the verge of caving in and causing extraneous material to enter the sewer. The portion of town lying north of Main Street is serviced by a combined storm drain/sanitary sewer system that feeds the lift station and aerated lagoons. Storm water causes problems with overflow, with

the lift station pumps, and with hydraulic overloading of the aerated lagoon. As a result, the treatment of the town's continuous discharge to McDonald Creek is out of permit requirements from time to time.

The town's sewer outfall crosses McDonald Creek with two 12-inch lines exposed in the bottom of the creek bed, which creates a hazard during floods and icy periods. In the past, this crossing has caused raw sewage to be discharged into McDonald Creek.

This project will resolve these problems and, in conjunction with an energetic maintenance program, help ensure that the town complies with state and federal regulations to preserve the quality of the water in McDonald Creek and the area groundwater.

TECHNICAL ASSESSMENT (Prepared by DNRC)

Originally constructed in 1922, the sewage collection system is inadequate by today's standards. The town currently has 121 sewer service users on the system. Problems with the system include flat sewer mains on the south side of town, a combined sanitary/storm sewer on the north side of town, sewer mains buried at extremely shallow depths in many locations, stream scouring and debris damage at the McDonald Creek pipe crossing, and a too-small storage lagoon.

In 1991, the town hired a sewer cleaning company to clean the sewers that were blocked or plugged. Because of the unanticipated magnitude of the problem, however, the town was unable to finish the cleaning project with the funds available. Subsequently, the town hired a consulting engineering firm to analyze the extent of the problem, evaluate the town's options, and make recommendations. A May 1992 engineering study prepared by Morrison-Maierle/CSSA examined the entire system and defined and documented the problem areas. The report evaluated options and recommended a construction plan to correct the system deficiencies that were most cost-effective. The technical documentation appears adequate, and the recommended approach is seen as both viable and economical.

This project's general objective is to preserve surface water and groundwater quality in the Winnett and Petroleum county areas by (1) providing sewer service to sites not now hooked up; (2) reconstructing sewers that currently are blocked, shallow, or flat; (3) separating storm and sanitary sewer services; (4) rehabilitating deteriorated manholes; and (5) rehabilitating the creek crossing, the outfall line, the lift station, and the lagoon system.

The project's proposed goals and objectives are consistent with recommendations in the engineering study. Based on cost and benefit assessments for each option, the selected alternatives appear to be the best. After construction is completed, the quality of Winnett's drinking water, along with water quality in McDonald Creek, should improve substantially.

The appropriate coordination appears to have taken place, support has been shown by the "key players," and any legal hurdles appear to have been noted. The Corps of Engineers' approval of the creek crossing work will be coordinated during the final design. The construction cost estimate is in line with that of similar projects. Winnett's residents are aware of the required rate increase (12 to 15 percent) that will be put in place to pay for the needed improvements. The loan and grant application submittal schedule is reasonable. A Community Development Block Grant application was submitted during September 1992, and notification was due December 1992. A Farmer's Home Administration loan application will be submitted during February 1993, and notification will be made later during 1993.

In summary, this project may face some obstacles, but these are not considered substantial. The project has been fully developed and all options have been considered, with the selected option

clearly the best approach. Budget costs are well-supported, and the project will provide the benefits identified.

FINANCIAL ASSESSMENT

The town of Winnett hopes to obtain $375,000 in grant funding from the Community Development Block Grant program and a $453,500 loan/grant from Farmer's Home Administration. The town of Winnett anticipates contributing an estimated $14,000 in in-kind and direct cost payments. None of the funding sources has been secured. The documentation provided supports the project's feasibility.

DNRC grant and loan funds will be used to pay administrative salaries of $6,300; associated administrative costs of $900, including communications, supplies, travel, and printing; engineering and design costs of $24,000; and construction costs of $68,800, including construction contingency costs of $6,200.

BENEFIT ASSESSMENT

DNRC's project review values only those benefits described by statute. Public benefits are found in projects that support the State Water Plan; promote reserved water rights; conserve, manage, or protect water resources; exhibit broad citizen support and public use; display tangible benefits; or replace benefits–economic or otherwise–currently derived from Montana's mineral resources.

The project will provide conservation, management, protection, and improvement of the area's groundwater and the water in McDonald Creek. The protection of McDonald Creek alone will benefit all of Montana. The sewer system requires upgrading not only to bring the system into compliance with state regulations, but to provide adequate sewer and water services to Winnett's residents. The town's citizens highly support the project. This project is needed now and will support the area's future economic development and recreation needs.

ENVIRONMENTAL ASSESSMENT

Some short-term impacts may be caused during construction of this project, such as increased dust, noise, and exhaust fumes. Work done on the McDonald Creek crossing will have to be well-defined, -specified, and -coordinated so that both short- and long-term creek degradation and sedimentation are kept to a minimum. This project is expected to provide beneficial, long-term environmental effects.

The project may require approval or permits from the Department of Health and Environmental Sciences. The issuance of permits may require an environmental assessment. This review would provide the opportunity for public comment on possible options to address identified problems, and also would be used to identify the need for measures to reduce any adverse effects beyond those expected.

RECOMMENDATION

Since the project sponsor is able to assess fees or collect tax revenues to recover the project's cost, the project is considered to have "payback capability" and thus qualifies for only 25 percent of the project cost or $50,000, whichever is less. DNRC recommends a $50,000 grant.

The project sponsor may obtain additional funding through a DNRC loan up to $50,000. DNRC will provide a loan up to the amount requested, commensurate with the project sponsor's ability to repay the principal and interest according to terms specified in a DNRC bond purchase agreement.

Grant funds will be provided after DNRC approves a scope of work and budget, and after matching funds have been secured. Changes in the scope of work may be identified as the result of any environmental assessment prepared for the permitting process. Any such changes shall be stipulated in the project agreement and incorporated as part of the project's scope of work. Original specifications, designs, and respective revisions shall be submitted to and approved by the Department of Health and Environmental Sciences before bids are solicited. Any reduction in the scope of work will require a proportional reduction in the grant amount.

After bids have been obtained, the project sponsor shall submit a breakdown of specific construction costs such as material, labor, and equipment.

If grant funding is not available, the project sponsor may request a DNRC loan up to $100,000. DNRC will provide loan funding in an amount commensurate with the project sponsor's ability to repay the principal and interest according to terms specified in a DNRC bond purchase agreement.

PROJECT NO. 16

APPLICANT NAME	FORT PECK RURAL WATER DISTRICT
PROJECT NAME	Fort Peck Rural Water Engineering Study
AMOUNT REQUESTED	$50,000 GRANT
OTHER FUNDING SOURCES	$ 1,000 (Fort Peck Rural Water District--In-kind)
TOTAL PROJECT COST	$51,000
AMOUNT RECOMMENDED	$40,000 GRANT

PROJECT ABSTRACT (Prepared and submitted by applicant)

This proposed project is an engineering feasibility study to determine the costs, service area, and service level for a rural water system to serve an area west and north of the town of Fort Peck in southeast Valley County. Most residents in this area haul water due to the lack of a water-bearing formation underlying the region. The proposed project would serve about 250 to 300 residences, including the unincorporated areas of Park Grove Wheeler, Duck Creek, the Fort Peck Lake cabins, and about 25 farms and ranches. The proposed study is needed to prepare a preliminary engineering report for the newly formed district that will provide an accurate assessment of funding needs and secure funding; determine the feasibility and cost of providing service to the entire district; and choose the most cost-effective and efficient service level for the district's water users.

EXHIBIT 2
DATE 2-3-93
HB

TOWN OF WINNETT

DNRC APPLICATION SUPPLEMENTARY INFO

The Town of Winnett needs the maximum grant possible from DNRC as demonstrated by the Town's 73% Low to Moderate Income, $12,857 Median Family Income, Highest Combined Water/Sewer Rate ($61.00/month) in the state, and the additional $13.00/month the residents pay for garbage pickup.

The Town has been approved for CDBG funding and has a pre-application into FmHA with preliminary indications of a $150,000 to $200,000 loan for the Town. Funds from both of these sources is expected to be in place this spring. For the above reasons the Town of Winnett needs Maximum Grant Funds and also to be Funded in 1993.

Thank you for your consideration of this Grant Application.

EXHIBIT 2
DATE 2-3-93
HB

In Table 1, monthly water fees are ranked from highest to lowest for Montana's municipalities. The mean water fee is $14.62 and the standard deviation is $6.99.

TABLE C-1

Community Rankings by Municipal Residential Monthly Water Fees

Municipality	Water Fee	Municipality	Water Fee	Municipality	Water Fee
Shelby	39.11	Big Timber	16.25	Bearcreek	10.00
Winnett	37.00	Belgrade	16.25	Troy	10.00
Melstone	33.68	Billings	15.87	Westby	10.00
Sunburst	31.12	Harlem	15.70	Harlowton	9.75
Richey	28.08	Medicine Lake	15.50	Joliet	9.47
Dutton	27.45	Thompson Falls	15.10	Bridger	9.40
Helena	26.48	Wolf Point	15.08	Fromberg	9.30
Kevin	25.18	Hardin	15.02	Fairview	9.00
Libby	24.84	Lima	15.00	Plains	8.98
Bozeman	24.12	Whitefish	15.00	Dillon	8.97
Stevensville	23.00	Hysham	14.90	Eureka	8.78
Broadus	22.31	Sheridan	14.70	East Helena	8.57
Dodson	22.00	Columbia Falls	14.20	Jordan	8.50
Miles City	21.82	Laurel	13.63	Boulder	8.46
Saco	21.07	Grass Range	13.50	White Sulph	8.25
Scobey	21.00	Wibaux	13.40	Brockton	8.25
Glasgow	20.86	Choteau	12.82	Darby	8.00
Forsyth	20.57	Big Sandy	12.80	West Yellows	7.90
Lewistown	20.55	Ennis	12.60	Froid	7.86

TABLE C-3

Community Rankings by Municipal Residential Monthly Sewer Fee

Municipality	Sewer Fee	Municipality	Sewer Fee
Chinook	36.25	Townsend	7.50
Harlem	29.80	Sidney	7.32
Whitefish	29.70	Glasgow	7.18
Columbia Falls	27.64	Dillon	7.02
Livingston	25.63	Whitehall	6.90
Plains	24.90	Fairview	6.75
Winnett	24.00	Belt	6.60
Conrad	23.08	Manhattan	6.60
Kalispell	20.40	Grass Range	6.50
Libby	19.26	Circle	6.48
Laurel	19.24	Kevin	6.27
Thompson Falls	19.20	Alberton	6.25
Red Lodge	19.02	Missoula	6.22
Hot Springs	18.50	Rexford	5.50
Big Sandy	14.00	Superior	5.50
Miles City	13.88	Twin Bridges	5.40
Shelby	13.64	Saco	5.26
Hamilton	13.63	Nashua	5.25
Billings	13.49	Medicine Lake	5.00
Forsyth	13.05	Hysham	5.00
Wolf Point	13.01	Winifred	5.00

EXHIBIT 3
DATE 2-3-93
HB

RECOMMENDATION

This project is a component of a project previously funded by DNRC, the Community Development Block Grant program, and the project sponsor. The project's overall cost is estimated at $644,180; this application therefore reflects 14 percent of this overall cost. Typically, since the project sponsor is able to assess fees or collect tax revenues to recover the project's cost, the project is considered to have "payback capability" and would qualify for only 25 percent of the project cost or $50,000, whichever is less. For this project, DNRC recommends a $50,000 grant.

Grant funds will be provided after DNRC approves a scope of work and a budget, and after matching funds have been secured. An environmental assessment may be required for the permitting process. If a review results in any changes in the project's scope of work or any measures necessary to address impacts beyond those expected, these changes shall be stipulated in the project agreement and incorporated as part of the project's scope of work. Original specifications, designs, and respective revisions shall be submitted to and approved by the Department of Health and Environmental Sciences before bids are solicited; by reference, these also shall be included in the project agreement.

After bids have been obtained, the project sponsor shall submit a breakdown of specific construction costs such as material, labor, and equipment. Any funds received from sources other than those already identified will cause a dollar-for-dollar reduction in the funds awarded under this grant.

PROJECT NO. 18

APPLICANT NAME	PETROLEUM COUNTY
PROJECT NAME	Crooked Creek Recreation Area
AMOUNT REQUESTED	$100,000 GRANT
OTHER FUNDING SOURCES	$103,000 (Concessionaire) $200,000 (Corps of Engineers)
TOTAL PROJECT COST	$403,000
AMOUNT RECOMMENDED	$ 50,000 GRANT $ 50,000 LOAN

PROJECT ABSTRACT (Prepared and submitted by applicant)

Crooked Creek Recreation Area will offer Fort Peck Reservoir additional access and recreation such as camping, fishing, boating, hunting, and horseback riding. The project's objective is to make renewable resources more available to the public, including shower and rest room facilities, trailer hook-ups, and water, sewer, and electrical services for the cabins, restaurant, and store.

Crooked Creek Recreation Area now has a seasonal store, boat ramp, fenced storage for boats, and one toilet and camping facility. A map of the project site shows the proposed location for improvements such as a storage tank, wells, septic drain field, trailer hookups, new store and restaurant, camp sites, cabins, public shower and rest room facilities, fish-cleaning station, RV dump station, and water lines and stand pipes for watering trees and grass. These facilities require either water, sewer, or

electrical services and/or distribution to ensure that needed improvements are completed and that they provide the public with a usable recreational facility.

In order to complete these improvements and protect public health and safety, the grant money received will help complete improvements for the water well, the water storage facility, water treatment, water distribution, wastewater disposal, the access road, parking, road lighting, and 7 miles of electrical service.

The project also includes drilling and developing a well field at an anticipated depth of 800 to 1,000 feet. The number of wells drilled will depend on the aquifer capacity and system demand. The water distribution system will consist of a buried pipe. The central sewer collection system will be installed with the final treatment either a drain field or a non-discharging lagoon system. Seven miles of electrical service will need to be brought to the site. The access road needs to be graded, and new gravel needs to be placed for an improved driving surface.

TECHNICAL ASSESSMENT (Prepared by DNRC)

Access to Fort Peck Reservoir is limited, particularly to the lake's upper sections and surrounding Charles M. Russell National Wildlife Refuge. Long-term efforts have been made to improve access to the lake's scenic upper end and, in 1985, the Crooked Creek site became one of seven recreation sites designated by Congress to provide access to Fort Peck Reservoir. Between 1981 and 1987, nearly $1.1 million was spent to bring the 44 mile-long Crooked Creek access road to all-weather standards. In 1985, the U.S. Corps of Engineers leased some of the Crooked Creek site to Petroleum County, which has a concession agreement with Bill Harris to operate a camping area, picnic area, temporary store, and the boat ramp.

During 1988, approximately 1,750 people visited the Crooked Creek area for fishing, hunting, boating, and camping. Since 1989, the concession and recreation area essentially have been closed because of lake drawdowns. In 1991, the draft Fort Peck Master Plan recommended that because water-based recreation at Crooked Creek was limited, the area's management emphasis should give way to resource-oriented recreation such as hunting, hiking, backpacking, and photography. The same report indicated that, in any case, water-based recreation at the Crooked Creek site would end by about the year 2015 because of lake sedimentation and delta movement.

Petroleum County believes that full-service public facilities will make the area more attractive to recreational visitors. These include publicly financed rest room and shower facilities, trailer hookups, and new water, sewer, and electrical services for the concessionaire's cabins, restaurant, and store. The proposed grant would develop a well field that would supply drinking water through a new water distribution system for shower and rest room facilities, install a central sewer system, and provide new on-site electrical service by bringing in a new 7-mile electrical line.

FINANCIAL ASSESSMENT

The project's total cost is estimated at $403,000, and a $100,000 grant is requested. Other finances amounting to $103,000 would be provided by Bill Harris, the concessionaire. The application also lists a $200,000 grant from the Corps of Engineers. This $200,000 appropriation is available for improvements to all seven Fort Peck recreation sites, and $60,000 of this amount already has been allocated to another site. Thus, if all the Fort Peck recreation improvement money were allocated to the Crooked Creek site, $140,000 is the maximum that could be provided.

Because site construction plans are preliminary, project costs should be considered approximate. Water well field costs are estimated at $51,000; the water treatment, storage, and distribution system at $146,000; the septic system at $46,000; and the electrical system at $79,000 for total construction costs of $322,000. Adding contingencies, permitting and engineering design work, monitoring, and general construction administration brings the total project cost to $403,000. Petroleum County assumes that the Corps of Engineers (the landowner) will provide the necessary additional leased lands at no additional cost.

The project's design engineer examined an alternate water source using local surface water, but instead selected deep wells because of the high water treatment costs that would be required for a surface water system.

BENEFIT ASSESSMENT

DNRC's project review values only those benefits described by statute. Public benefits are found in projects that support the State Water Plan; promote reserved water rights; conserve, manage, or protect water resources; exhibit broad citizen support and public use; display tangible benefits; or replace benefits–economic or otherwise–currently derived from Montana's mineral resources.

The proposed project would provide tangible, on-site benefits and some county-wide economic benefits. It would expand the scope of recreation facilities along Fort Peck Reservoir and increase Crooked Creek's value as a full-service, overnight destination area. Because improved facilities would encourage more overnight stays and because on-site water and sanitation facilities would provide nicer accommodations, an increase in Fort Peck Reservoir's recreational use and longer visitor stays would be expected. Although the area's future recreation use is unknown, the annual use levels easily could double to 3,500 visitors. Letters and signatures submitted on behalf of this project show the local support. The 1991 Governor's Roundtable on Fort Peck and the Missouri River and the Fort Peck Advisory Council indicate that the project also enjoys statewide support.

ENVIRONMENTAL ASSESSMENT

No major adverse environmental impacts are expected, but the project could show some local impacts at developed sites and some cumulative impacts because of increased recreation use of the lake and the general shore area. The Crooked Creek recreation site is located directly across the lake from the U L Bend Wilderness and is completely surrounded by the Charles M. Russell National Wildlife Refuge. Installing water and sewer facilities probably would improve water quality and reduce the potential for local water pollution from recreation activities, although prior approval of the installation would be required from the Department of Health and Environmental Sciences.

Petroleum County should provide plans in sufficient enough detail to allow the Department of Health and Environmental Sciences to make a review of the proposed water and sewer systems. An environmental review may be required that would assess the project's effects on water quality; health, safety, and noise; community income; recreation and wilderness; and local plans and goals. An environmental assessment would allow the applicable permits and approvals to be processed efficiently.

RECOMMENDATION

Since the project sponsor is able to assess fees or collect tax revenues to recover the project's cost, the project is considered to have "payback capability" and thus qualifies for only 25 percent of the project cost or $50,000, whichever is less. DNRC recommends a $50,000 grant.

The project sponsor may obtain additional funding through a DNRC loan up to $50,000. DNRC will provide a loan up to the amount requested, commensurate with the project sponsor's ability to repay the principal and interest according to terms specified in a DNRC bond purchase agreement.

Additional project design shall be required before grant funds are provided. The intertwined responsibilities of leases, ownership, fee collection, and maintenance responsibilities shall be clearly specified and legally resolved before the project is funded. The project sponsor shall obtain a specific financial commitment from the U.S. Corps of Engineers and easements or leases for the land occupied by the developed facilities. Ownership of capital improvements and responsibility for ongoing maintenance shall be specified and costs budgeted. Lease fees collected from the concessionaire shall be considered potential project revenue for the repayment of a loan or to refund matching fund commitments.

Grant funds will be provided after the project design has been completed, after DNRC approves a scope of work and a budget, and after matching funds have been secured. An environmental assessment may result in changes to the proposed scope of work or identification of measures to address adverse impacts beyond those now expected. Any such requirements shall be stipulated in the project agreement and incorporated as part of the project's scope of work. Original specifications, designs, and respective revisions shall be submitted to and approved by the U.S. Corps of Engineers before bids are solicited; by reference, these also shall be included in the project agreement. After bids have been obtained, the project sponsor shall submit a breakdown of specific construction costs such as material, labor, and equipment.

If grant funding is not available, the project sponsor may request a DNRC loan up to $100,000. DNRC will provide loan funding in an amount commensurate with the project sponsor's ability to repay the principal and interest according to terms specified in a DNRC bond purchase agreement.

EXHIBIT 4
DATE 2-3-93
HB

ROBERT E. COFFEY
County Manager
Treasurer
Assessor
Phone 429-5551

LOIS POULTON
Justice of the Peace
Phone 429-5311

COUNTY OF PETROLEUM

P. O. Box 226
WINNETT, MONTANA 59087

BRENDAN J. MURPHY, CHAIRMAN
PATRICIA WEINGART, COMMISSIONER
WILLIAM G. SOLF, COMMISSIONER

BONNY L. ALLEN
Clerk and Recorder
Clerk of Court
Phone 429-5311

ROBERT BUSENBARK
Sheriff
Appraiser
D.E.S. Coordinator
Coroner
Phone 429-5551

February 2, 1993

Department of Natural Resources
1520 E. Sixth Avenue
Helena, Montana 59620

Gentlemen:

We, the members of the Board of County Commissioners of Petroleum County, were unable to attend this hearing on our application for the grant improvement project for the Crooked Creek Recreation Area, therefore this letter is in support of the grant application.

Since Petroleum County has a long-term lease with the Corps of Engineers, it is beneficial to upgrade the recreational area as addressed in the application.

This marina is a valuable asset to the western side of Fort Peck Lake for outdoor enthusiasts from the surrounding areas. Such improvements would benefit our citizens as well as attract tourists to our region.

Thank you for your consideration to this application.

Sincerely yours,

BOARD OF COUNTY COMMISSIONERS

Brendan Murphy

Brendan Murphy, Chairman

EXHIBIT 4
DATE 2-3-93
HB

SPORTS, INC.

GENERAL OFFICE: 333 2ND AVE. NO. • LEWISTOWN, MONTANA 59457 • PHONE (406) 538-3496 • FAX 406-538-2250

February 2, 1993

Department of Natural Resources and Conservation
Lee Metcalf Building
1520 East Sixth Avenue
P.O. Box 202301
Helena, Montana 59620-2301

REF: DNRC GRANTS

WATER DEVELOPMENT - CROOKED CREEK RECREATION AREA

Dear Members of the Commission:

The Fort Peck Advisory Council, made up of county commissioners, mayors, Chambers of Commerce, sportsmen's organizations, boating clubs, cabin owners, irrigators and recreational enthusiasts, highly recommends and endorses a water development facility for the Crooked Creek Recreation area located at the west end of Fort Peck Lake.

This development was authorized by the Army Corp of Engineers in 1987 and 1988 and came to full development in 1989 with a concessionaire, Bill Harris.

Bill developed a store, gasoline, boat dock, swimming area, a camping area in conjunction with the Corp of Engineers, a secured area for recreation vehicles and boats, public restrooms, a landing strip, a lodge and the planting of hundreds of trees. His wife and family have invested over $200,000 in the development of this area. It would be of great benefit to Fort Peck Lake and the people of eastern Montana if this area could have safe water available to the public.

Documentation has shown that this area will be widely used not only by Montanans but people from out of state as well.

The Fort Peck Advisory Council would like to go on record fully endorsing this effort by Bill Harris to secure water for the Crooked Creek Recreation area.

Sincerely,

Don Pfau, Co-Chairman
Fort Peck Advisory Committee

DP/ll

EXHIBIT 4
DATE 2-3-93
HB

Park Inn INTERNATIONAL®

February 2, 1993

Department of Natural Resources
1520 East 6th Avenue
Helena, MT. 59620

To the Department of Natural Resources:

I, as General Manager of the Park Inn, Lewistown, Montana, wholeheartedly support the Crooked Creek Recreation Development in Petroleum County.

With consideration given to the present facilities of the area and its planned improvements, it's absolutely critical that water be provided to these facilities.

Central Montana does not have a great deal of tourist oriented destination points at the present time, and the Crooked Creek Recreation Development is definately an asset for our market. There is no question as to the fact this development would be an asset in our area.

Again, I ask that you endorse this request.

Sincerely,

Henry W. Gehl
General Manager

HWG/jl

EXHIBIT 4
DATE 2-3-93
HB

RUSSELL COUNTRY
M·O·N·T·A·N·A

P.O. Box 3166
Great Falls, MT 59403-3166
406-761-5036
Toll Free 1-800-527-5348

A tourism region uniting these Montana counties: Blaine, Cascade, Chouteau, Fergus, Hill, Judith Basin, Liberty, Meagher, Petroleum, Pondera, Teton, Toole & Wheatland

January 29, 1993

Department of Natural Resources
Planning SubCommittee

Russell Country tourism region supports the Crooked Creek Recreation Development in Petroleum County.

Development of the area will enhance recreation opportunities and broaden appeal for the area. Its proximity to Canada and the Dakotas adds potential for added economic impact by visitors from those areas to Petroleum County.

We urge your support of the Crooked Creek Recreation Development project.

Thank you.

Sincerely,

George S. Willett /gf

George S. Willett
President

gf

EXHIBIT 4
DATE 2-3-93
HB

Where The WEST Begins

MISSOURI RIVER COUNTRY MONTANA

Missouri River Country, Inc.
Box 1064 Malta, MT 59538

January 30, 1993

Department of Resources and Conservation
State of Montana
Helena, MT 59620

Gentlemen:

We support the request for funding to complete the Crooked Creek Recreation Area Project in Petroleum County. Completion of this project would benefit and complement the entire Fort Peck Lake area and the surrounding communities on both sides of the Missouri River.

We would like to see more recreational development on the Fort Peck Lake. It could then become a destination for visitors to enjoy water recreation facilities in northeastern Montana. But it is necessary for concessions and boating supplies to be easily accessible from the shores of the lake.

We would encourage the Department to approve the funding which is being requested by the Petroleum Country Commission.

Thank you.

Sincerely,

Shirley Legg

Shirley Legg
Secretary

LEWIS-CLARK TRAIL

Along the Lewis and Clark Tra

EXHIBIT 4
DATE 2-3-93
HB

Montana's
CUSTER COUNTRY

Route 1, Box 1206A • Hardin, Montana 59034 • (406) 665-1671

MEMORANDUM

TO: Department of Natural Resources

FROM: Edythe McCleary
Executive Secretary Edythe McCleary

SUBJ: Grant for Crooked Creek Recreation Area

DATE: January 29, 1993

This is to support the improvement project to the Crooked Creek Recreation Area on the west end of Fort Peck Lake. We understand they have applied for a grant for the project.

Fort Peck Lake is such a popular spot for people in this region to visit and enjoy outdoor activities, and facilities are limited.

Providing better recreation facilities for the many tourists who are flocking to Montana would be very welcome. Western Montana is becoming overcrowded and Eastern Montana has plenty of space to absorb visitors. The Crooked Creek Recreation Area would help to keep visitors in the State longer--that's the goal of all the tourism regions.

We would appreciate your approval of their request.

central montana publishing
P.O. Box 900 • Lewistown, MT 59457-0900 • Telephone (406) 538-3401

EXHIBIT 1
DATE 2-3-93
HB

January 29, 1993

Department of Natural Resources and Conservation
State of Montana
Helena, MT 59620

Gentlemen:

It is my understanding that Petroleum County has applied for a $50,000 grant and a $50,000 loan to make renewable resources at Crooked Creek more available to the public. I know the area well and its great potential.

There is a large demand there for such facilities, and has been for many years.

The area is used extensively for all types of outdoor recreation such as archery and rifle hunting, wildlife viewing, fishing, boating, picnicking, photography, backpacking, hiking, camping, snowmobiling, crosscountry skiing, water fowl hunting, hunting fossils and other such activities.

If you provide this help, it will mean a great deal to many of all ages. It will also provide the area with a much-needed economic short in the arm.

So if you provide this help, it will mean a great deal to a great many.

I recommend highly your favorable consideration of this.

Thank you.

Sincerely

Ken Byerly

Ken Byerly, Publisher
Lewistown News-Argus

AREA CHAMBER OF COMMERCE

P. O. BOX 818 408 N.E. MAIN • LEWISTOWN, MONTANA 59457

(406) 538-5436

EXHIBIT 4

DATE 2-3-93

HB

February 1, 1993

Bill Harris
Crooked Creek Recreation Area
Winnett, Montana 59087

Mr. Harris;

I just wanted to reiterate the support of the Lewistown Area Chamber of Commerce for the development of facilities at Crooked Creek. We also wholeheartedly support your application for funding for water developments. This is an essential step in attaining the type of facility that will attract visitors, as well as ensure their stay is pleasant enough to bring them back.

If I or the Chamber can be of any assistance in your application or in any of the future work at Crooked Creek, please let me know.

Sincerely,

WB

Webb Scott Brown
Executive Director

EXHIBIT 4
DATE 2-3-93
HB

DEPARTMENT OF THE ARMY
OMAHA DISTRICT, CORPS OF ENGINEERS
FORT PECK LAKE OFFICE
P. O. BOX 208
FORT PECK, MONTANA 59223-0208

REPLY TO
ATTENTION OF

January 29, 1993

Bill Harris
Box 128
Winnett, MT 59087

Dear Bill:

Enclosed are the latest pool elevation forecasts for the Fort Peck Reservoir. The pool is currently at 2209.4 and the snow is at approximately 100 percent of normal.

If the current conditions continue we can expect a pool elevation of approximately 2216.8 by the middle of the recreation season (sheet 1).

The upper decile forecast indicates a 10% change that the reservoir will reach a level of 2226.6 by July 1993 (sheet 2). There is also a 10% chance that the reservoir could be a low as 2211.4 in July of 1993 (sheet 3).

It is difficult to accurately predict the reservoir level at this time of year because most of the snowpack normally comes during the late winter period of February, March, and the first half of April. However, I feel there is reason to be optimistic because we have at least normal snowpack, and if the recent pattern of storms continue we may have above average runoff.

Sincerely,

for Ann M. Salem
Roy O. Snyder
Lake Manager

EXHIBIT 4
DATE 2-3-93

HB

2 LM 4 NATRES PS
1 SUPSVC 3 SUPPLY
FISCAL 3 CONST ZBD
5 O.S. MAINT

Norris

JANUARY 1, 1993 FORECAST BASED ON AVERAGE PRECIPITATION
Elevations & Storages are for Date Shown
Discharge & Energy are Period Values
Date: 01/05/93

	31DEC92	1993 31JAN	28FEB
FORT PECK			
ELEV FTMSL	2210.4	2209.0	2207.8
DISCH KCFS	7.9	8.0	8.0
GARRISON			
ELEV FTMSL	1818.8	1817.2	1815.9
DISCH KCFS	18.2	19.0	19.0
OAHE			
ELEV FTMSL	1591.6	1591.4	1592.3
DISCH KCFS	15.5	19.6	15.6
BIG BEND			
ELEV FTMSL	1420.4	1420.5	1420.5
DISCH KCFS	16.2	19.4	15.6
FORT RANDALL			
ELEV FTMSL	1341.6	1348.4	1353.0
DISCH KCFS	11.5	12.0	9.8
GAVINS POINT			
ELEV FTMSL	1206.5	1207.0	1206.0
DISCH KCFS	12.9	13.0	12.0
SYSTEM			
STORAGE 1000 AF	42726	42531	42600
ENERGY GWH	1045	571	474
PEAK POWER MW		2132	2171

JANUARY 1, 1993 FORECAST BASED ON AVERAGE PRECIPITATION

	28FEB93	31MAR	1993 30APR	31MAY	30JUN	31JUL	31AUG	30SEP	31OCT	30NOV	31DEC	1994 31JAN	28FEB
FORT PECK													
ELEV FTMSL	2207.8	2209.5	2210.2	2211.8	2215.5	2216.8	2216.3	2216.2	2216.7	2217.1	2216.3	2215.4	2215.2
DISCH KCFS	8.0	3.0	5.5	7.0	8.0	8.0	8.0	6.7	4.5	5.1	9.0	10.0	9.0
GARRISON													
ELEV FTMSL	1815.9	1817.3	1819.0	1819.1	1823.3	1825.0	1824.4	1824.9	1825.3	1825.3	1824.1	1822.9	1822.0
DISCH KCFS	19.0	11.0	13.5	18.5	20.0	20.0	20.0	12.9	11.1	12.6	19.0	21.5	21.0
OAHE													
ELEV FTMSL	1592.3	1593.8	1593.9	1593.8	1594.5	1593.3	1591.2	1590.0	1590.0	1591.1	1591.5	1592.0	1593.8
DISCH KCFS	15.6	11.8	18.5	21.6	21.5	25.7	27.3	18.5	10.9	7.3	16.3	19.4	13.5
BIG BEND													
ELEV FTMSL	1420.5	1420.5	1420.5	1420.5	1420.5	1420.5	1420.5	1420.5	1420.5	1420.5	1420.5	1420.5	1420.5
DISCH KCFS	15.6	11.8	18.5	21.6	21.5	25.6	27.0	18.1	10.6	6.9	16.1	19.4	13.5
FORT RANDALL													
ELEV FTMSL	1353.0	1355.2	1355.2	1355.2	1355.2	1355.2	1355.2	1348.4	1337.5	1337.5	1342.7	1349.8	1353.0
DISCH KCFS	9.8	11.7	20.4	23.4	23.6	26.0	27.1	27.6	22.1	7.0	10.7	11.5	9.5
GAVINS POINT													
ELEV FTMSL	1206.0	1206.0	1206.0	1206.0	1206.0	1206.0	1206.5	1207.0	1207.0	1207.0	1207.0	1207.0	1206.0
DISCH KCFS	12.0	14.1	22.8	25.4	25.4	27.2	28.2	28.5	23.8	9.0	12.0	13.0	12.0
SYSTEM													
STORAGE 1000 AF	42600	43772	44322	44596	46462	46814	46058	45344	44827	45150	45131	45265	45702
ENERGY GWH	6903	371	555	690	693	790	817	618	457	297	538	614	464
PEAK POWER MW		2185	2193	2195	2219	2220	2208	2200	2152	2121	2142	2169	2211

(Sheet 1)

JANUARY 1, 1993 FORECAST, ADJUSTED UPPER DECILE RUNOFF
Elevations & Storages are for Date Shown
Discharge & Energy are Period Values
Date: 01/05/93

EXHIBIT 4
DATE 2-3-93
HB

		31DEC92	1993 31JAN	28FEB
FORT PECK				
	ELEV FTMSL	2210.4	2209.7	2209.2
	DISCH KCFS	7.9	8.0	8.0
GARRISON				
	ELEV FTMSL	1818.8	1817.5	1816.5
	DISCH KCFS	18.2	19.0	19.0
OAHE				
	ELEV FTMSL	1591.6	1591.5	1592.6
	DISCH KCFS	15.5	19.3	15.2
BIG BEND				
	ELEV FTMSL	1420.4	1420.5	1420.5
	DISCH KCFS	16.2	19.1	15.2
FORT RANDALL				
	ELEV FTMSL	1341.6	1348.4	1353.0
	DISCH KCFS	11.5	11.7	9.5
GAVINS POINT				
	ELEV FTMSL	1206.5	1207.0	1206.0
	DISCH KCFS	12.9	13.0	12.0
SYSTEM				
	STORAGE 1000 AF	42726	42743	43030
	ENERGY GWH	1033	565	468
	PEAK POWER MW		2135	2176

JANUARY 1, 1993 FORECAST, ADJUSTED UPPER DECILE RUNOFF

		28FEB93	31MAR	1993 30APR	31MAY	30JUN	31JUL	31AUG	30SEP	31OCT	30NOV	31DEC	1994 31JAN	28
FORT PECK														
	ELEV FTMSL	2209.2	2211.8	2214.0	2217.3	2224.1	2226.6	2226.4	2226.8	2227.4	2227.6	2226.9	2225.9	222
	DISCH KCFS	8.0	5.3	7.0	8.0	9.0	9.0	9.0	7.1	5.4	6.8	10.0	11.5	11.
GARRISON														
	ELEV FTMSL	1816.5	1817.7	1819.6	1821.0	1829.3	1832.9	1832.3	1833.0	1833.5	1833.9	1833.2	1831.8	183
	DISCH KCFS	19.0	19.0	20.0	22.0	23.0	23.0	23.0	14.5	12.7	14.6	20.0	25.0	2
OAHE														
	ELEV FTMSL	1592.6	1596.8	1599.1	1600.6	1603.1	1602.8	1601.6	1599.6	1598.8	1598.3	1598.9	1600.0	1602.
	DISCH KCFS	15.2	9.8	16.9	20.0	19.1	25.8	27.7	25.7	16.4	16.4	16.9	19.4	15.
BIG BEND														
	ELEV FTMSL	1420.5	1420.5	1420.5	1420.5	1420.5	1420.5	1420.5	1420.5	1420.5	1420.5	1420.5	1420.5	142
	DISCH KCFS	15.2	9.8	16.9	20.0	19.1	25.7	27.4	25.4	16.1	16.2	16.7	19.4	1
FORT RANDALL														
	ELEV FTMSL	1353.0	1355.2	1355.2	1355.2	1355.2	1355.2	1355.2	1353.5	1345.1	1337.5	1342.7	1349.8	1353.
	DISCH KCFS	9.5	10.8	19.6	22.6	22.7	26.5	27.9	28.3	26.6	24.3	11.4	11.6	11
GAVINS POINT														
	ELEV FTMSL	1206.0	1206.0	1206.0	1206.0	1206.0	1206.0	1206.5	1207.0	1207.0	1207.0	1207.0	1207.0	120
	DISCH KCFS	12.0	14.1	22.8	25.6	25.8	28.3	29.3	29.6	28.6	26.6	13.3	13.4	14.
SYSTEM														
	STORAGE 1000 AF	43030	45019	46510	47822	51997	53363	52850	52381	51824	51352	51488	51721	52
	ENERGY GWH	7976	427	599	713	708	856	892	748	607	580	591	684	
	PEAK POWER MW		2205	2227	2244	2295	2309	2302	2296	2275	2202	2226	2256	

Sheet 2

JANUARY 1, 1993 FORECAST, ADJUSTED LOWER DECILE RUNOFF
Elevations & Storages are for Date Shown
Discharge & Energy are Period Values
Date: 01/05/93

EXHIBIT 4
DATE 2-3-93
HB

	31DEC92	1993 31JAN	28FEB
FORT PECK			
ELEV FTMSL	2210.4	2208.8	2207.4
DISCH KCFS	7.9	8.0	8.0
GARRISON			
ELEV FTMSL	1818.8	1817.0	1815.4
DISCH KCFS	18.2	19.0	19.0
OAHE			
ELEV FTMSL	1591.6	1591.5	1592.2
DISCH KCFS	15.5	19.1	16.2
BIG BEND			
ELEV FTMSL	1420.4	1420.5	1420.5
DISCH KCFS	16.2	19.0	16.2
FORT RANDALL			
ELEV FTMSL	1341.6	1347.8	1353.0
DISCH KCFS	11.5	12.2	9.6
GAVINS POINT			
ELEV FTMSL	1206.5	1207.0	1206.0
DISCH KCFS	12.9	13.0	11.5
SYSTEM			
STORAGE 1000 AF	42726	42427	42389
ENERGY GWH	1044	566	478
PEAK POWER MW		2129	2168

JANUARY 1, 1993 FORECAST, ADJUSTED LOWER DECILE RUNOFF

	28FEB93	31MAR	1993 30APR	31MAY	30JUN	31JUL	31AUG	30SEP	31OCT	30NOV	31DEC	1994 31JAN	28
FORT PECK													
ELEV FTMSL	2207.4	2208.1	2208.7	2209.5	2211.4	2210.6	2209.0	2208.0	2207.5	2207.3	2206.0	2204.5	220
DISCH KCFS	8.0	3.0	4.0	6.0	7.5	7.5	7.5	6.0	4.9	3.8	7.0	8.0	
GARRISON													
ELEV FTMSL	1815.4	1815.9	1816.5	1815.5	1817.4	1817.8	1817.1	1817.7	1817.8	1817.3	1815.2	1813.4	181
DISCH KCFS	19.0	10.0	11.0	18.0	17.5	17.5	17.5	10.3	10.3	11.3	18.0	19.0	1
OAHE													
ELEV FTMSL	1592.2	1592.6	1591.2	1590.2	1589.3	1586.8	1584.3	1583.2	1581.9	1582.5	1582.5	1582.2	158
DISCH KCFS	16.2	13.1	20.0	23.3	23.3	26.7	25.2	14.4	14.6	8.1	16.7	19.8	1
BIG BEND													
ELEV FTMSL	1420.5	1420.5	1420.5	1420.5	1420.5	1420.5	1420.5	1420.5	1420.5	1420.5	1420.5	1420.5	142
DISCH KCFS	16.2	13.1	20.0	23.3	23.3	26.6	24.8	13.8	14.2	7.7	16.4	19.8	1
FORT RANDALL													
ELEV FTMSL	1353.0	1355.2	1355.2	1355.2	1355.2	1355.2	1353.2	1341.7	1337.5	1337.5	1342.7	1349.8	135
DISCH KCFS	9.6	12.0	21.2	24.3	24.5	26.6	27.5	27.9	18.1	7.5	11.0	11.8	
GAVINS POINT													
ELEV FTMSL	1206.0	1206.0	1206.0	1206.0	1206.0	1206.0	1206.5	1207.0	1207.0	1207.0	1207.0	1207.0	120
DISCH KCFS	11.5	13.3	22.8	25.4	25.4	27.2	28.2	28.5	19.6	9.0	12.0	13.0	1
SYSTEM													
STORAGE 1000 AF	42389	42885	42797	42417	42970	42329	41178	40100	39483	39451	39063	38844	38
ENERGY GWH	6543	378	541	698	685	766	749	527	453	277	498	558	
PEAK POWER MW		2171	2168	2159	2164	2152	2137	2097	2072	2035	2050	2071	2

Sheet 3

EXHIBIT 4
DATE 2-3-93
HB

November 11, 1992

Don Pfau, Chairman
Fort Peck Advisory Council
333 2nd Avenue North
Lewistown, MT 59457

Dear Mr. Pfau:

Thank you for your recent letter. I appreciate your promptness following the election, and I welcome your participation in shaping the policies that will guide us into the next century. The next several months will be a critical time for all of us to take a look at the way government has done business, to look for ways to serve Montanans better and more efficiently, while preserving and strengthening those resources that help define Montana as "the last best place."

Thank you for sharing your concern about continuing support from the governor's office with regard to the needs of communities surrounding Fort Peck Lake. Be assured that I am committed to being a strong advocate for those concerns, to help stabilize and protect access to the lake. Governor Stephen's has set a good example in this regard, and I intend to carry on the responsibility.

I invite and encourage you to stay involved during the long and arduous task that lays before us. Your interest, enthusiasm and ideas are most welcome and I look forward to working with you and for you in the next four years. I wish you all the best in your personal endeavors.

Sincerely,

Marc Racicot

Marc Racicot

EXHIBIT 4
DATE 2-3-93
HB

Keep A Close Eye On The Corps

Montana, North Dakota, and South Dakota have sued the U.S. Army Corps of Engineers over the way the Corps manages stored water behind dams on the upper Missouri River. At stake in the region is more than $65 million per year in business activity from recreation and fish and wildlife related activities. The recreational industry has been hit hard by the Corps misguided policies during the ongoing drought.

Filed in 1991, the states' lawsuit questions the legality of outdated Corps policy that allows the Corps to ignore the water needs and benefits associated with the recreational industry, and fish and wildlife in the upper basin until after downstream "primary" water uses, such as navigation, are satisfied.

This summer the states sought a continuance of a stay issued on their behalf by a federal judge. The continuance is directly tied to the Corps' formal and outright admission that the upper states arguments were valid and legally correct. The states are armed with a deposition by the Corps' second highest ranking civilian agreeing to the states' demands, as well as a letter from the U.S. Justice Department stating the legality of the States' position, and documented formal admissions by the Corps indicating a willingness to change its policy to place the needs of recreation and fish and wildlife on equal footing with other river water uses. Accordingly, the states have decided to the take the Corps at its word rather than to force a legal settlement.

Here's the rub. As the Corps continues to rework its master manual, the situation on the upper Missouri River is worsening. While the recent verbal concessions by the Corps indicate a positive and overdue change in policy, Don Pfau of the Fort Peck Advisory Council, a group actively pursuing a solution to this situation in order to maintain realistic water levels on the river's Fort Peck Reservoir, says that "water levels and fisheries on upper reservoirs continue to deteriorate daily". The drought, unfortunately, isn't aware of the time it takes a federal agency to officially change its policy.

This case is being followed closely by the sport fishing industries both in the upper Missouri river and nationwide. If the Corps honors its word, and changes reservoir management policy, an important message will be sent to other regions where rivers and reservoirs are currently mismanaged by outdated Corps policy. The Corps is no longer an unchallenged authority and it must consider ethical and overdue revisions of its water allocation policies.

For more information please contact Don Pfau, CEO, SPORTS, INC., 333 2nd Avenue North, Lewiston, Montana 59457, (406) 538-3496.

Our Opinion

Lewistown News-Argus Sunday, January 10, 1993

EXHIBIT 4
DATE 2-3-93

A national organization helps us on Fort Peck Lake

Montanans who want to retain a fairer share of the water in Fort Peck Lake, and who are also asking the Army Corps of Engineers for more recreational help at and around the lake, have the help of an important national organization.

It is the Sport Fishing Institute in Washington, D.C.

The Institute has criticized policies of the Corps on its management of Fort Peck Lake, and other reservoirs on the Missouri River in North and South Dakota.

In a position paper on water allocation, the Sport Fishing Institute took this stand:

"The U.S. Army Corps of Engineers' management of the upper Missouri River reservoirs is typical! Plagued by persistent drought, the states of Montana, North Dakota and South Dakota filed a federal lawsuit in February 1991, suing the Corps for water project mismanagement. Although recreation, fish and wildlife have assumed much greater economic and social importance to this region since construction of the reservoir system, the Corps continues its management policies based on the primary construction purposes of flood control and irrigation established over 40 years ago," said the Fishing Institute.

"The irrigation and downstream navigation needs estimated at the time of construction never materialized. Yet, as it stands, the Corps has made only verbal concessions to updating its operating priorities. Meanwhile, however, boating facilities on the reservoirs remain high and dry.

"A Montana Fish, Wildlife and Parks Department walleye hatchery sits dormant next to a mudflat and the inhospitable conditions continued to take their toll on resident fisheries and thus, the region's economy."

In recommending such action as to retain more water in Fort Peck Lake, and to encourage development of more fishing and other recreational facilities along the upper Missouri River and its reservoirs, the Sport Fishing Institute recommended the following to President-elect Clinton:

"National water allocation and management policies should ensure that all practical purposes are served and not just the needs of a few.

"We strongly encourage that the Clinton Administration's goals involve fair and equitable water distribution policies which take into account the economic and quality of life importance of well managed fisheries.

"Recreation and fish and wildlife should be considered at least on equal footing with other water uses, when allocation policies are established or updated.

"Leadership in the direction of a fair and equitable national water policy would allow us to realize immediate social and economic benefits associated with proper resource management," the Sport Fishing Institute's recommendation to the Clinton Administration concluded.

This is a strong, sensible, fair and needed program that would help Fort Peck Lake and fishing all along the upper Missouri River.

We appreciate this support from the national Sport Fishing Institute that is headquartered in Washington, D.C.

EXHIBIT 4
DATE 2-3-93
HB

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

STAN STEPHENS, GOVERNOR

LEE METCALF BUILDING
1520 EAST SIXTH AVENUE

STATE OF MONTANA

DIRECTOR'S OFFICE (406) 444-6699
TELEFAX NUMBER (406) 444-6721

HELENA, MONTANA 59620-2301

October 30, 1992

Don Pfau
Strategy Committee Chairman
333 2nd Avenue North
Lewistown, MT 59457

Dear Mr. Pfau:

I am sorry I won't be able to attend your November 13th meeting in Lewistown but I wanted you to know that we haven't forgotten our commitment to a better operation of the Missouri. This letter will serve as an update of our latest activities involving the Missouri River and the Corps of Engineers.

First of all, a brief review of the new AOP (Annual Operating Plan) process. In a major departure from historic efforts, the Corps of Engineers has sought the advice of the MBSA directors on developing the AOP for the Missouri River Main Stem Reservoirs for the second year in a row. The Corps' Reservoir Control Center staff met twice with MBSA's technical committee to formulate alternatives for the directors to consider. The directors voted 8 to 1 in favor of adopting an operating plan more conservative than called for in the Master Manual.

Under this year's AOP, even though repairs on Fort Peck powerplant No. 1 will be complete in November, releases will be held near 8,000 cfs (well below normal releases of 10,000 to 13,000 during freeze-in) for the coming winter period. Because of the endangered species nesting below Fort Peck, summer releases will average only about 9,000 cfs next year as opposed to 10,000 to 11,000 cfs long-term averages. The navigation season will be shortened 2 to 5 weeks if runoff proves to be normal or below for the basin above Gavin's Point dam. Fort Peck will lose storage only in the lowest runoff scenario. All parties involved agree that the current cooperative effort between the Corps and the states has greatly improved the AOP process.

In regard to the lawsuit against the Corps, lawyers from Montana, North Dakota, and South Dakota took the deposition of a

EXHIBIT 4
DATE 2-3-93
HB

high-ranking Corps' official in Washington, D.C., in July wherein the Corps official admitted that fish and wildlife and recreation were authorized purposes of the mainstem reservoirs and as such were entitled to equal consideration with all other purposes. He admitted that they were not "secondary." He also admitted that the Corps did not need congressional authorization to change the priorities of the system. He stated that those were official Corps' positions, even though the Omaha office may have been making contrary statements in the past.

After making clear the official position of the Corps of Engineers through that deposition and court-filed answers to admissions, the United States Justice Department wanted Montana and the other states to dismiss their lawsuit. Instead, Montana and the other states have asked the federal court in Billings to stay the lawsuit pending the completion of the Master Manual Review. We want to keep the pressure on the Corps and see if its official position carries through the entire Master Manual Review process and is evident in its new operational scheme. The issue of the requested stay is still pending before Judge Shanstrom.

Lastly, all of the states in the Missouri River Basin met with the Corps of Engineers in Minneapolis on October 14-16 in conjunction with a meeting of the Missouri Basin States Association (which just renamed itself the Missouri River Basin Association).

The purpose of the meeting with the Corps was to choose alternatives to take through the rest of the Corps' Master Manual Review process which includes the preparation of an EIS. Montana, of course, was interested in alternatives which retained higher pool levels at Fort Peck and the other upstream reservoirs in the spring and summer months. We feel this type of alternative operational scheme serves all of the basin well and actually results in the best overall economic benefits to the system as a whole. Montana took its transportation expert, Dr. Philip Baumel, to the meeting so that the Corps could meet with him and hear firsthand his comments and criticisms of its navigation studies.

Colonel Schaufelberger, Commander of the Missouri River Division of the Corps, personally presided over the meeting and took all comments on behalf of the Corps. Therefore, we know he is personally aware of Montana's preferences, comments, and concerns regarding the Master Manual Review. It remains to be seen whether our participation will result in meaningful changes, but at this point we are trying to keep the pressure on the Corps and participate as fully as possible in the Corps' review process.

The next step in the process is the issuance in early 1993 by the Corps of the Draft EIS which will contain 8-10 alternatives chosen by the Corps after our meeting in Minneapolis. The Corps will then seek public comment from about

EXHIBIT 4
DATE 2-3-93
HB

February to April 1993 for the 90-day period required by the National Environmental Policy Act (NEPA). Then, at the beginning of 1994, the Corps will issue its Final EIS with its preferred alternative operational scheme set out.

I know it has been frustrating and time consuming for all of you involved and concerned about the Corps' handling of Fort Peck and the Missouri River. I do believe we are making progress as we have witnessed changes in the operation and philosophy of the Corps towards recreation and the Missouri River. We must keep fighting the Corps for fair treatment of Montana's interests. Please continue your efforts in the public hearings process to let the Corps know your preferences and concerns about their handling of the system.

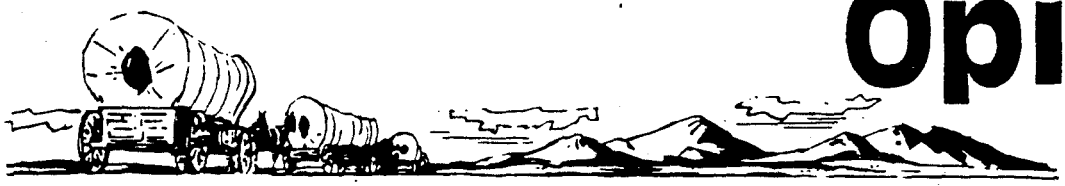
Please don't hesitate to contact me if you have any questions.

Sincerely,

Karen Barclay Fagg

Karen Barclay Fagg
Director

EXHIBIT 4
DATE 2-3-93
HB



Opinio
Lewist

Our Opinion

A big bite of the elephant on Fort Peck Lake recreation

Getting more recreation facilities at and around Fort Peck Lake has been like eating an elephant...one bite at a time.

And a recent bit indicates that it may be a pretty big bite over the long haul.

It concerns the Army Corps of Engineers which administers the Missouri River including reservoirs such as the one at Fort Peck.

The question:

Does recreation have equal rights with navigation, power generation and irrigation along the Missouri River and in reservoirs such as Fort Peck Lake?

Some Army Corps of Engineers officials at Omaha have said "no." They have claimed it would take an act of Congress to give recreation equal priority.

"Not so" asserts the Fort Peck Advisory Council, to which Stan Stephens and the governors of North and South Dakota agree.

The three governors have joined forces in a federal suit to clear the air and determine once and for all that recreation has equal rights with barge traffic, water power and irrigation...that recreation should get equal attention and interest from the Corps.

Lawyers in the suit for Montana and the two Dakotas now have a deposition from a high-ranking Corps official in Washington that supports the upriver equal treatment for recreation claims.

director of the Montana Department of Natural Resources and Conservation.

"The Corps official admitted (in the deposition) that fish and wildlife and recreation (are) authorized purposes of the mainstream reservoirs and as such (are) entitled to equal consideration with all other purposes," Fagg wrote Don Pfau, chairman of the Fort Peck Advisory Council.

"He (the Corps official) admitted they were not secondary.

"He also admitted that the Corps did not need Congressional authorization to change the priorities of the system," the Fagg letter continued.

The U.S. Justice Department wants Montana and the two Dakotas to drop their lawsuit against the Corps, in view of the Corps' admission that recreation has equal rights.

However, the three states have declined to do so pending the completion of the Corps' new Master Manual plan for administration of the river.

"We want to keep the pressure of the Corps," Fagg wrote in her letter.

All this is a major step...a "big bite out of the elephant."

But things involving government move slowly, so overnight action is hardly probable.

However, things are definitely looking up regarding recreation at Fort Peck Lake in the

EXHIBIT 4
DATE 2-3-93
HB

Two-thirds of a million visitors, and more coming

Visitors at Fort Peck Dam totaled 686,000 this year.

This is more than two-thirds of a million men, women and children, and an increase of almost 7 percent over 1991.

No doubt a goodly share of them also enjoyed fishing, picnicking, swimming, hunting, camping and other recreation at and around Fort Peck Lake.

Which is another reason why the Corps of Engineers should increase needed recreational facilities at the lake, as it has done on other Missouri River reservoirs in North and South Dakota.

EXHIBIT 4
DATE 2-3-93
HB

Harris seeks grant, loan to help Crooked Creek

Bill Harris admits he's an optimist, but he's willing to bank on boaters launching their craft and using Crooked Creek Bay on Fort Peck Reservoir by next year.

With that in mind, the concessionaire at Crooked Creek Campground and Fort Musselshell Marina is seeking a $50,000 grant and a $50,000 loan from the state to improve the recreation area despite the fact that low water levels have left it high and dry since 1988.

The hearing on the grant and loan from the state Department of Natural Resources and Conservation is set for 11 a.m. Wednesday in room 317 of the Capitol.

"I just visited with the lake manager for the Corps of Engineers and he said that with normal snowfall, the lake will come up and, at its highest point this year, will hit the bottom of the ramp," Harris said Friday.

"It wouldn't take a lot over normal to put us in, marginally. If we get two years of normal snowfall, we'll be in business for sure next year."

Harris said the grant portion of the request would cover drilling a well, piping the water to the area, then putting in camping hookups, a public shower and public toilets.

The loan would cover electricity, lighting, a new store building and restaurant and some rental cabins.

"We hope to get this grant and get a lot of the work done before next year when the water will be there," he said. "If we can get the camping pads in and the water facilities, then we'll make them available for the hunters and other recreation that goes on there during the rest of the year."

Harris said he was hoping for a show of support at the hearing from the Billings area and others who plan to use Crooked Creek.

"In 1988, before we had to close, we had somewhere near 3,000 visitors. We were getting a lot of people out of the Yellowstone valley at that time," he said.

He added that he knows use will increase far beyond that level once the water returns and the marina isn't high and dry.

"I'm kind of a perpetual optimist," Harris said. "But I've watched that reservoir all my life. I know it will be back."

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OUTDOOR EDITOR

Mark Henckel

Gazette staff

BILLINGS
AREA CHAMBER OF COMMERCE®

EXHIBIT 5
DATE 2-3-93
HB

February 2, 1993

Ms. Jeanne Doney
Program Officer
Department of Natural Resources & Conservation
P.O. Box 202301
Helena, MT 59620-2301

Dear Ms. Doney,

The Billings Area Chamber of Commerce wishes to endorse Project No 18 from Petroleum County for the Crooked Creek Recreation Area. Such a project will provide enhanced access and recreational opportunities for the Fort Peck Reservoir. We believe that this area of Montana is in need of more recreational areas that are better developed and will thus attract visitors as well as service Montana residents.

Thank you for your consideration of our support for the Crooked Creek Recreational Area Development. Your approval of this project request will be appreciated.

Sincerely,

Karen T. Doolen

Karen T. Doolen
Vice President

KTD/kmb

Post-it™ brand fax transmittal memo 7671	# of pages ▸
To Jeanne Doney	From Karen Doolen
Co. Dept. Natural Resources	Co. Bllg Chamber
Dept. Program Officer	Phone # 245-4111
Fax # 444-6721	Fax # 245-7333

ACCREDITED

EXHIBIT 6
DATE 2-3-93
HB

The following projects are not recommended for funding. The list is alphabetized by the name of the project sponsor.

PROJECT NO. 47

APPLICANT NAME	BIG HORN CONSERVATION DISTRICT
PROJECT NAME	Rocky Ranch Deep Well Restoration Project
AMOUNT REQUESTED	$100,000 GRANT
OTHER FUNDING SOURCES	$ 20,000 (Department of Fish, Wildlife and Parks) $ 25,000 (Gladys and Pete Herman) $ 15,605 (Unsecured)
TOTAL PROJECT COST	$160,605
AMOUNT RECOMMENDED	None

PROJECT ABSTRACT (Prepared and submitted by applicant)

The purpose of this project is to drill an artesian water well to replace an inoperable artesian well and to restore water to a wildlife/wetland area that is being lost. Five reservoirs in this wildlife/wetland area total more than 50 surface acres. Water for the area came from a 3,700-foot artesian well drilled into the Madison formation during the 1960s.

In 1989, the flow from the original well began to decrease significantly. During an attempt to clean the well, the casing collapsed because of age and shifting strata, which caused the water flow to stop. Professionals agree that the old well cannot be repaired and that drilling a new well is the only solution.

The water from this well has benefitted many people in this area along with other people in Montana. Area benefits include irrigation and stockwater availability to five local farming/ranching operations, and hunting and fishing access to sportsmen, both local and distant. People by the thousands who appreciate the aesthetics of an easily viewed and enjoyed wildlife/wetland area with its many ducks, geese, pheasants, antelope, and deer have used the area from the interstate system. When completely full, one of the larger reservoirs lies on both sides of Interstate 90, 6 miles west of Hardin.

The Big Horn Conservation District feels that it is in the state's best interest that wildlife areas such as these be maintained and helped as necessary.

EXHIBIT 6
DATE 2-3-93
HB

TECHNICAL ASSESSMENT (Prepared by DNRC)

This project proposes to replace an artesian well that is no longer functional because of structural damage. The artesian well originally was drilled in 1968, and the casing collapsed in 1989. The well was located on Gladys and Pete Herman's ranch (Rocky Ranch), produced approximately 2,000 gallons per minute (gpm), and supplied water to five reservoirs that provided wildlife habitat and five local farming/ranching operations just west of Hardin. These reservoirs provided habitat for bass, upland game birds, ducks, geese, muskrats, raccoons, foxes, coyotes, deer, and antelope. Water was drawn from these reservoirs to irrigate 135 acres of alfalfa hay and provide water for 100 head of livestock on Rocky Ranch. Water from the well also was used for stockwater by four other farm/ranch operations downstream of Rocky Ranch. Excess water was allowed to flow into Peritsa Creek and Williams Coulee, which maintained riparian areas along these watercourses.

This water source will help restore the farm/ranch operations that once benefitted from the artesian well and also will restore the rapidly declining wildlife and riparian habitat.

The suggested approach involves drilling a new artesian well because the existing well cannot be repaired. The Soil Conservation Service (SCS) investigated other water sources and discovered no other feasible water source. The new well will require drilling 3,700 feet down to access the artesian aquifer and will be drilled on Rocky Ranch. The existing distribution system is still functional and will be used for delivering water to the reservoirs. Water will be withdrawn from the reservoirs as in the past, and excess water will benefit four other local agriculturists. Also, riparian areas along Peritsa Creek and Williams Coulee will be reestablished.

The well and distribution system will be operated as in the past to benefit wildlife and local farms and ranches. The farms and ranches benefiting from this water source appear to have formed cooperative agreements in the past, and this mode of operation will continue when the water source is reestablished.

The reservoirs are located on private property (Rocky Ranch), but the Hermans will continue to allow public access for fishing and hunting provided that prior approval is obtained from the Hermans.

FINANCIAL ASSESSMENT

Big Horn Conservation District has requested a $100,000 grant, and the project's total cost is $160,605. Gladys and Pete Herman have designated $25,000 for the project, and the Department of Fish, Wildlife and Parks has committed $20,000. A potential funding source for the remaining $15,605 has not been identified.

The project's total cost involves drilling a new artesian well 3,700 feet deep. The drilling cost was based on a cost estimate supplied by a driller.

BENEFIT ASSESSMENT

DNRC's project review values only those benefits described by statute. Public benefits are found in projects that support the State Water Plan; promote reserved water rights; conserve, manage, or protect water resources; exhibit broad citizen support and public use; display tangible benefits; or replace benefits--economic or otherwise--currently derived from Montana's mineral resources.

This project will help preserve farm land by providing a water source to Rocky Ranch that was eliminated when the existing well became inoperable. Four downstream ranches also will use the water for stock. Besides benefiting the farms and ranches, the project will restore wildlife habitat. The public is allowed access to the reservoirs for fishing and hunting by obtaining prior approval from the Hermans. The reservoirs also can be viewed from Interstate 90, which allows many people to observe the wildlife that use these reservoirs.

ENVIRONMENTAL ASSESSMENT

Some minor adverse and beneficial effects are expected from drilling the new well. Adverse impacts would be caused by local disturbances at the well site. Any direct impacts will likely be short-term if proper precautions are taken during the well-drilling. Adherence to Board of Water Well Contractors guidelines is recommended to minimize the potential for subsurface contamination.

The project would indirectly benefit local and migratory wildlife by restoring water and habitat areas, including riparian vegetation that once thrived because of water availability. Recreation and aesthetics at the reservoir areas will be restored through the water supply. The local economy would benefit through improved agricultural operations at the five affected farms and ranches. Adverse impacts on shallow aquifers and surface water may be caused by the well's marginal water quality; these impacts may be cumulative.

The proposed aquifer has elevated levels of sodium (2,600 parts per million), chloride (3,000 ppm), and total dissolved solids (6,600 ppm). Water of this quality is marginal for agricultural purposes and only should be applied to salt-tolerant crops. Some saline seep areas developed when water from the previous well percolated through the reservoir bottoms, and more saline seeps may develop.

An environmental review would be useful to determine the possibilities of additional saline seep taking place. It also should determine whether the project would cause any contamination to the shallow aquifer and any degradation of surface water in Peritsa Creek and Williams Coulee, along with the measures necessary to prevent those impacts. A review should be conducted by any agency with a permitting or other MEPA responsibility.

RECOMMENDATION

With consideration to the poor quality of the water to be discharged from the proposed well, DNRC recommends no funding for this proposal.

EXHIBIT
DATE 2-3-93
HB

PROJECT NO. 4

APPLICANT NAME	TOWN OF RYEGATE
PROJECT NAME	Ryegate Water System Improvement Project
AMOUNT REQUESTED	$100,000 GRANT
OTHER FUNDING SOURCES	$ 35,000 (Farmer's Home Administration Loan)
TOTAL PROJECT COST	$135,000
AMOUNT RECOMMENDED	$ 33,750 GRANT $ 66,250 LOAN

PROJECT ABSTRACT (Prepared and submitted by applicant)

The proposed project will replace the remaining, severely deteriorated water lines in the town of Ryegate. These water lines freeze regularly, requiring that twice as much water be pumped than necessary to maintain water pressure and service, and allowing for groundwater infiltration that creates a health threat. The project will serve the community of 260 people--40 percent of whom are older than 65 with limited financial resources--by providing a cost-effective, long-term solution that will conserve water, improve health, and assist people who have few options.

TECHNICAL ASSESSMENT (Prepared by DNRC)

The town of Ryegate has about 260 people who comprise 111 households and 5 businesses. The town's current water system is more than 67 years old and has deteriorated to the point where it is nearly nonfunctional, with many of its existing lines leaking badly. Current water consumption amounts to 395 gallons of water per capita each day; the state's average is between 150 and 200 gallons per day. During the course of a year, this translates to more than 18 million gallons of water being pumped, treated, and lost in the water system.

The town is concerned about the health hazard that could be caused by groundwater infiltration that takes place each time a water line breaks. These breaks happen regularly, with 17 major breaks during 1991 and 5 through May 1992. The water system is becoming little more than a patchwork system that, on occasion, has closed the school, shut down businesses, and caused numerous problems for residents.

The proposal's objectives are focused and clearly stated in three phases.

PHASE I (in progress) involves replacing water lines, including sections under Highway 12 and a major, above-ground water line that serves the town's water storage tank. This portion of the project is being paid for with a $375,000 Community Development Block Grant (CDBG) and a $120,000 local revenue bond.

PHASE II (the focus of this proposal) includes replacing the remaining water lines to bring the water system into compliance with municipal water system standards. The proposed cost is a $100,000 DNRC grant and a $155,000 low-interest loan from Farmer's Home Administration (FmHA), which will "take out" the first $120,000 revenue bond and include the balance of funds needed for this project.

PHASE III of the project will focus on water source improvements (e.g., potentially a deep well). The CDBG program and FmHA are expected to provide the funding for this work.

A December 1990 engineering report prepared by HKM Associates documents past problems, alternatives, costs versus benefits, and recommended construction alternatives. The three-phase construction program now underway will meet the community's goals and objectives. This proposal serves as a logical step toward an overall water system reconstruction program.

The proposed project will replace the severely deteriorated water lines that remain in the town of Ryegate. These lines freeze regularly, requiring that twice as much water be pumped than necessary to maintain water pressure and service, and allowing groundwater infiltration that creates a health threat. The project will serve the community's 260 people by providing a cost-effective, long-term solution of water conservation and health and safety improvements.

Letters of support for the project were received from the Ryegate Public Schools, Department of Transportation, DNRC, Department of Fish, Wildlife and Parks, Department of Health and Environmental Sciences, State Historic Preservation Office, Fish and Wildlife Enhancement Office, and the American Soil Conservation Service. No legal, permitting, or compliance problems are anticipated.

FINANCIAL ASSESSMENT

The project has been broken down into three phases. Phase I funding was secured, and construction of that phase is underway.

This proposal is requesting funds for Phase II, including a DNRC $100,000 grant, a $35,000 FmHA loan, and a FmHA "take-out" loan to retire the $120,000 local revenue bond referenced in Phase I funding. The town's bonding capacity is assumed adequate to roll over the $120,000 local revenue bond to an effective $155,000 FmHA longer-term loan. The $35,000 additional loan would amount to a payback increase of approximately $110.40 per month, or $1.00 per month per household.

Phase II's proposed total cost is $135,000. The town's grant request of $100,000 includes $5,500 for administrative salaries, $27,000 for engineering, and $67,500 for construction.

Phase III of the project is expected to be funded through CDBG program and FmHA sources. Because the greatest project benefit will be realized after all three phases are completed, steps should be taken soon to secure Phase III funding.

The project is considered financially feasible. Even if all the funding sources are not secured (Phases II and III), the documentation provided supports feasibility in general. The cost estimate and schedule appear reasonable and in line with similar projects.

BENEFIT ASSESSMENT

DNRC's project review values only those benefits described by statute. Public benefits are found in projects that support the State Water Plan; promote reserved water rights; conserve, manage,

or protect water resources; exhibit broad citizen support and public use; display tangible benefits; or replace benefits--economic or otherwise--currently derived from Montana's mineral resources.

This project indirectly implements State Water Plan objectives by conserving nearly 18 million gallons of water per year, reducing treatment costs, providing adequate fire protection volumes, eliminating maintenance problems related to freezing water lines, and reducing overall system maintenance costs.

The project is a multi-use project that enjoys strong public support. The CDBG program has endorsed the project, and FmHA funding is being sought. Referencing the "Community Needs Assessment Survey" (1991), 58 percent of the residents indicated that making "improvements to the water system" was the community's first or second priority. A system that will distribute quality water to its users and conserve 18 million gallons of water each year likely will show a positive effect on the town of Ryegate's future economic development.

ENVIRONMENTAL ASSESSMENT

Phase II construction would be a continuation of Phase I construction, and Phase I documents indicate no adverse environmental impacts. Letters received from the Department of Fish, Wildlife and Parks, Department of Health and Environmental Sciences, DNRC, State Historic Preservation Office, Fish and Wildlife Enhancement, and American Soil Conservation Society also indicate no long-term, adverse environmental impacts. Continued coordination with DNRC and the Department of Health and Environmental Sciences' Water Quality Bureau is suggested to minimize the potential of any long-term, adverse environmental impacts related to Phase II of the project. Typical construction-related impacts involving noise and dust can be expected during the project's short term.

RECOMMENDATION

This project offers to conserve 18 million gallons of water each year. DNRC therefore recommends that the project be funded. Since the project sponsor is able to assess fees or collect tax revenues to recover the project's cost, the project is considered to have "payback capability" and thus qualifies for only 25 percent of the project cost or $50,000, whichever is less. DNRC recommends a $33,750 grant.

The project sponsor may obtain additional funding through a DNRC loan up to $66,250. DNRC will provide a loan up to the amount requested, commensurate with the project sponsor's ability to repay the principal and interest according to terms specified in a DNRC bond purchase agreement.

Grant funds will be provided after DNRC approves a scope of work and a budget, after matching funds have been secured, and after DNRC has determined that the project complies with MEPA requirements. Any outstanding MEPA requirements shall be stipulated in the project agreement and incorporated as part of the project's scope of work. Original specifications, designs, and respective revisions shall be submitted to and approved by the Department of Health and Environmental Sciences before bids are solicited; by reference, these also shall be included in the project agreement.

After bids have been obtained, the project sponsor shall submit a breakdown of specific construction costs such as material, labor, and equipment. Any reduction in the scope of work will require a proportional reduction in the grant amount.

If grant funding is not available, the project sponsor may request a DNRC loan up to $100,000. DNRC will provide loan funding in an amount commensurate with the project sponsor's ability to repay the principal and interest according to terms specified in a DNRC bond purchase agreement.

PROJECT NO. 5

APPLICANT NAME	YELLOWSTONE COUNTY
PROJECT NAME	Yellowstone River Project
AMOUNT REQUESTED	$100,000 GRANT
OTHER FUNDING SOURCES	$ 26,000 (Yellowstone River Parks Association) $ 5,250 (M. Werner) $ 95,228 (Kiwanis) $ 15,000 (Montana TradePort) $ 66,933 (Yellowstone River Education Project) $ 80,000 (Land and Water Conservation Fund) $ 7,000 (COP Construction) $ 82,170 (Midland O'Leary Construction) $ 15,000 (First Interstate Bank)
TOTAL PROJECT COST	$492,581
AMOUNT RECOMMENDED	$100,000 GRANT

PROJECT ABSTRACT

The application submitted to DNRC by Yellowstone County and the Yellowstone River Parks Association (YRPA) is concerned primarily with improving the state's natural heritage through the development of renewable natural resources. To achieve this, YRPA and numerous community organizations plan to design guidelines, obtain land use permits, acquire land, analyze projected activities in relation to the Yellowstone River project, evaluate technical specifications for construction phases, develop public safety measures, and sustain natural areas with cost-effective maintenance programs.

The river project is committed to making positive impacts on preserving the Yellowstone River valley in the development of renewable natural resources. The project encourages and promotes multiple use of the river and surrounding park land so that local residents and visitors to Montana can benefit from enhanced fishing, hiking, canoeing, boating, biking, bird-watching, observing wildlife, studying natural areas, and other improved recreational or outdoor opportunities. The venture began with the 1991 Billings Region Strategic Plan in conjunction with updating the 1976 Bi-Centennial River Master Plan, with high ranking from local groups involved to preserve and protect the Yellowstone River through appropriate, multiple-use planning of park land.

EXHIBIT 8
DATE 2-3-93
HB

Grant funds will be provided after DNRC approves a scope of work and a budget, after matching funds have been secured, and after DNRC has determined that the project complies with MEPA. Additional requirements or any change of approach identified in the environmental assessment shall be stipulated in the project agreement and incorporated as part of the project's scope of work. Costs associated only with tree purchase and planting will be paid. The Forestry Division will pay for administrative and inspection costs. Any reduction in the scope of work will require a proportional reduction in the grant amount.

PROJECT NO. 11

APPLICANT NAME	HUNTLEY/YELLOWSTONE COUNTY WATER AND SEWER DISTRICT
PROJECT NAME	Huntley Water District Water System Rehabilitation Project
AMOUNT REQUESTED	$100,000 GRANT
OTHER FUNDING SOURCES	$375,000 (Community Development Block Grant) $220,300 (Farmer's Home Administration Grant) $ 50,000 (Farmer's Home Administration Loan)
TOTAL PROJECT COST	$745,300
AMOUNT RECOMMENDED	$ 50,000 GRANT $ 50,000 LOAN

PROJECT ABSTRACT (Prepared and submitted by applicant)

The proposed water system rehabilitation project seeks to bring more reliable water service and better quality water to the district's customers in the most cost-effective manner possible.

These objectives will be accomplished by:

1. Providing a second well system with a gas chlorination system.

   Adding a second well to the system will ensure continued water service in the event that the town's only well is down for repairs, and also will create a beneficial loop for water circulation. The Department of Health and Environmental Sciences requires that all public systems have two or more wells.

2. Improving water quality to customers in problem areas by system looping.

   Because the system has 15 dead ends, water quality at and near the dead ends is inferior. Aesthetically, the water appears yellow, orange, or black; it contains sediment; and it is stagnant. Continual flushing results in wasting more than 600,000 gallons of treated water per year.

3. Installing nine new fire hydrants for fire protection.

The present system has four fire hydrants, two of which are non-operational. Nine new fire hydrants will be installed to provide fire protection where none exists.

4. Installing a larger-capacity water storage facility.

Installing an increased-capacity storage facility closer to the distribution system will allow for better circulation of treated water, provide ample water for fire protection, and eliminate the costly tank location south of the Huntley Project irrigation canal.

This proposal will provide an uninterrupted supply of safe water to all consumers who use the water, provide fire protection capabilities, and reduce costly waste.

TECHNICAL ASSESSMENT (Prepared by DNRC)

The existing water system was constructed in 1966. In 1979, a new well was drilled after the only other well failed. A third well was drilled in 1986 because of a dispute with an adjacent landowner concerning water rights for the second well.

The existing water storage facility is old and costly to maintain. The 15,000-gallon storage tank provides inadequate fire reserves, and access to the tank has been a problem with the landowner previously mentioned. Of the town's four fire hydrants, two are non-operational.

The distribution system lacks the adequate valves to isolate sections that need maintenance. The system's 15 dead ends produce water quality that is inferior; that appears yellow, orange, or black in color; that contains sediment; and that is stagnant. Continual flushing of the system wastes approximately 600,000 gallons of treated water each year. Other than repairing leaks and drilling two new wells, no work has been done on the system for 26 years.

The system currently has 250 direct users (approximately 100 accounts). This proposal's objective is to correct the present health and safety problems in the district's water system by (1) adding a second water supply well, (2) making improvements to the water distribution system, and (3) adding additional water storage.

The options of groundwater versus surface water relative to the new water sources and the siting and increased storage tank options were evaluated, with the recommendations clearly documented. The recommendations were prioritized relative to the most urgently needed improvements.

The recommended fire protection storage volume appears slightly high for a small community. The need for 80,000 gallons of fire protection should be evaluated further during this project's final engineering design.

A 1992 engineering report prepared by Morrison-Maierle/CSSA is included as part of the proposal package. The report documents existing conditions along with past efforts made to upgrade the system. The current system's deficiencies and problems are sufficiently defined and documented.

The recommendations presented in this proposal will provide reliable service and better quality water to the Huntley Water District's customers in a cost-effective manner. The conclusions reached in the report are viable, cost-effective, and feasible.

The project's primary beneficiaries are located both within and outside the target area, as water is hauled from the district's local water depot to cisterns in the Shepherd, Shadow Canyon, and Buffalo Bluffs areas.

All improvements will be located in public rights of way or on county park land. The required permits and easements will be defined during the final engineering design and obtained before construction begins. The Huntley Water District's water right claim numbers are 23275, C-22008, and 58001-G430. Before a new well is drilled, a DNRC Application for Change of Appropriation Water Rights will be filed. A Construction Storm Water Discharge permit will be filed through the Department of Health and Environmental Sciences' Water Quality Bureau before the water system rehabilitation project begins.

The current average rate fee is $24.50 per month per account and is in the top 10 percent of those assessed in the state of Montana (based on "Planning and Financing Community Water and Sewer Systems in Montana," Third Edition, July 1991, published by the Montana Department of Commerce). An additional $50,000 Farmer's Home Administration (FmHA) loan is being requested as part of the financing package. An estimated payoff rate of $6 per month per account is anticipated, the result of which will be a monthly rate exceeding $30 per month per account. The district's users have indicated that anything higher is not viable.

The proposed schedule appears reasonable. Funding delays will not reduce this project's benefits, but they may increase both engineering and construction costs. If appropriate water storage is not provided, the potential of a fire-related incident greatly increases.

In summary, the project may face some obstacles, but these obstacles are not substantial. The project has excellent technical documentation, it has been fully developed, and all viable options have been considered. The selected option clearly appears to be the best approach. Budget costs are well-supported, and the project will provide the benefits identified.

FINANCIAL ASSESSMENT

This proposal requests a $100,000 DNRC grant to pay $6,600 for administrative salaries, $400 for associated administrative costs, $24,000 for design and engineering, and $69,000 for well construction, including $6,000 for contingencies. The proposal's total cost is $745,300, with costs related to well construction, distribution system improvements, water storage tank construction, and rehabilitation of extra wells.

The proposal anticipates $695,300 in grants, including DNRC's $100,000, and identifies the Community Development Block Grant program, Farmer's Home Administration, and the Environmental Protection Agency as other potential grant funding sources. Based on past funding trends, projects such as that proposed by the Huntley/Yellowstone County Water and Sewer District show a good potential of being funded.

The proposal also identifies the following loan sources: Rural Electric Association and Farmer's Home Administration. The Huntley/Yellowstone County Water and Sewer District appears to have the ability to pay back a $50,000 FmHA low-interest loan. This loan would add approximately $6 per month to each of the 100 current accounts. Knowing that the increase would bring the average monthly bill to more than $30 per month has not deterred the users' support of the project.

The Huntley Water District is prepared to contribute in-kind contributions in the form of clerical, managerial, administration, auditing, legal, and supervisory services. In the past, the district has paid for

the engineering study ($5,000) and the DNRC application cost ($150), along with the printing, travel, and long distance telephone costs related to the grant application.

The project is financially feasible and, even if all the funding sources are not secured, the documentation provided supports project feasibility in general.

BENEFIT ASSESSMENT

DNRC's project review values only those benefits described by statute. Public benefits are found in projects that support the State Water Plan; promote reserved water rights; conserve, manage, or protect water resources; exhibit broad citizen support and public use; display tangible benefits; or replace benefits--economic or otherwise--currently derived from Montana's mineral resources.

The proposal's elements, including well construction, distribution improvements, the new water storage tank construction, and rehabilitation of the extra wells, provide both conservation and protection of the existing water supply.

This project will save approximately 600,000 gallons of treated flush water each year, an additional (fire protection) storage capacity of 100,000 gallons, and the mechanism for efficiently managing the distribution system.

The project is a multiple-use project, with its users encompassing domestic, business, public, limited recreational (private), limited processing (GTA elevator), occasional (Coors granary), seasonal (Meridian coal load-out facility), yearly (highway department and bridge cleaning), and limited livestock (hauled for drinking purposes).

Strong local support for the project is documented. Attached to the proposal are letters of support from local users (two letters), the Rural Electric Association, and the Huntley Water District. All the support letters address concerns about the district's "water quality" issues. The rural, small-town way of life is important to Montana's heritage and should be preserved.

ENVIRONMENTAL ASSESSMENT

A summary of the environmental assessment checklist supplied by the applicant indicates that this project's minor, short-term, adverse impacts would include (1) air quality effects during construction in the form of dust and fuel exhaust, and (2) grass and vegetation disruption. Minor, long-term, adverse impacts would include (1) increased electrical energy demand, and (2) aesthetics of the new water storage tank.

The project's health and safety benefits of improved water quality and quantity and the improved distribution system to minimize waste far outweigh the stated potential environmental impacts.

The new well-withdrawal rate and volume are projected to minimally affect the aquifer. The new well will be located in an area where its "cone of influence" will not affect any other existing well. All proposed construction will take place within city boundaries.

The proposed project may require additional state approvals or permits before construction can begin. Any additional environmental review should include the opportunity for public comment on the project.

EXHIBIT 6
DATE 2-3-93
HB

RECOMMENDATION

Since the project sponsor is able to assess fees or collect tax revenues to recover the project's cost, the project is considered to have "payback capability" and thus qualifies for only 25 percent of the project cost or $50,000, whichever is less. DNRC recommends a $50,000 grant.

The project sponsor may obtain additional funding through a DNRC loan up to $50,000. DNRC will provide a loan up to the amount requested, commensurate with the project sponsor's ability to repay the principal and interest according to terms specified in a DNRC bond purchase agreement.

Grant funds will be provided after DNRC approves a scope of work and a budget, and after matching funds have been secured. Changes in the project's scope required by any environmental review shall be stipulated in the project agreement and incorporated as part of the project's scope of work. Original specifications, designs, and respective revisions shall be submitted to and approved by the Department of Health and Environmental Sciences before bids are solicited; by reference, these also shall be included in the project agreement.

After bids have been obtained, the project sponsor shall submit a breakdown of specific construction costs such as material, labor, and equipment. Any reduction in the scope of work will require a proportional reduction in the grant amount.

If grant funding is not available, the project sponsor may request a DNRC loan up to $100,000. DNRC will provide loan funding in an amount commensurate with the project sponsor's ability to repay the principal and interest according to terms specified in a DNRC bond purchase agreement.

PROJECT NO. 12

APPLICANT NAME	RUBY VALLEY CONSERVATION DISTRICT
PROJECT NAME	Upper Ruby Water Development and Riparian Improvements
AMOUNT REQUESTED	$100,000 GRANT
OTHER FUNDING SOURCES	$ 50,000 (U.S. Forest Service) $ 40,000 (Ruby Valley Grazing Association) $ 4,000 (Soil Conservation Service--in-kind) $ 4,450 (Headwaters RC&D--administrative)
TOTAL PROJECT COST	$198,450
AMOUNT RECOMMENDED	$100,000 GRANT

PROJECT ABSTRACT (Prepared and submitted by applicant)

The Ruby Valley Conservation District is seeking a Water Development Program grant to make range improvements on the Upper Ruby Cattle and Horse Allotment. These improvements are designed to decrease livestock use on riparian areas while simultaneously increasing the use of uplands to improve riparian conditions.

After bids have been obtained, the project sponsor shall submit a breakdown of specific construction costs such as material, labor, and equipment. Any reduction in the scope of work will require a proportional reduction in the grant amount.

If grant funding is not available, the project sponsor may request a DNRC loan up to $100,000. DNRC will provide loan funding in an amount commensurate with the project sponsor's ability to repay the principal and interest according to terms specified in a DNRC bond purchase agreement.

PROJECT NO. 5

APPLICANT NAME	YELLOWSTONE COUNTY
PROJECT NAME	Yellowstone River Project
AMOUNT REQUESTED	$100,000 GRANT
OTHER FUNDING SOURCES	$ 26,000 (Yellowstone River Parks Association) $ 5,250 (M. Werner) $ 95,228 (Kiwanis) $ 15,000 (Montana TradePort) $ 66,933 (Yellowstone River Education Project) $ 80,000 (Land and Water Conservation Fund) $ 7,000 (COP Construction) $ 82,170 (Midland O'Leary Construction) $ 15,000 (First Interstate Bank)
TOTAL PROJECT COST	$492,581
AMOUNT RECOMMENDED	$100,000 GRANT

PROJECT ABSTRACT

The application submitted to DNRC by Yellowstone County and the Yellowstone River Parks Association (YRPA) is concerned primarily with improving the state's natural heritage through the development of renewable natural resources. To achieve this, YRPA and numerous community organizations plan to design guidelines, obtain land use permits, acquire land, analyze projected activities in relation to the Yellowstone River project, evaluate technical specifications for construction phases, develop public safety measures, and sustain natural areas with cost-effective maintenance programs.

The river project is committed to making positive impacts on preserving the Yellowstone River valley in the development of renewable natural resources. The project encourages and promotes multiple use of the river and surrounding park land so that local residents and visitors to Montana can benefit from enhanced fishing, hiking, canoeing, boating, biking, bird-watching, observing wildlife, studying natural areas, and other improved recreational or outdoor opportunities. The venture began with the 1991 Billings Region Strategic Plan in conjunction with updating the 1976 Bi-Centennial River Master Plan, with high ranking from local groups involved to preserve and protect the Yellowstone River through appropriate, multiple-use planning of park land.

EXHIBIT 9
DATE 2-3-93
HB

This approach toward a comprehensive design and project implementation is expected to identify the potential options and constraints of development, including input and assistance from Billings area communities. Benefits of preserving the quality of Montana's land, water, fish, air, wildlife, and other renewable recreational opportunities will be enjoyed by the more than 500,000 people who reside in Montana, along with many of the 2 million people who visit Montana each year.

TECHNICAL ASSESSMENT (Prepared by DNRC)

The 1991 Billings Region Strategic Plan identified development of public access and enhancement of the Yellowstone riverfront and surrounding park land as a high regional priority. Development of the riverfront corridor will be accomplished cooperatively by Yellowstone County, the City of Billings, and local community representatives (coordinating through the Yellowstone River Parks Association).

The project's long-term purpose is to make 9 miles of the free-flowing Yellowstone River more accessible and available to the regional public. This would be accomplished by protecting the Yellowstone riverfront, river bottom, and river islands for use by area residents and the growing influx of tourists. The unfolding riverfront plan will designate riverfront corridors and trails linking Riverfront Park, Big Sky Island Park, Coulson Park, Two Moon Park, and the proposed $15 million Swim Center USA.

The 1992 River Master Plan Update (a beginning phase was completed in July 1992 by Wirth Design Associates) will set out specific location and improvement priorities for riverfront development activities. This Master Plan Update will coordinate public land acquisition, improvement and protection of natural areas, recreation development, and scenic beauty enhancement. The Master Plan will outline park land designs, construction planning and actions, and long-term operations. Primary riverfront development activities will include trail easements, land acquisitions, and public natural area designs. This Master Plan Update has been funded by the Yellowstone River Parks Association.

DNRC grant funds will be used to implement the updated Master Plan. The grant primarily will be spent on riverfront capital improvements such as trail construction and land easement acquisition (55 percent of grant outlays), which would be matched approximately $5 to $1 by other project sponsors. Another portion of the grant (26 percent) would be used to pay professional and technical costs, mostly for technical oversight of environmental design professionals, which would be matched $5 to $1 by the other sponsors. The rest of the grant (18 percent) would be used for project administration, which would be matched $0.5 to $1 by other project sponsors.

FINANCIAL ASSESSMENT

The estimated total project cost is $492,581, and a $100,000 grant is being requested. Additional support in the amount of $392,581 would be provided by nine other cooperating organizations. DNRC grant funds will be used to cover approximately $48,250 in capital costs and materials, $40,500 in labor costs, and $11,250 in operating expenses. Expected costs are detailed in the grant proposal, but these could change as plans become final.

BENEFIT ASSESSMENT

DNRC's project review values only those benefits described by statute. Public benefits are found in projects that support the State Water Plan; promote reserved water rights; conserve, manage, or protect water resources; exhibit broad citizen support and public use; display tangible benefits; or replace benefits--economic or otherwise--currently derived from Montana's mineral resources.

The project would provide major tangible returns to the state, would directly benefit users of the Yellowstone riverfront area, and would provide regional economic benefits. The project also would extend availability of the free-flowing Yellowstone River environment to the region's citizens and tourists, along with providing an extensive natural heritage area for activities such as fishing, wildlife appreciation, water sports, outdoor museums and education, picnicking, and outdoor recreation activities. Tentative plans include bike paths, foot trails, horseback riding trails, viewing stations, wildlife observation points, outdoor museum locations, picnic areas, and general parks and recreation areas. River corridor developments have proven to be major economic assets to cities throughout the country. Benefits of well-planned river corridors are substantial and can prove significant in attracting new businesses. Because riverfront corridors often are not suited for intensive commercial development, they may best be used as natural open areas and riparian floodplain buffers.

The riverfront project enjoys widespread, written support from the local public. State and federal agencies also have submitted letters of support and are providing both direct and indirect funding assistance.

ENVIRONMENTAL ASSESSMENT

Although no major environmental impacts are expected, individual developed sites could see some moderate impacts. Overall, the project likely would see some cumulative impacts from increased recreation access and use of the river corridor. This project may show some future benefits from providing riparian and floodplain protection by avoiding unplanned commercial and residential development. An assessment of the project's environmental and social effects, particularly in the areas of historical and cultural sites; health, safety and noise; recreation; environmental plans and goals; and transportation may be required. Included in any environmental review should be the opportunity for public comment. Any unexpected, adverse environmental impacts may require revising the project's scope of work to include measures that would reduce these impacts to acceptable levels.

RECOMMENDATION

DNRC recognizes that the proposed project will secure riparian areas and promote the beneficial use of a recreation resource that may promote long-term economic benefits. DNRC therefore recommends that the project be funded. Because plans for park and trail acquisition and facility development are incomplete, the extent of project property acquisition, waterfront easements, and recreation facilities is preliminary. The project sponsor shall submit a final project design and a budget. Matching funds shall be those applied to the funded project and will not include funds expended before a grant agreement is executed.

Up to $100,000 or 25 percent of the project cost, whichever is less, shall be provided after DNRC approves a scope of work and a budget, after matching funds have been secured, and after DNRC has determined that the project complies with MEPA requirements. Any outstanding MEPA requirements shall be stipulated in the project agreement and incorporated as part of the project's scope of work. Original specifications, designs, and respective revisions shall be submitted to and approved

by the oversight agencies of the appropriate federal and state governments before bids are solicited; by reference, these also shall be included in the project agreement.

After bids have been obtained, the project sponsor shall submit a breakdown of specific construction costs such as material, labor, and equipment. Yellowstone County or the City of Billings will provide ongoing maintenance of these improvements; capital improvements provided by the grant agreement shall be the property of Yellowstone County and/or the City of Billings.

PROJECT NO. 6

APPLICANT NAME	STOCKETT/CASCADE COUNTY WATER AND SEWER DISTRICT
PROJECT NAME	Stockett Sewer System Improvement Project
AMOUNT REQUESTED	$ 50,000 GRANT $150,000 LOAN
OTHER FUNDING SOURCES*	$634,720 (Environmental Protection Agency grant--secured) $550,680 (Farmer's Home Administration grant/loan--application pending) $375,000 (Community Development Block Grant--application pending) * Total "OTHER FUNDING SOURCES" exceed the estimated project cost. Loan funds will be turned back either to DNRC or FmHA if all pending applications are funded as requested.
TOTAL PROJECT COST	$1,185,400
AMOUNT RECOMMENDED	$ 50,000 GRANT $150,000 LOAN

PROJECT ABSTRACT

Stockett is an unincorporated community of 240 people located 16 miles southeast of Great Falls. Houses are densely configured, pre-emptying on-site sewage disposal. The community is affected by the legacy of past coal mining.

Stockett has a newly formed water and sewer district that services 93 water customers. The water system is new, has no capital indebtedness, and assesses $14 per month in operation and maintenance fees.

Several old sewer systems in Stockett pose serious health hazards and negative surface water quality impacts. One system brings septic tank effluent from 14 homes to a failed gravel filter bed. This bed is severely overloaded, resulting in surface and pooled sewage on the ground in the town's center. Another system directs septic tank effluent from 32 homes directly to Cottonwood Creek. At least 8

Yellowstone River Project

Yellowstone County

EXHIBIT 10

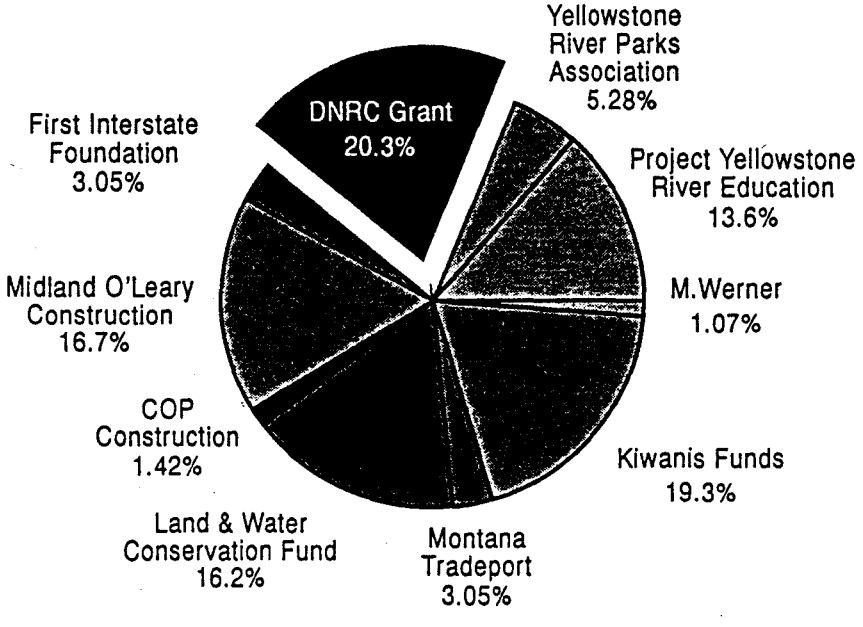
DATE 2-3-93

HB

Go with the flow

YELLOWSTONE RIVER PARKS ASSOCIATION

- The Yellowstone River is the last major free flowing river in the United States.
- The Yellowstone River Project creates public awareness of water quality and quantity, soils, vegetation, wildlife, and other natural resources.
- Without creating additional environmental degradation, the Yellowstone River and its riparian environment have tremendous recreation potential. Other Montana rivers have great public recognition and use — the Clark Fork through Missoula County and the Missouri through Cascade County. The Yellowstone River lacks identity and use within Yellowstone County.
- Beginning in 1991, the Yellowstone River Parks Association (YRPA), a community-based umbrella group, has become the driving force in joining diverse ownerships along the Yellowstone River for the common good. Various federal, state, county, and city agencies, and corporate and individual land holders now have a common purpose to prevent additional riparian degradation, plus enhance the river's recreational potential —all very good business.



- YRPA has also drawn together diverse public groups for multiple use of the river and surrounding parklands within an urban setting. Fishing, hiking, canoeing, boating, biking, birding, wildlife studies, painting, natural areas and increasingly, many more educational, recreational, and transportation opportunities are results.
- Project Yellowstone now takes sixth-graders to their outdoor classroom along the Yellowstone River and its environs. Within a few years, high school and college science science students will use the riparian as an outdoor laboratory.

This project creates the largest municipal city/county park–recreational complex in the State of Montana. By the year 2050, there could easily be twenty-five miles of river corridor trails and recreational facilities.

YRPA

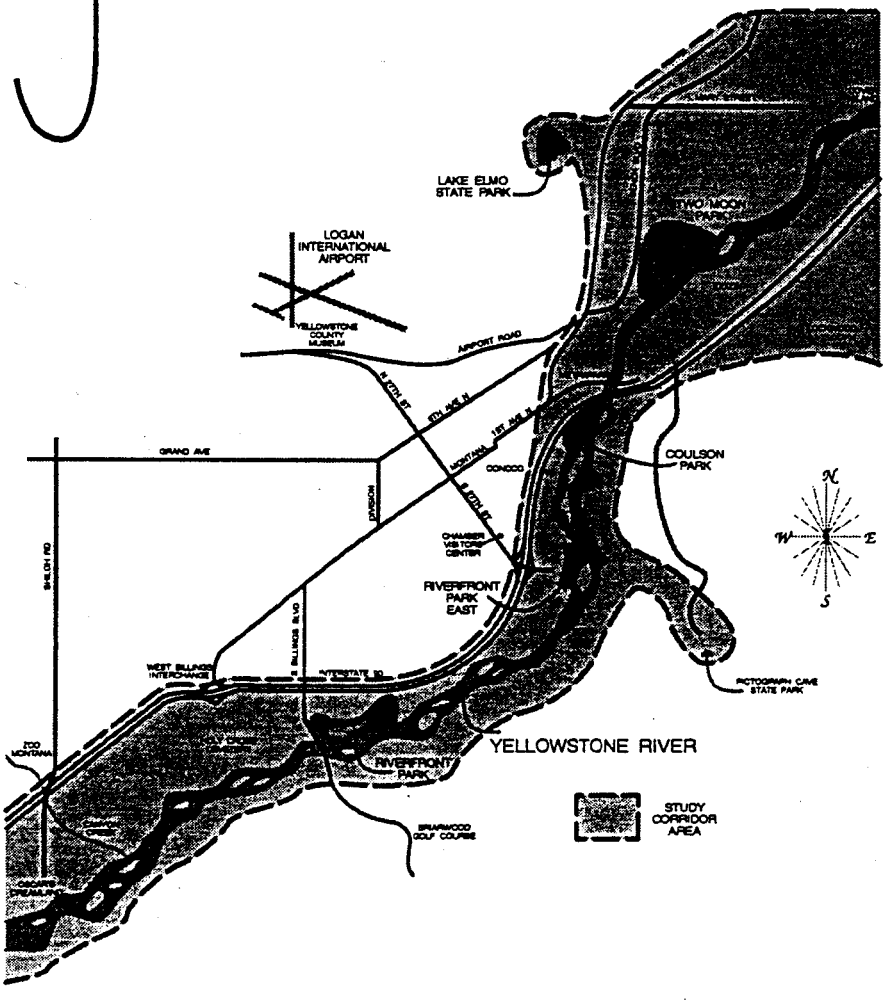
A Community-based Umbrella Group

Strategic Planning Process
TradePort
Chamber of Commerce
Leadership Billings Alumni Association
Billings Park, Recreation & Preservation Foundation
Lake Elmo Association
First Interstate Foundation
United Industries
Soil, Water & Conservation Funds
City and County Parks
Western Area Power Administration
School District
City Council
County Commissioners
Billings Gazette
Dain Bosworth
Saint Vincent Hospital
Pepsi Cola
Radio, TV
Jim Dutcher Memorial
Nature Conservancy
Bureau of Reclamation
Business Women and Men
Bureau of Land Management
Fish, Wildlife, and Parks
Exclamation Point Advertising
Eagle Mount
Project Yellowstone
Billings Education Foundation
Western Heritage Center
Museum Without Walls
ZooMontana
Nez Perce National Park
Pompeys Pillar
Title Companies
Audubon Society
Swim Center, USA
Running, Hiking, Biking Clubs
Trout Unlimited, Ducks Unlimited, Safari Club

Montana Land Reliance
Pierce Flooring
Garden Clubs
Kiwanis & Abandoned RailRoad right-of-way
Montana Department of Highways
Army Corps of Engineers
Service Clubs

- YRPA has total community support. This project will match the $100,000 DNRC grant five fold within the grant's time frame.

- This grant will be *value added* by professionals in land use planning and recreation, engineers and other professionals in government, law and administration. All contribute their time and talent to this project. Greenways are buffers against competing land uses and soften the urban impact. *The edge effect multiplies open space.* Greenways are the very cheapest flood control.



- Through the efforts of YRPA volunteers, this greenway project is coming into reality. This diverse park makes available to the citizens of Yellowstone and surrounding counties, and the 2.7 million non-residents who pass through Yellowstone County each year, a selection of recreational activities for all age groups and physical abilities.

EXHIBIT 10
DATE 2-3-93
HB

Build trails to nowhere, they lead everywhere.

February 8, 1993

Meeting with Billings City Council

General City, County, and Planning awareness that Trails and Hikeways/Bikeways are absolutely - ***Transportation*** as well as ***Recreation.***

Hikeways/Bikeways included in the ***5 Year Transportation Improvement Plan.***

Trails becomes a "Top 5" City Priority, over the next 3 years. Establish a network of trails throughout the area, from the Rims to the River, from Lake Elmo to Zoo Montana.

Commit legal time to discover what other jurisdictions have done about liability and maintenance of trails. Recommend and implement a program.

Include all nearby Parks within the system, no matter what the jurisdiction. Lake Elmo, The Indian Caves, Canyon Creek, Plenty Coups and Pompeys Pillar are all local.

Linear Thinking about new and amended plats and subdivisions. *Ribbons of Land* for dedicated linear public parks and trails - very different landform than current thinking. The *Edge Effect* multiplies open space.

Linear Protection for existing corridors, connectors and ribbons via greenways ordinances, and other methods. Yellowstone River and other riparian protection. Transportation and recreation trails on the flood plains and floodways and along irrigation canals & ditches and abandoned railroad rights-of-way.

YRPA is very willing citizenry, high enthusiasm and volunteerism. Public/private/governmental cooperation cutting across boundaries and jurisdictions. 15 to 30 people have met in open meeting every Wednesday for 70+ weeks. People Projects that evidence the caliber of this community.

All this is also Economic Development and the very cheapest flood control.

go with the flow

YELLOWSTONE RIVER PARKS ASSOCIATION

115 N. Broadway, Suite 200
Billings, Montana 59101-2043

AUGUST 1992

Volume 1, Number 2

10

EXHIBIT 10

DATE 2-3-93

Go with the flow

Newsletter of the
YELLOWSTONE RIVER PARKS ASSOCIATION ©

Billings All-America City 1992

Information and progress reports about the activities, objectives, and goals of YRPA

Project Yellowstone: A Student-Centered Program for Math and Science Education

The Yellowstone River is being used as a "mobile laboratory" and organizing principle to promote scientific literacy among Yellowstone County's upper elementary students.

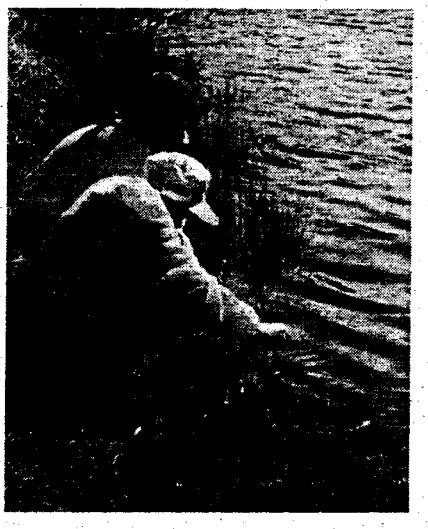
Project Yellowstone is a broadly based learning program which integrates the history, biology, geography, chemistry, mathematics, art, literature, and music of the river. Engaging students in hands-on problem-solving science and math activities is the major objective. This helps them see the connection between the disciplines and reach a comprehensive understanding of each project.

$1000 contribution to Project Yellowstone approved by YRPA board on July 29.

"By focusing on the Yellowstone River as the 'loom' upon which knowledge can be woven, the imaginative structure of this plan helps teachers provide lifetime lessons that form the 'fabric' of a child," says Susan Clendenin, sixth-grade teacher.

"It takes an entire village to raise a child" is an African proverb that describes Project Yellowstone's unique total-community effort in producing the program, according to teacher Deborah Richau. Several retired scientists lead the development of the science portfolios at the instructional core of the project. Classroom and field exercises deal with such topics as birds, plants, chemistry, and geology. Other groups volunteer their time, as did scientists from the Bureau of Reclamation who led projects at Riverfront Park last spring. This included setting up a portable Hydromet computer system and putting the students to work tracking such details of the river as flows, temperature and water quality via computer and satellite. High school and college students are among those volunteering, as are business persons.

Dr. Norman Schoenthal, retired professor and department chairman of biology at Eastern Montana College, heads up Project Yellowstone. After a successful pilot program in Billings last year, the project will be offered throughout Yellowstone County schools this October.



"The water that day was 60° Fahrenheit ... a plant can breathe under water ... fish like a certain temperature ..."

"...birdwatching was really fun and interesting. We were surprised that so many people came that early in the morning."

From "Our Day at Riverfront" by Kori O'Dell and Janelle Peralez, Project Yellowstone field day May 17.

The Yellowstone River Parks Association was formed to open up and make the river more available to Yellowstone County residents and visitors. To that end, YRPA coordinates, spearheads, or originates ideas to facilitate this project. We seek to bring together all those entities with an interest, a desire, and the will to pursue our vision. Meetings are held each Wednesday from 4 to 5 p.m. in the Dain Bosworth conference room at 123 N. Broadway. All interested parties are invited to attend.

Excitement marks YRPA's achievements

The Yellowstone River Parks Association was established in the fall of 1991 by people from Leadership Billings Alumni Association, Strategic Planning Process, TradePort, Chamber of Commerce, 1st Interstate Bank Foundation, School District 2, city and county government, state and federal government, City Parks and Recreation, County Parks, and many other organizations, service clubs and companies, plus civilians from all walks of life. YRPA was formed for the express purpose of making the freely flowing Yellowstone River and its environs more open and more available to the people. This is a long-range, long-term project of the Yellowstone River Parks Association—*the river flows through Yellowstone County for 84 miles.* The possibilities and opportunities are endless, and exciting.

In the contest between the rock and the river, the river always wins ... we are the river.
—Yellowstone River Parks Association

YRPA is open to everyone. It is a way for people to easily get involved in the river and parks projects. YRPA has no dues (although we may have to begin to charge for our newsletter, which is mailed monthly). The only membership requirement is that you want to participate. Members include hikers, bikers, paddlers, fishers, animal lovers, bird lovers, historians, archeologists, business men and women, public servants, authors, professors, employers, employees, retirees, and many other people and interests.

Since the fall of 1991, YRPA has:

- **SECURED** approximately 120 acres of island, riverfront, and bottomland immediately across South Billings Boulevard from Riverfront Park. (We don't have all that land yet, but we do know where all the money is coming from.)
- **CONTRACTED** with Wirth Designs, Landscape Architects, for an update to the 1976 Bi-Centennial River Master Plan. (We will have the completed Update by this fall.)
- **JOINED** in partnership with the Billings Parks and Recreation Department and others for a hike-bike and sometimes horseback trail through the 120 acres, through Riverfront Park, through Big Sky Island Park (Riverfront Park East), through Coulson Park, skirting Two Moon Park, and thence connecting with the Kiwanis hike-bike trail along the abandoned railway line running to the north edge of the city. (This is about nine miles and we do cross private property with landowner consent only.)
- **OPENED** a window of opportunity to build a hike-bike trail under the right-now-under-construction East Bridge, working with the Kiwanis Club, Billings Gazette, Montana Highway Dept., Cop Construction, Army Corps of Engineers, and others. Total cost—$14,000 ; value—incalculable. Finding the money ($7,000 from Leadership Billings Alumni Assn., Kiwanis Club, and Billings Gazette; $7,000 from Cop Construction) and successfully attaining the required signatures took only twelve weeks. The trail under the eastbound bridge is now built.
- **COMPLETED**, with a bang, our first annual River Festival, held Saturday, April 25, 1992. The first time ever in greater Billings that running, biking, and canoe/kayak events were held in the same place at the same time. All events were held inside Riverfront Park except the 30-mile bike race. (We had four hundred entrants and perhaps four hundred volunteers.) Mark your calendar now for the 2nd Annual RIVER FESTIVAL, APRIL 24, 1993.
- **SUBMITTED** a 400-page grant application to Montana DNRC. Our grant request will be decided upon by the 1993 Legislature.
- **REQUESTED** the County Commissioners to place a county park proposal on the fall ballot, working closely with PROJECT YELLOWSTONE in order to educate school children to the importance of their parents voting "yes" on this one-mill levy. Successful passage would yield about $194,000 for regional parks in Yellowstone County, totally decided in Yellowstone County, totally invested in Yellowstone County.
- **FLOATED** the Yellowstone River in mid-July with 60 people.
- **ORGANIZED** a Chamber Business After Hours social for Wednesday, August 5, at Riverfront Park. See you there.
- **SCHEDULED** a two-booth partnership in MetraPark for MontanaFair (August 8-15) with SwimCenter USA, Kiwanis Hike-Bike Path, Rocky Mountain College, Project Yellowstone, and others—each supporting everybody's causes.

Since October 1991, YRPA has met each Wednesday at 4 p.m. in the Dain Bosworth conference room at 123 Broadway. The meeting is open to all. We have somewhere between ten and 20 people and groups represented. You are cordially welcome.

The Yellowstone River Project has united and ignited many diverse and separate parties into one cohesive unit for the express purpose of opening up the freely flowing Yellowstone River to the general public.

Donations to the Yellowstone River Parks Association are tax deductible under the Billings Park, Recreation, and Preservation Foundation.

IN APPRECIATION

People in our community are helping us and we're grateful...

The YRPA river float was a great success. Thanks go to ANNE and JOHN DeBOO for all their hard work.

The YELLOWSTONE COUNTY PLANNING OFFICE/ PLANNING BOARD provided aerial photographs of the river, making possible the visuals that we use to plan with and to sell our dream. CRUMBACHER GALLERY mounted the visuals for display. We appreciate this vital help.

Thanks, John Lowry of COMPUTER EXPERTISE, for converting our mailing list to a database. Now we can prepare mailing labels and sort the data with the greatest of ease.

Thank you, EXCLAMATION POINT ADVERTISING, for donating our logo design. You've given our cause and motto a special identity.

We're receiving immeasurable help in getting our newsletter out. PRINTMASTER, HAMMERCRAFT, and MIDLAND PRINTING are donating printing and paper. CARPENTER PAPER has also donated paper. Thanks, we couldn't do it without you!

Pompeys Pillar Dedicated

Six "Go With The Flow" t-shirts were visible at Pompeys Pillar on Saturday, July 25, as YRPA volunteers participated in the dedication ceremony.

About 1000 persons, including Sen. Max Baucas and Sy Jameson, head of the BLM (a Montana farm boy from Ryegate), attended the celebration of this joint effort between the BLM and the Pompeys Pillar Association. The Pompeys Pillar Association is a group of volunteers from the general area which is assisting the BLM in running the site.

MontanaFair Booth, August 8-15

- **WHO** — YRPA, Rocky Montana College, SwimCenter USA, Kiwanis Club, Project Yellowstone volunteers
- **WHAT** — Exposition booths at
  WHERE — MontanaFair, August 8-15
  WHEN — during fair hours — noon til 10 p.m — each day
- **WHY** — To put the word out in a highly visual manner about the purposes and objectives of YRPA and how they interface with the bike path, Rocky, the SwimCenter, and Project Yellowstone.

We needs lots of volunteers to hand out literature, answer questions, and generally promote the river project and bike path. Please call Victoria Cech, 657-1004, to sign up.

New Float Trips Planned

Mark your calendar now for the next two legs of the YRPA river float trips. Space is very limited, but we'd like to have you along so make your reservation right away. Bring yourself and your food and plan for a great day! Call Earl Guss, 248-9191.

Coulson Park to Pompeys Pillar

AUGUST 29, led by Norm Schoenthal. Times to be announced, but plan on approximately six hours on the river.

Pompeys Pillar to Custer Battlefield

SEPTEMBER 26 — another great six-hour trip. The fall colors should be pretty wonderful by then. Sign up now and watch for details in our next newsletter.

Clip & return

LET'S MAKE A SPLASH!

I am proud to contribute to preserve and enhance the Yellowstone River for public use.

AMOUNT PLEDGED ☐ $25 ☐ $50 ☐ $100 ☐ Other $____

☐ Check enclosed ☐ Bill me

☐ I want to become a YRPA volunteer and member. Call me.

Name _____ Phone number (work) (home) _____

Address _____ City, State, Zip _____

Signature _____ Date _____

Please make checks payable to Yellowstone River Parks Association, 115 N. Broadway, Suite 200, Billings, MT 59101. All donations to this non-profit organization are tax deductible to the extent authorized by law.

Go with the flow
Newsletter of the
YELLOWSTONE RIVER PARKS ASSOCIATION
115 N. Broadway, Suite 200 Billings, MT 59101

BULK RATE
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BILLINGS, MT

PROGRESS REPORTS

Yellowstone County Park District

The County Commissioners approved putting the Park District and assessing a one-mill levy on the November ballot. Our challenge now is to inform the public about the proposed district and get support for passage of the mill levy. YRPA members are available to speak to service clubs and other organizations during September and October about the district and the mill levy needed to support it. —Dixie Lee Elliott, 252-2584; Earl Guss, 248-9191

River Corridor Master Plan Underway

Work continues apace. The river corridor has been defined for study. Its boundaries extend east-west along the river from the extension of Shiloh Road to Wicks Lane; Interstate I-90 forms the north boundary and the miliary crest of the south hills is the southern boundary. The group is currently preparing base data mapping. This includes vegetation, ownership, land uses, roads to the river, and known historical and archeological sites. Points of interest are being highlighted. The next planning meeting is Thursday, Aug. 20, at the Parmly Billings Library. —Jim Bauer, 259-8234

YRPA members and guests enjoyed a great river float on July 25. It rained a bit, but hey, we love water! See page 3 for details on the next two legs of our river floats.

Lake Elmo Capital Campaign

The Lake Elmo Association was awarded a $50,000 matching fund grant from the state. The funds will be used to build a fishing pier for the handicapped in memory of Roger Fliger. As time is running out on the grant's deadline, the group needs, and would appreciate, help and ideas for raising the matching funds. —Dixie Lee Elliott, 252-2584

Equestrian Trail

Much work has been done on the trail and it is now in the heavy equiment stage. Check out the group's accomplishments at the August 5 Business After Hours social. —Terry Weaver, 252-6792

Contributions to and comments about the YRPA newsletter are welcome and encouraged. Please direct them to either Mary Ann Lutz, editor, The Desktop Publisher, 328 Lewis Ave., Billings, MT 59101, 248-2881; or Grove Thomas, PR Committee Chair, 656-1410. Design and production of this newsletter donated by The Desktop Publisher, printing and paper donated by Hammercraft Printing. Logo design donated by Exclamation Point Advertising.

CITY OF BILLINGS
DEPARTMENT OF PARKS, RECREATION & PUBLIC LANDS
P.O. BOX 1178 BILLINGS, MT 59103

EXHIBIT 11
DATE 2-3-93
HB

PARKS, RECREATION AND PUBLIC LANDS
BILLINGS

POSITION STATEMENT

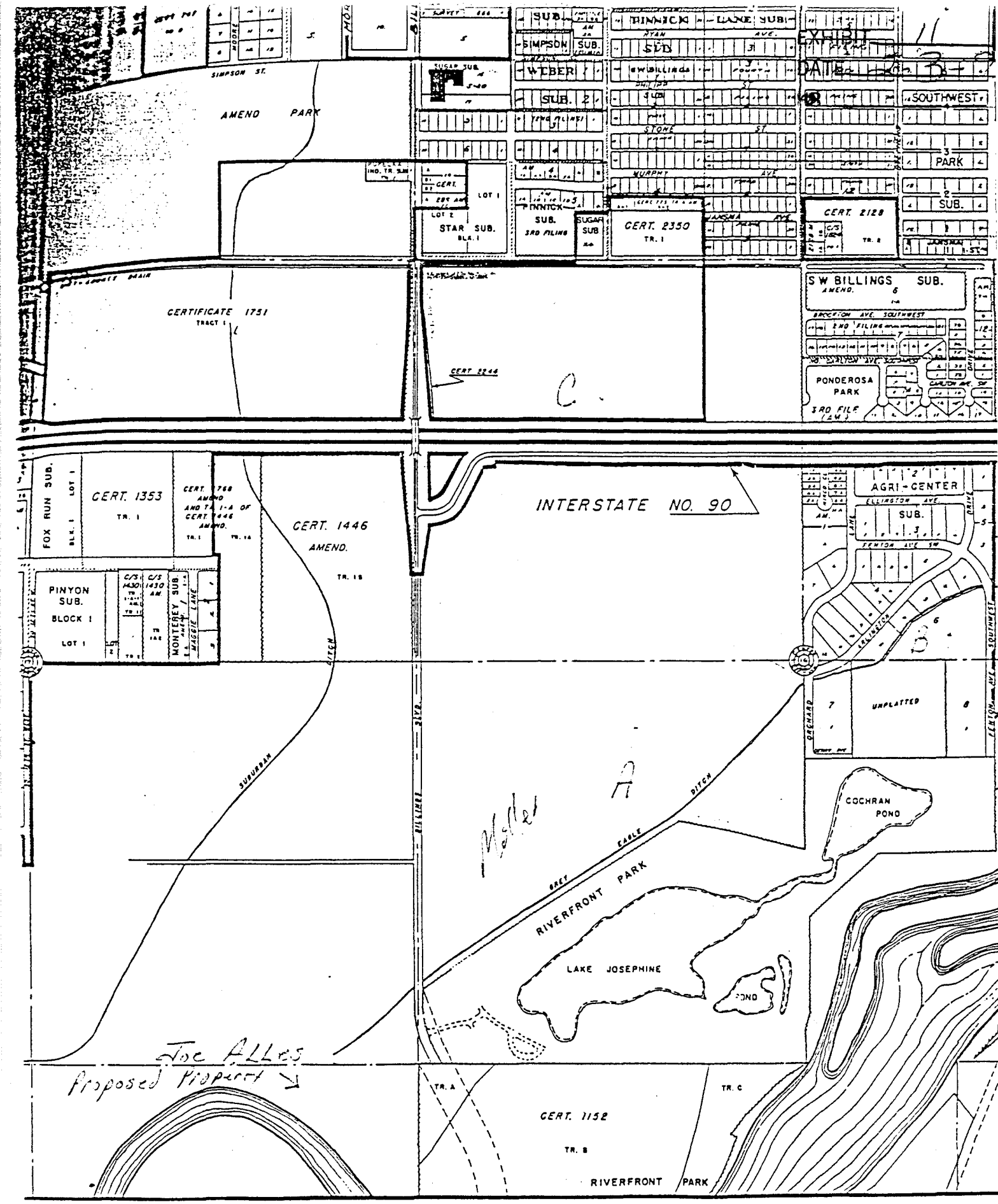
The City of Billings has identified the preservation and enhancement of the Yellowstone River and the Rimrocks in and around the Billings area as a long term goal. This goal has been one of the most important goals to the City since the early 1950's. The City has always believed that the Yellowstone River is a unique geographical feature of region and is surrounded by natural beauty, history and should be a valuable part of the local heritage and use.

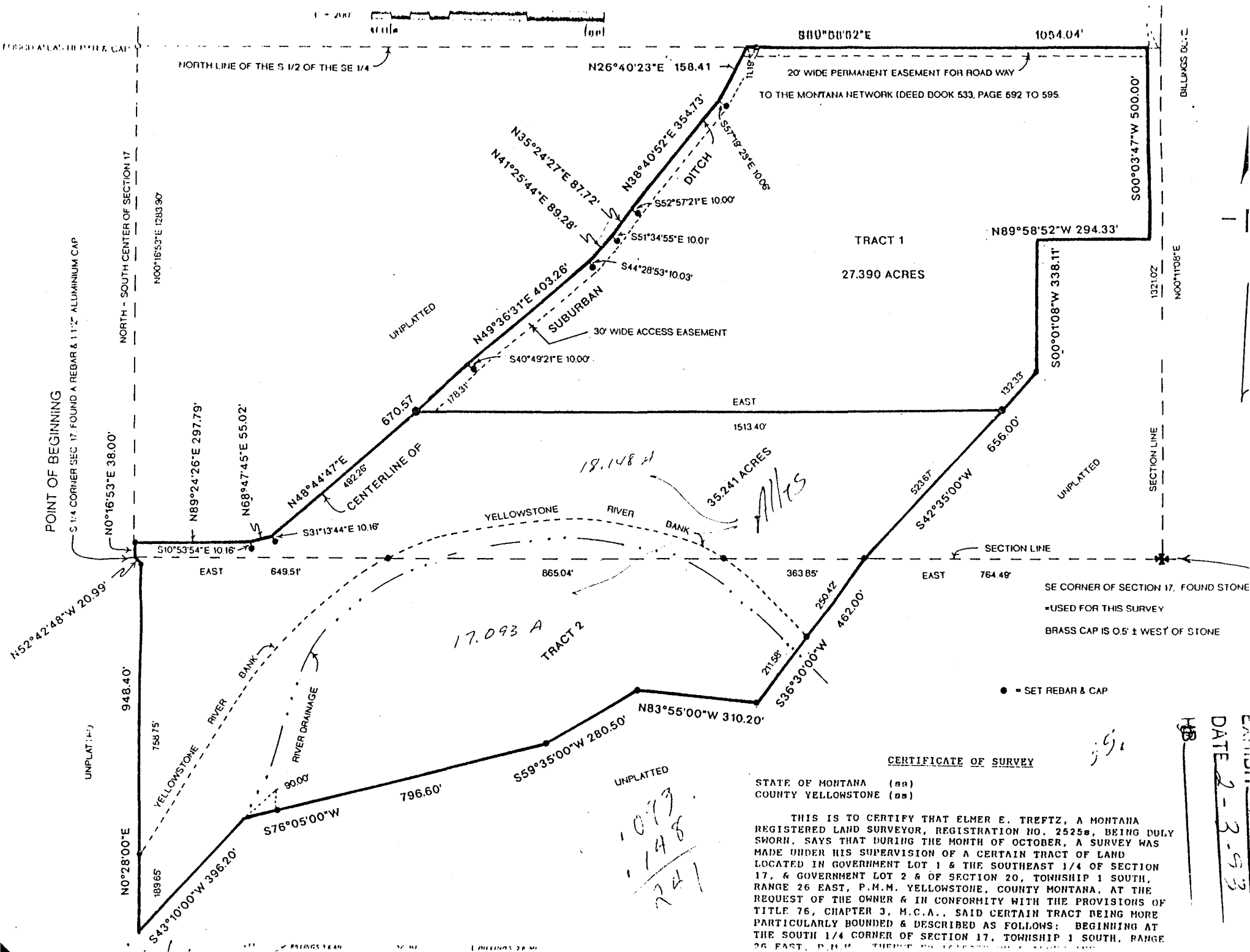
During the past year the City has acquired three major parcels of Yellowstone River bottom land. Attached are copies of these parcels of land. These land parcels are the Alles land, 35.241 acres, which is located on the West side of South Billings Boulevard across from the existing River Front Park. This parcel was purchased with Land Water Conservation Funds for $ 60,000 in December of 1991. The Miller land, 28.0805 acres, was purchased with Land Water Conservation Funds for $ 19,100 in December of 1991. This parcel is located adjacent to the existing River Front Park just East of South Billings Boulevard. The third land parcel is located at the end of Buena Vista Avenue down river from River Front Park adjacent to the Big Sky Islands. This parcel was purchased from Montana Power for a price of $ 21,826.50 along with a trade of an additional 11.9 acres for a total of 21.9 acres of land. The City Utilities Department and the Park, Recreation and Public Lands Department share this land.

The proposed request for grant money could be used in many ways to enhance the access to these important river bottom parcels and to upgrade possible trails, bikeways, and natural areas along the entire Yellowstone River bottom area. The City of Billings and Yellowstone County are actively trying to clean up the river bottom area of junk vehicles and other unsightly dumped materials. It is the long range goal of both the City Park, Recreation and Public Lands Department and the Yellowstone Country Park Board to acquire and preserve as much of the Yellowstone River bottom area as possible for the future.

There are several key parcels of land which are apart of the existing river bottom area. They are Two Moon Park, Coulson Park, Mystic Park, Big Sky Islands, and Riverfront Park. Together these land parcels account for over 800 acres of river bottom land and are vital to the preservation of the natural beauty of the Yellowstone for future generations.

Billings Pride City-wide


SIMPSON ST.
AMEND PARK
SUB
SIMPSON SUB
WEBER
SUB. 2
BINNICK LANE SUB
STONE ST.
MURPHY AVE
SOUTHWEST
PARK
SUB.
STAR SUB.
BLK. 1
LOT 1
LOT 2
CERT.
BINNICK SUB. 3RD FILING
SUGAR SUB
CERT. 2350
TR. 1
CERT. 2128
TR. 2
CERTIFICATE 1751
TRACT 1
CERT. 8244
S W BILLINGS SUB. AMEND.
BROCKTON AVE. SOUTHWEST
2ND FILING
PONDEROSA PARK
3RD FILE
FOX RUN SUB.
BLK. 1
LOT 1
CERT. 1353
TR. 1
CERT. 768 AMEND AND TR. 1-A OF CERT. 1446 AMEND.
TR. 1
TR. 14
CERT. 1446 AMEND.
TR. 15
INTERSTATE NO. 90
PINYON SUB.
BLOCK 1
LOT 1
C/S 1430
C/S 1430 AM
MONTEREY SUB. AMEND. 1-A
MAGGIE LANE
AGRI-CENTER
ELLINGTON AVE.
SUB. 3
FENTON AVE. SW
UNPLATTED
ORCHARD
SUBURBAN
BILLINGS
DITCH
EAGLE
GREY
RIVERFRONT PARK
COCHRAN POND
LAKE JOSEPHINE
POND
Joe Alles
Proposed Property
TR. A
TR. C
CERT. 1152
TR. 8
RIVERFRONT PARK

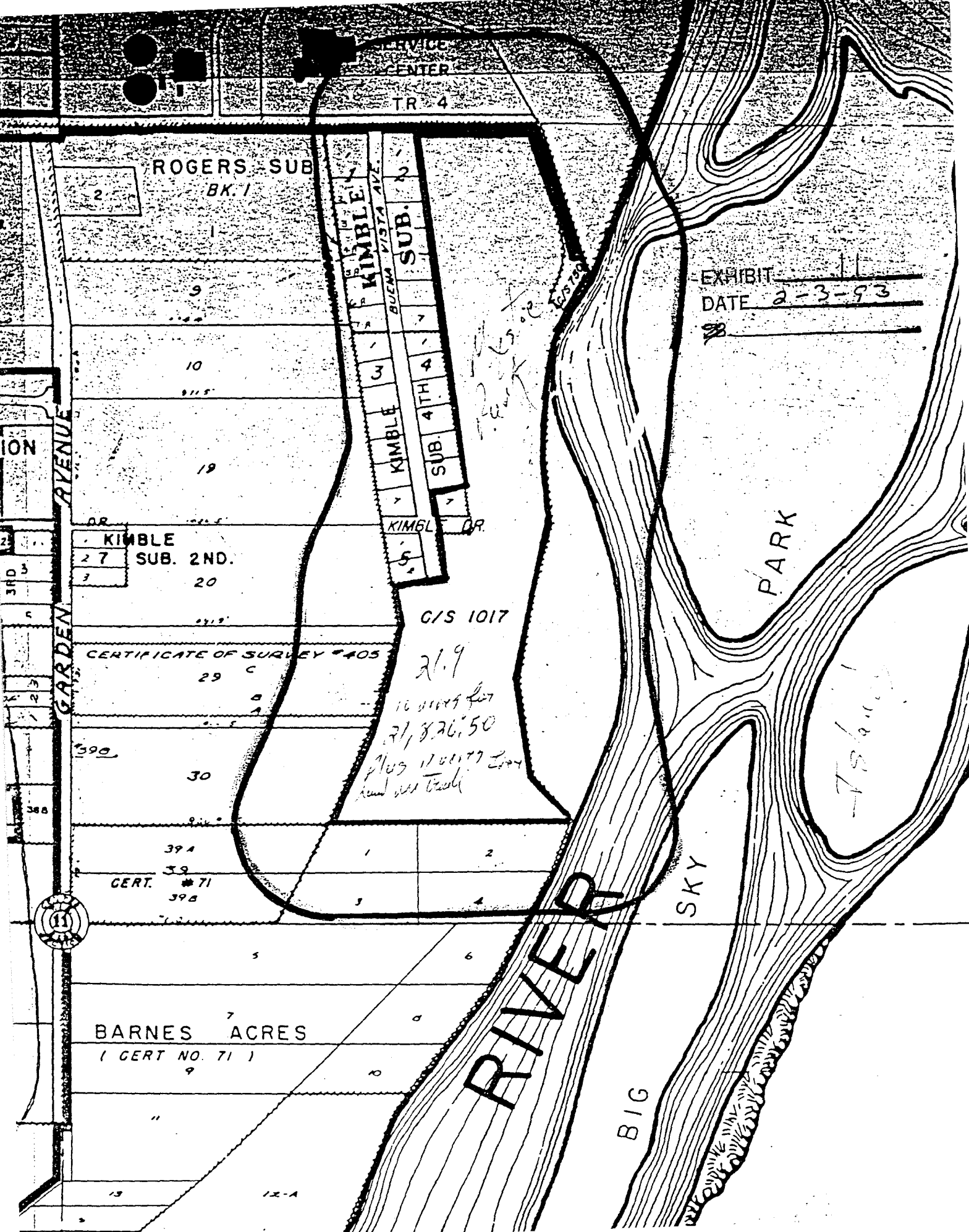


CERTIFICATE OF SURVEY

STATE OF MONTANA (ss)
COUNTY YELLOWSTONE (ss)

THIS IS TO CERTIFY THAT ELMER E. TREFTZ, A MONTANA REGISTERED LAND SURVEYOR, REGISTRATION NO. 2525s, BEING DULY SWORN, SAYS THAT DURING THE MONTH OF OCTOBER, A SURVEY WAS MADE UNDER HIS SUPERVISION OF A CERTAIN TRACT OF LAND LOCATED IN GOVERNMENT LOT 1 & THE SOUTHEAST 1/4 OF SECTION 17, & GOVERNMENT LOT 2 & OF SECTION 20, TOWNSHIP 1 SOUTH, RANGE 26 EAST, P.M.M. YELLOWSTONE, COUNTY MONTANA, AT THE REQUEST OF THE OWNER & IN CONFORMITY WITH THE PROVISIONS OF TITLE 76, CHAPTER 3, M.C.A., SAID CERTAIN TRACT BEING MORE PARTICULARLY BOUNDED & DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTH 1/4 CORNER OF SECTION 17, TOWNSHIP 1 SOUTH, RANGE 26 EAST, P.M.M. THENCE

EXHIBIT
DATE 2-3-93
HB


SERVICE CENTER
TR 4
ROGERS SUB
BK. 1
KIMBLE SUB.
BUENA VISTA AVE.
KIMBLE SUB. 4TH
KIMBLE DR.
KIMBLE SUB. 2ND.
C/S 1017
CERTIFICATE OF SURVEY #405
CERT. #71
GARDEN AVENUE
BARNES ACRES
(CERT NO. 71)
EXHIBIT
DATE 2-3-93
PARK
RIVER
BIG SKY

This project's products would provide a significant tool for managing and protecting water resources. The project is supported by Ravalli County and would provide benefits to the county's residents, provided it is used by planning staff after it is finished.

EXHIBIT 12
DATE 2-3-93
HB

ENVIRONMENTAL ASSESSMENT

The proposed study would produce positive environmental effects if its results are used by planning and resource agencies; no negative environmental impacts are expected.

RECOMMENDATION

Grant funds will be provided after DNRC approves a scope of work and a budget, and after matching funds have been secured. Any changes in the proposed scope of work would require preparation of a checklist to determine whether those changes would cause adverse impacts. Measures to reduce any impacts identified through such a review shall be stipulated in the project agreement and incorporated as part of the project's scope of work. Any reduction in the scope of work will require a proportional reduction in the grant amount.

Any funds received from sources other than those already identified will cause a dollar-for-dollar reduction in the funds awarded under this grant.

PROJECT NO. 38

APPLICANT NAME	YELLOWSTONE COUNTY
PROJECT NAME	Shepherd Rural Water System Development-Feasibility Study
AMOUNT REQUESTED	$100,000 GRANT
OTHER FUNDING SOURCES	None
TOTAL PROJECT COST	$100,000
AMOUNT RECOMMENDED	$ 85,000 GRANT

PROJECT ABSTRACT (Prepared and submitted by applicant)

A feasibility study will be conducted that includes preliminary design and cost estimates adequate for funding final plans and construction of a water distribution system for the proposed Shepherd area/Yellowstone County Water and Sewer District for rural domestic and other uses. The Billings Bench Water Association Canal will serve as the principal source of water that will be treated and distributed to rural residents in the Shepherd area. Nearly 1,500 people now reside in this fast-growing area. Initial conceptual designs are based on a future population of 3,500 people, with an average use of 150 gallons per capita per day.

Water quality is the area's principal water supply problem. Most of the people depend on wells, and several users are forced to haul water from area treatment plants. As the population grows, water

quality is expected to degrade, and health hazards will be a primary concern. The public school system depends on a number of wells for its supply, one of which has been closed by the Department of Health and Environmental Sciences because of potential health hazards from its continued use. The school currently is required to test five wells each month, and new 1993 regulations will include further testing and safer guidelines to ensure safe water for the school. The school will be chlorinating its water supply by the time the 1993 school year begins.

Adequate flows for firefighting also are limited, which increases the area's insurance rates.

Funding from federal or state loans and federal (Pick-Sloan) grants are anticipated for this project.

TECHNICAL ASSESSMENT (Prepared by DNRC)

The engineering work by HKM Associates to date has been performed on a preliminary, "for your information" basis and has done little more than document the problem and provide an early discussion of several alternatives. A formal report has not been prepared, and no estimate of any alternative construction costs has been made public.

The existing water system is made up of private wells. As shown by a letter from the Yellowstone Conservation District and two years of monitoring and sampling, many of the existing drinking water wells do not meet current water standards, and several area residents haul their drinking water. The area wells' water quality has been well-documented.

As the proposal states, the project's goals and objectives involve evaluating the feasibility of using the Billings Bench Water Association Canal as the Shepherd area's water source. The study should evaluate other options so that a cost-versus-benefit evaluation can be done and an appropriate final recommendation can be made.

With a projected area growth rate of 1,500 to 3,500 residents, a large water source is required. The Billings Bench Water Association Canal appears to be a viable option that should be investigated further. A better quality of water, a larger quantity of water, and increased fire protection for the Shepherd area would result from this project.

The requested funding will pay for a feasibility study. Preliminary alternatives include (1) individual well and private treatment; (2) treating and pumping water from the Yellowstone River; and (3) hauling water from a treated source. These options were mentioned briefly and appear to be costly and less desirable by the county.

As described, the project will serve as the preliminary engineering and planning document to be used for funding applications and final design. The feasibility study's purpose is to provide the required documentation for proceeding with "a best alternative scenario" and securing funding for final engineering and construction.

From preliminary data and engineering, the proposed system–if proven both technically and financially feasible–will solve the Shepherd area's problem. Although little technical documentation was provided in the application, the approach appears viable. Also, no documentation was provided regarding in regard to direct pumping of Yellowstone River water.

The prime "players" appear to support doing something about the area's poor water quality. The 1,500 current residents of Yellowstone County, Shepherd area developers, and the Billings Bench Water Association should greatly benefit from this project. A portion of the costs associated with the feasibility

study in the form of a direct cash contribution or repayment of a loan debt by these groups for a portion of the feasibility study may be appropriate.

An election was held recently to establish the Shepherd Rural Water District, but the election failed. The Yellowstone County Commissioners have indicated that they will proceed with the DNRC grant application and the feasibility study.

All compliance issues would be addressed in the feasibility study. The schedule to prepare the feasibility study appears adequate. A funding delay would neither reduce the project's benefits nor increase engineering and future construction costs.

FINANCIAL ASSESSMENT

All the funding for the feasibility study is being requested from DNRC. Costs for administration, travel, and communications appear high. DNRC's $100,000 grant would be used to pay $20,500 for project administration, including $17,000 for salaries, $1,500 for communications, $1,000 for supplies, and $1,000 for travel; and $79,500 for consulting fees, including $70,000 for salaries, $1,364 for travel, $4,636 for communications, $2,000 for printing, and $1,500 for supplies. Final engineering and construction funding will be based on the recommendation presented in this study.

BENEFIT ASSESSMENT

DNRC's project review values only those benefits described by statute. Public benefits are found in projects that support the State Water Plan; promote reserved water rights; conserve, manage, or protect water resources; exhibit broad citizen support and public use; display tangible benefits; or replace benefits--economic or otherwise--currently derived from Montana's mineral resources.

Area water quality would be improved through the management, development, and use of available surface water. The project will evaluate reserved water right use on the Billings Bench Water Association Canal and on the Yellowstone River. The project will be a multi-use project that, if built similar to that indicated in this proposal, will enhance both the environment and economy of Montana.

The area's growth potential is associated directly with quality drinking water. If this project is constructed, the management, development, use, and reclamation of the targeted surface water source will be improved.

ENVIRONMENTAL ASSESSMENT

This project is a feasibility study and, from reviewing the technical work outlined in the proposal, no direct effects on the physical or human environment are expected. Direct, indirect, and cumulative effects may result from the development of a system itself. The feasibility study should address the potential for adverse impacts as part of any system design considerations. Some level of public involvement would benefit the design of a system that would meet area needs and would provide the degree of support needed for further project development.

EXHIBIT 12
DATE 1-3-93
HB

RECOMMENDATION

Up to $85,000, or 85 percent of the study cost--whichever is less--will be provided in grant funds. These funds will be provided after DNRC approves a scope of work and a budget, and after at least 15 percent in matching funds has been secured from the Billings Bench Water Association or others who will directly benefit from the study. Any reduction in the scope of work will require a proportional reduction in the grant amount.

PROJECT NO. 39

APPLICANT NAME	MONTANA STATE UNIVERSITY
PROJECT NAME	The Layperson's Guide to Montana Water Law
AMOUNT REQUESTED	$31,740 GRANT
OTHER FUNDING SOURCES	$23,350 (Montana State University)
TOTAL PROJECT COST	$55,090
AMOUNT RECOMMENDED	$31,740 GRANT

PROJECT ABSTRACT (Prepared and submitted by applicant)

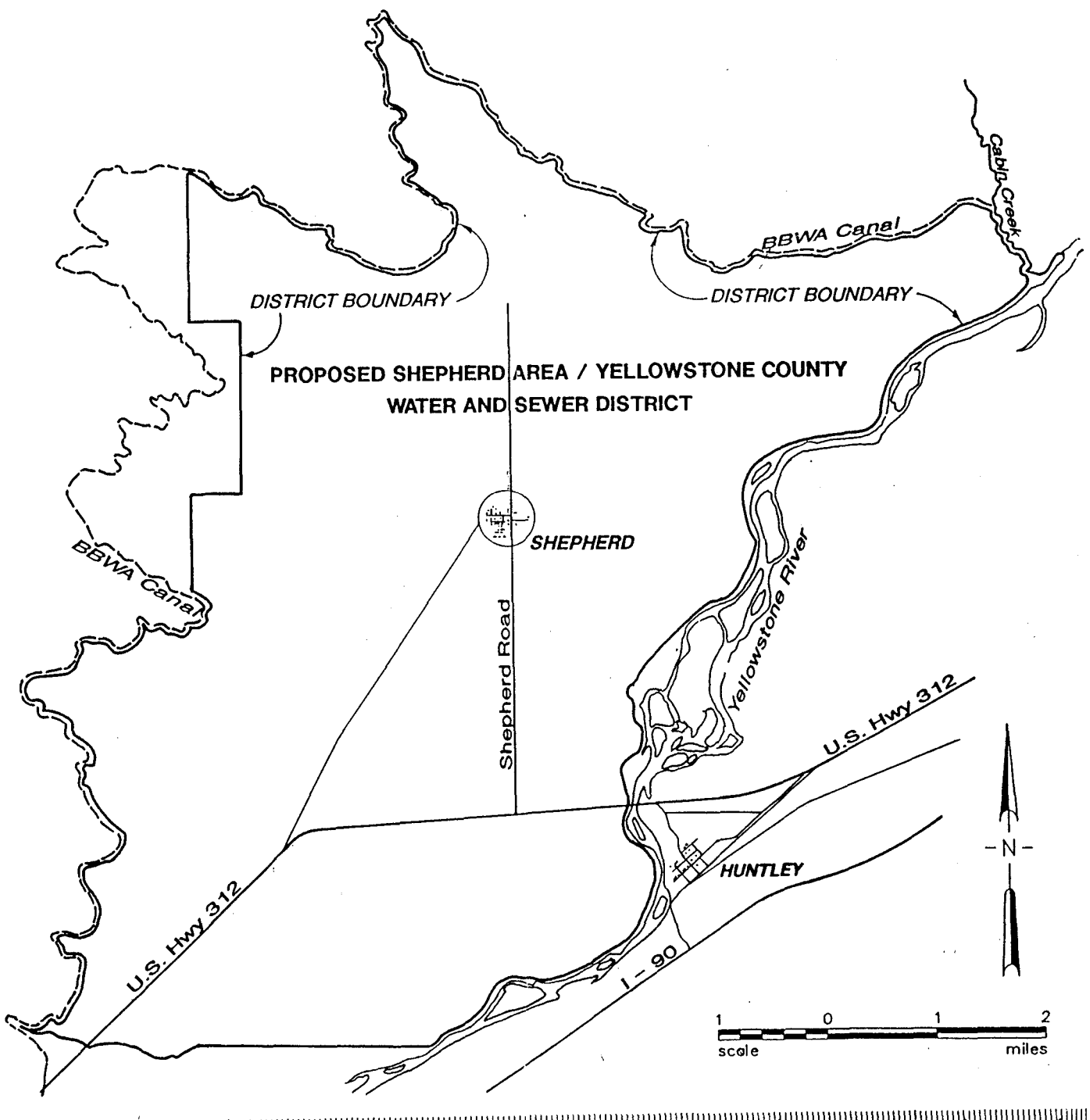
The purpose of this project is to write, edit, and publish a document that explains Montana water law. The document will be titled *The Layperson's Guide to Montana Water Law: a text and guide for the people of Montana*. Its intended audience includes farmers, ranchers, townspeople, environmentalists, and others interested in using and developing water. Source material for the document will include but not be limited to *Montana Code Annotated* statutes, selected water law cases, Department of Natural Resources and Conservation materials, and interviews with lawyers and judges. The general format will focus on a history of Montana water law, changes in the law, the present situation, adjudication, water reservations, protecting existing rights, acquiring new rights, water right transfers, legal remedies, the Montana state water plan, and future directions.

TECHNICAL ASSESSMENT (Prepared by DNRC)

The purpose of this application is to prepare a document that will provide the state's citizens with knowledge about Montana water law. Several past publications that were written to provide this information were reviewed but, for one reason or another, were determined either outdated, too narrow in focus, or unsuitable for a general audience.

The applicant is qualified and capable of producing the proposed document. The question about this approach is whether publishing a document will be sufficient in itself to achieve the stated goal. The proposed document certainly would prove useful in addressing the identified problem, but whether it would solve the problem in and of itself is questionable.

The application does not address any alternatives for educating the public about Montana water law. Other water education efforts are ongoing, such as the water rights workshops sponsored by the



SHEPHERD WATER-SEWER DISTRICT

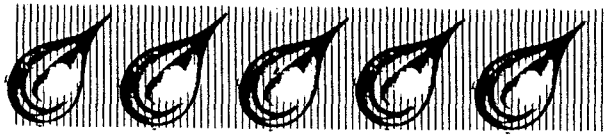
EXHIBIT
DATE
HB

SHEPHERD WATER-SEWER DISTRICT

NOW IS THE TIME TO FORM A SHEPHERD WATER/SEWER DISTRICT.

Water in the Shepherd area is substandard and there is growing concern that the water at the Shepherd schools will be declared unfit for use by the State Department of Health. If this occurs residents will be faced with the cost of developing a water system to serve the schools. Forming a water district will allow the community to start developing plans for a system that will serve both the schools and the residents whose water is substandard. Yellowstone County has applied for a $100,000 grant from the Department of Natural Resources to investigate the feasibility of building a water system in the Shepherd area. The chances of obtaining the grant will be improved if a Water District is created.

A water system will result in improved fire protection and should result in insurance companies changing the fire insurance rating to a lower, less expensive class.



HOW WILL THE WATER DISTRICT WORK?

A THREE PHASE PROGRAM IS ENVISIONED IF THE DISTRICT IS FORMED.

PHASE I - PLANNING AND PRELIMINARY FUNDING

- Apply for planning grants
- Complete system feasibility studies when funds are obtained
- Evaluate community benefits/costs
- **Do nothing that raises property taxes**

PHASE 2 - COMMUNITY/PUBLIC REVIEW AND DECISION

At the completion of the planning phase a series of public meetings and mailings will occur that describe and discuss:

- Proposed system boundaries
- Potential construction funding sources
- Project user's fees
- Impact on property taxes

After this information is presented to the community, **a majority of 60% of the voters must approve the proposed plan before any taxes can be levied** or construction begin.

PHASE 3 - CONSTRUCTION

Volunteer Members of an interim committee are as follows. Contact any of these persons if you have questions or comments to make.

Tom Plath	373-6327
Gary Davis	373-6770
Bob Sindelar	373-6349
Bill Green	373-5317
Ginger Macrow	373-5721
Esther Bengtson	373-5742

EXHIBIT 17
DATE 2-3-93
HB

PROJECT NO. 26

APPLICANT NAME	TOWN OF CIRCLE
PROJECT NAME	Municipal Water Quality Improvement Project
AMOUNT REQUESTED	$40,000 GRANT
OTHER FUNDING SOURCES	None
TOTAL PROJECT COST	$40,000
AMOUNT RECOMMENDED	$15,000 GRANT

PROJECT ABSTRACT (Prepared and submitted by applicant)

This project is being proposed by the town of Circle to reduce fluoride and sodium levels in the municipal water system.

Circle has a current population of 805 people. Its municipal water supply is served by two deep water wells placed in the Fox Hill Sands geologic formation. The water from Fox Hill Sands contains high levels of fluoride, about twice the limit allowed by the Department of Health and Environmental Sciences' Water Quality Bureau. The water also shows a high sodium and solids content.

TECHNICAL ASSESSMENT (Prepared by DNRC)

Because the two deep wells produce water with high fluoride levels (approximately twice the acceptable limit allowed by the Department of Health and Environmental Sciences' Water Quality Bureau). Monitoring and testing the wells are continuing. The water quantity now available appears sufficient for the town's needs.

A preliminary engineering study by Interstate Engineering, Inc. in 1988 evaluated two options: lime softening ($700,000) and reverse osmosis ($200,000). Circle considered both options too costly to undertake and has been pursuing other options and pricing with equipment suppliers.

Several small private system "pilot plants" have been evaluated by the town's personnel. The Environmental Protection Agency (EPA) has indicated that private treatment systems are not recommended because the total fluoridation treatment is unreliable. The EPA has asked treatment system suppliers to set up trial community water treatment systems in small communities similar to Circle at no cost to local municipalities. Circle would agree to participate if the option were offered. In 1991, a similar option was offered to the community of Neihart, but the participating supplier selected by the EPA for that community withdrew. The EPA offered no further assistance and, after a significant delay, Neihart was left to pursue other options.

The feasibility study's goal is to compare the two options that have been addressed, document others, and make a final recommendation based on costs versus benefits.

The project proposal prematurely discusses the project's final design and construction phases. Until the feasibility study has been completed and reviewed by Circle, these phases cannot be addressed adequately.

The alternative selected will solve the high fluoride problem and meet the proposal's needs, goals, and objectives. The feasibility study will provide the technical documentation and justification needed to proceed with funding acquisition, final design, and construction of the project.

All parties directly involved with the project have been identified and are aware of the proposed feasibility study. The study should address pipeline easements, wastewater treatment, and water treatment facility sighting.

The $40,000 grant request is being made for final engineering and a feasibility study. This proposal, however, addresses only the feasibility study. A 3 to 5 percent versus 10 percent proportion grant seems more reasonable (3% to 5% x $400,000 = $12,000 to $20,000).

The five-month time frame suggested for gathering data and evaluating options appears excessive. Three months would seem more reasonable.

Funding delays will not appreciably increase feasibility study costs. However, any delays will dramatically affect the Department of Health and Environmental Sciences' enforcement of the Safe Drinking Water Act violations associated with this project, along with the town's health and safety.

The feasibility study will develop a cost-versus-benefit analysis of the options considered as reasonable. Documenting the problem and complying with legal requirements are the study's goals.

FINANCIAL ASSESSMENT

This proposal requests a $40,000 DNRC grant. The money would be used to fund a feasibility study and a cost-versus-benefit comparison study of available treatment alternatives to reduce fluoride levels in the town's drinking water.

A 1988 preliminary engineering report studied two alternatives: lime softening ($700,000) and reverse osmosis ($200,000). Both were considered too expensive by Circle, and this study will select a final alternative that is feasible and affordable through increased user rates.

The DNRC grant would provide the funding needed to achieve the full benefits claimed in the proposal. No other sources have been identified to fund the feasibility study.

Final engineering and construction funding would be funded through grants and low-interest loans. Potential construction funds are available at both state and federal levels for project implementation.

BENEFIT ASSESSMENT

DNRC's project review values only those benefits described by statute. Public benefits are found in projects that support the State Water Plan; promote reserved water rights; conserve, manage, or protect water resources; exhibit broad citizen support and public use; display tangible benefits; or replace benefits--economic or otherwise--currently derived from Montana's mineral resources.

The proposed feasibility study will serve as the first step toward making overall improvements are needed to provide Circle with drinking water that meets current standards. This management document will provide future improvement and reclamation of the town's well water.

The proposal documents strong support from the public and the Department of Health and Environmental Sciences' Water Quality Bureau to resolve the town's fluoride problems.

ENVIRONMENTAL ASSESSMENT

The proposal is requesting a feasibility study only, and no adverse environmental effects are anticipated during this phase of the project.

The environmental assessment checklist did not indicate "adverse or beneficial" impacts for each item. Any environmental effects that may be caused either during or following construction should be addressed during the treatment facility's final design and location.

RECOMMENDATION

A $15,000 grant is recommended for the feasibility study identified in the project proposal. The request for design funds shall not be satisfied because actual design costs cannot be estimated until the feasibility study is completed. Grant funds will be provided after DNRC approves a scope of work and a budget, and after matching funds have been secured. DNRC would require the feasibility study to evaluate any adverse effects that would be caused by construction of the treatment options considered. Any reduction in the scope of work will require a proportional reduction in the grant amount.

PROJECT NO. 27

APPLICANT NAME	EASTERN SANDERS CONSERVATION DISTRICT
PROJECT NAME	Accelerated Soil Survey on Forest Lands
AMOUNT REQUESTED	$ 99,000 GRANT
OTHER FUNDING SOURCES	$246,000 (Soil Conservation Service) $ 1,000 (Eastern Sanders Conservation District)
TOTAL PROJECT COST	$346,000
AMOUNT RECOMMENDED	$ 99,000 GRANT

PROJECT ABSTRACT (Prepared and submitted by applicant)

The purpose of this grant request is to accelerate the progressive Sanders County area soil survey--encompassing parts of Sanders, Lincoln, and Flathead counties--and to provide on-site, basic soil services in those counties. The progressive soil survey is about 66 percent complete. At present staffing levels, however, nearly six years would be needed to finish the soil survey. Soil information is necessary for soil and water conservation planning and water quality planning. It also helps prevent costly land management and development decisions. From 1987 until 1990, statewide priorities for soil surveys were directed toward the state's croplands--mostly central and eastern--and away from western Montana's fragile forest lands and rangelands. After the 1985 Food Security Act's deadline was met, Soil Conservation Service (SCS) federal funding for a soil survey in Montana dramatically decreased, inhibiting any shift in soil survey priorities to western Montana.

EXHIBIT 15
DATE 2-3-93
HB

January 29, 1993

Department of Natural Resources
Grant Application Review Committee

Dear Members:

This packet contains updated information on the DNRC grant application filed by the Town of Circle for the Circle Municipal Water Improvement Project.

Due to the changes that have occurred with our project since the DNRC grant was filed, I feel the grant review group should be made aware of these changes.

Any engineering mentioned to this point in the project have only been estimates. A full engineering study has not been compiled. In October of 1993 HKM Associates from Billings was hired as the engineer on our project.

At this time, it has been determined that the project will be handled in two stages.

Phase I will include development of master plan to develop design criteria, identification and evaluation of solutions, cost estimates, preparation of study documents and assist Town with public hearing. In addition, it has been determined that a water tie line will have to be installed from Well #2 to Well #1 where the treatment plant will be located. Another part of this project is reject water or sludge disposal, depending on the treatment process selected.

EXHIBIT 15
DATE 2-3-93
HB

Phase II of the project will include a pilot study on the treatment process that is selected. Final design, bid and contract development inspection services during construction, and quality of performance testing.

Attached is a project history and summary, letter of noncompliance, proof of engineering selection process and compliance schedule.

Thank you for reconsideration of our project.

Sincerely,

Donald Clarin

Donald Clarin
Mayor

DC:Cam

EXHIBIT 15
DATE 2-3-93
HB

Project History and Summary

1. Received letter of noncompliance from Montana State Water Quality Bureau in May of 1988 stating fluoride is a significant health threat.

2. Worked with Interstate Engineering on estimates for treatment facility and evaluated other option - 1988.

3. Notified the Water Quality Bureau of cost estimates for treatment facility.

4. Water Quality Bureau notified EPA of costs. EPA contacted Small Systems Technology group.

5. The Town worked with EPA and Small Systems Technologies during the time frame of the last quarter of 1988 until July of 1992.

6. Notified by EPA in July of 1992 that they would not be able to participate in the project.

7. The Town started the Engineering selection process.

8. Engineer selected in October 1992.

9. Financing for construction of the treatment facility have been applied for through the Treasure State Endowment Program and FMHA loan funds.

10. The best estimabes available of the total costs of this project, at this time, is approximately $700,000.00.

11. 26% of the water users in Circle are retired and on fixed incomes.

12. The approximate monthly water rate to finance this project is $36.00 per month.

EXHIBIT 15
DATE 2-3-93
HB

Proposed Budget

Phase I	$16,000.00
Engineering for water tie line and sludge or waste water disposal	2,000.00
Phase II Pilot Study on selected process	18,000.00
Total	$36,000.00

EXHIBIT 15
DATE 2-3-93
HB

PROJECT COMPLETION SCHEDULE

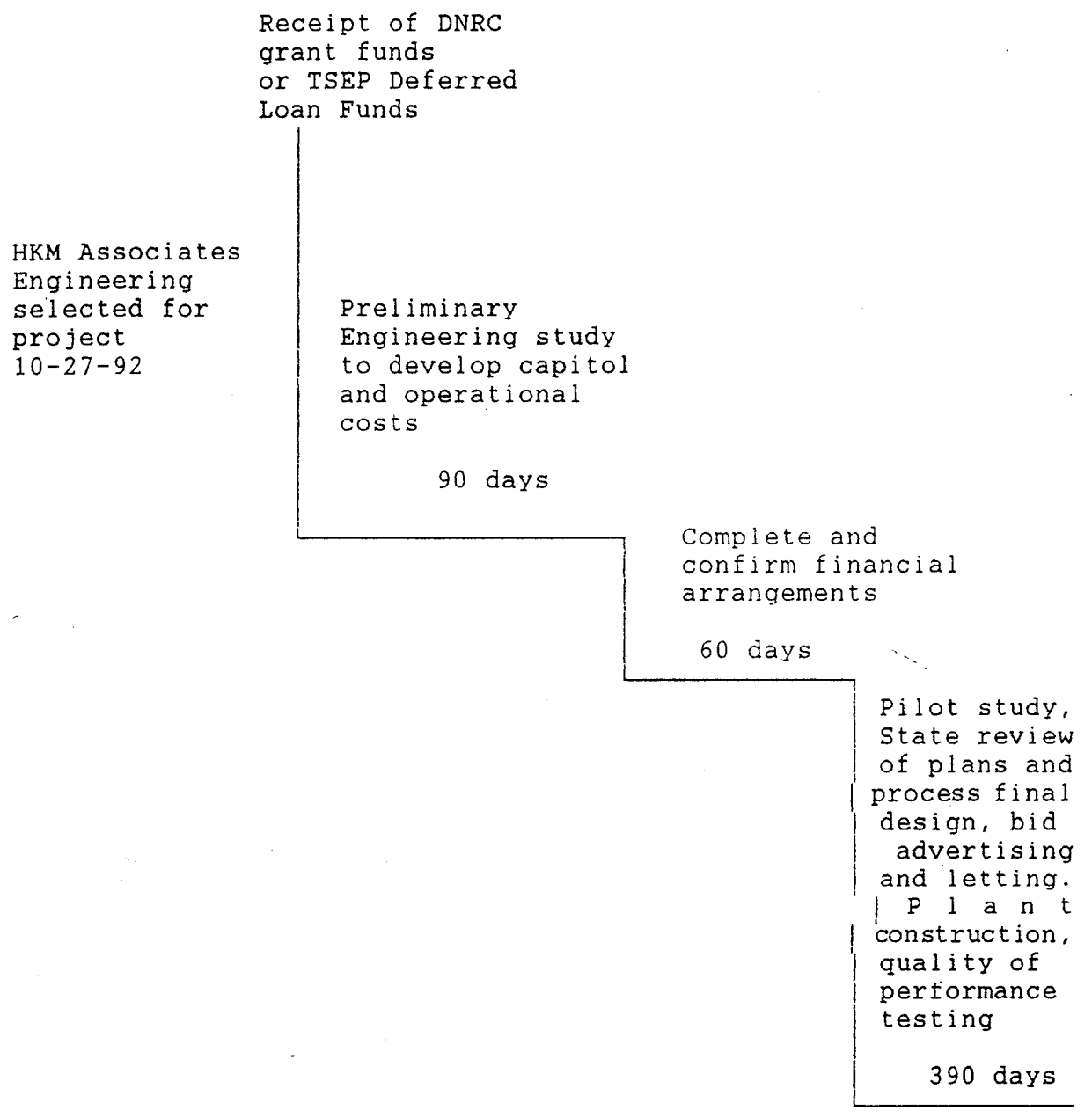


EXHIBIT 15
DATE 2-3-93
HB

January 25, 1993

Jeanne F. Doney
Program Officer
Department of Natural
Resources and Conservation
Box 202301
Helena, Montana 59620-2301

Dear Jeanne:

I received your letter dated January 20, 1993, in regard to our DNRC Grant and the scheduling of the hearing. I understand the hearing is on February 3, 1993 at 9:00 a.m. I do plan to attend and speak for our application.

I reviewed the Project No. 26 summary in the Technical Assessment portion, paragraph two. I need to clarify the mention of the reverse osmosis and Circle rejecting both of the options mentioned.

The reverse osmosis option was a larger sized unit housed at a central location in Circle where water users could pick up their own drinking water.

Circle didn't reject the options. When the Water Quality Bureau was notified of the costs, they enlisted the help and services of EPA.

Again, in the Financial Assessment it mentioned that Circle considered both options too expensive. Again, this decision was made by the Water Quality Bureau with the intent of participating with EPA.

Can these changes be made in the Project No. 26 document prior to issuance to the review committee?

Thank you for your cooperation.

Sincerely,

Donald Clarin

Donald Clarin
Mayor

DC:Cam

EXHIBIT 15
DATE 2-3-93
HB

DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES
BILLINGS REGIONAL OFFICE

TED SCHWINDEN, GOVERNOR

STATE OF MONTANA

AIR QUALITY BUREAU (406) 657-2617
WATER QUALITY BUREAU (406) 657-2616
FOOD & CONSUMER SAFETY BUREAU (406) 657-2619
SOLID & HAZARDOUS WASTE BUREAU (406) 657-2618

May 25, 1988

Town of Circle
P.O. Box 6
Circle MT 59215

ATTN: Pat Loberg

RE: FLUORIDE VIOLATION IN DRINKING WATER SUPPLY FOR CIRCLE MONTANA.

Dear Pat:

The results of the fluoride verification sampling indicate an average fluoride concentration of 6.4 mg/l for the drinking water supply for Circle, Montana. This exceeds the Maximum Contaminant Level of 4.0 mg/l as set forth by the Federal Safe Drinking Water Act.

Drinking water concentrations of fluoride in excess of 4.0 mg/l pose a significant health risk. Not only is there an increased chance of dental mottling in young consumers, there is also an increased risk of skeletal fluorosis in certain individuals drinking water with excessive fluoride concentrations.

For this reason, it is necessary that you submit an engineering study which investigates your alternatives for providing drinking water which is not in violation of the Federal and State drinking water standards. These alternatives may include treatment or the use of another approved source. When this study is completed you must also submit a projected schedule for coming into compliance with the drinking water standards. At that time you may apply for an Exemption from the drinking water supply rules. But no Applications for Exemption will be accepted without an Engineering Study and Compliance Schedule.

Please submit the Engineering Study and Compliance Schedule within 90 days. Drop me a line or call me at 657-2616 if you have any questions or concerns. Thank you for your cooperation.

Sincerely,

Kathy J. Miller

Kathy J. Miller
Environmental Engineer
Water Quality Bureau, Billings Regional Office

cc: County Health Officer
County Sanitarian
Dan Fraser, WQB Helena
File

enc

EXHIBIT 15
DATE 2-3-93

DEPARTMENT OF
HEALTH AND ENVIRONMENTAL SCIENCES

WATER QUALITY BUREAU

STAN STEPHENS, GOVERNOR

Room A-201
COGSWELL BUILDING

STATE OF MONTANA

HELENA, MONTANA 59620

(406) 444-4549

April 29, 1992

Carol Markuson, Clerk
Town of Circle
Box 140
Circle, MT 59215

RE: Exceeding the MCL for Fluoride in the Town's Public Water Supply

Dear Ms. Markuson:

This letter is intended to serve as documentation and acknowledgement that the public water supply system serving Circle exceeds the maximum contaminant level (MCL) for fluoride as defined by the Safe Drinking Water Act.

Fluoride is regulated in community public water supplies at a MCL of 4.0 parts per million (ppm). The applicable state regulation is ARM 16.20.203(1)(j). Analyses of the public water supply system serving Circle show fluoride has been detected at levels of 5.5, 5.4, 4.9, and 5.6 ppm.

Exceeding the MCL for fluoride places the public water system in violation of the Safe Drinking Water Act. The levels detected are additionally significant because they routinely exceed the Unreasonable Risk to Health concentration of 5.0 ppm. At concentrations exceeding 5.0 ppm, some individuals may develop crippling skeletal fluorosis if they consume the water for many years.

Because Circle is in violation of the Safe Drinking Water Act, this agency is pursuing enforcement action to have the system brought into compliance. Recognizing compliance will require system improvements, we are in support of your pursuit of funding assistance to correct this serious risk to public health.

Sincerely,

Donna G. Jensen
Field Services Program Manager
Drinking Water/Subdivision Section

cc: Vern Heisler, Billings MDHES

EXHIBIT 15
DATE 2-3-98
HB

To: Engineer Firms

The Town of Circle is contemplating the construction of a water treatment plant to remove fluoride, sodium and other bicarbonates from the municipal water supply.

Phase one of this project is to design a treatment plant to accomplish the removal of these products, develop construction and operating costs, provide information on grant funding, and prepare and help with the presentation of information to the water users.

Please prepare a written proposal to accomplish this project, references, and your method of charging.

The Town also reserves the right to reject any and all engineering proposals.

The Town Council asks that your written proposals be submitted to the Town Clerks Office no later than 5:00 p.m., August 19th.

Mayor Donald Clarin
The Town Council

Published 7-30-92
8-6-92

EXHIBIT
DATE 2-3-93
HB

City Council seeks engineering firm to study water problem

Circle City Council held a regular meeting on October 13 with one visitor present. Several agenda items were discussed and acted upon.

The first item of business was a request from the Montana Municipal Insurance Authority, which is the city's carrier for liability and workmans compensation insurance, that a resolution be passed allowing the company to buy back the liability and workmans compensation bonds and reissue them at a lower interst rate. This is a refinancing program which will give the city the advantage of the lower interest rates that now exist. The Council voted to pass a resolution which would take advantage of this refund bond program.

The Medical Assistance Facility was the next item of discussion. Now that construction will be beginning soon, there is a need to open up some more streets for better access. Don Clarin agreed to talk to a property owner in that area to see if it would be possible to purchase a lot that would be needed to open up another street.

Ernie Arthur suggested that there may be some federal money that might help toward this project, but that the county and city would have to come up with matching funds. Carol Markuson agreed, but said that the funds are for improving scenic roads, so the project may not qualify. The Council will further explore this possibility.

The building permit for Mike Sokoloski was approved by the Council, but the one for Dick Beery failed, with the requirement that a properly filled out application be submitted.

The financial and investment report given by Markuson was approved.

Engineering selection was the next agenda item discussed. Since it has been mandated by EPA that the flouride content of the water in Circle be lowered, the town has begun a search for an engineering firm to study the problem. Four firms have shown interest in the project. The Council members discussed each and decided to narrow the list to two, which are, HKM Firm of Billings and Neil Consultants of Great Falls. Both have experience with flouride removal form water systems. The Council voted to have both firms come and talk to the Council before final selection is made.

Next, the Council heard a letter from the Magnetohydrodynamic (MHD) Development Corporation asking for support of the test facility for the clean burning of coal in Billings. Since Montana has a large reserve of coal and Circle has always favorably supported this project the Council voted to again send a letter of support.

The Council learned that there is federal money available to towns for transportation enhancement. For towns of under 1,000 people, it is recommended that they work in conjunction with the county. This is a six year program with $12,641 available per year for a total of $80,000. The project selected must be a minimum of $10,000 and must be completed by a contractor. A committee was formed to come up with ideas on how to use the funds. Members of the committee are Sandy Bruce, Don Quick and Ron McFarland. Don Clarin will talk to the Commissioners to find out how the county wants to be involved.

Officer Robert Gunsch from the City Police Department talked to the Council about

Turn to page 2

Council . . .

From page 1

having a liter barrel placed by the Tastee Freez. This was a request from the teenagers who congregate in that area, to help cut down on the litter problem. Gunsch offered to talk to the owner of the Tastee Freez, Gordies Garpestad, to see if he would agree to having the barrel placed on his property. It was also suggested that one be placed by the tennis courts.

Mayor Clarin reminded the Council that there would be a Solid Waste Conversion Public Meeting held at the Memorial Building on October 29 at 7:30 p.m.

The final topic for discussion was the mysterious appearance of 150 gallons of burner fuel oil in the sanitary sewer system. Mayor Clarin said he would call Helena and follow up on the problem.

EXHIBIT 15
DATE 2-3-93
HB

12-7-92

PUBLIC NOTICE

Public Hearing

There will be a public hearing held at the Memorial Building located on West Main Street, Circle, Montana at 7:30 p.m. on December 28, 1992.

The purpose of the hearing is to present information and receive comments from the water consumers of Circle in regard to the proposed water treatment plant to reduce the high fluoride level and improve the quality of our municipal water supply.

For additional information, contact the Town of Circle, P. O. Box 140, Circle, Montana 59215, Clerk Carol Markuson or Mayor Donald Clarin at 406-485-2524.

The Town Council
Mayor Donald Clarin

12-7-92

NOTICE

Town of Circle Water Users

In the past, you have received information on the level of fluoride in the Circle Municial Water Supply and that the amount of fluoride exceeds the maximum level allowed by the State Water Qaulity Bureau.

Therefore, the Town must correct this problem and has been manadated to do so by the Water Quality Bureau.

The Town is proceeding with this project by hiring an engineering firm to select the best treatment process to reduce the fluoride to an acceptable level.

As part of the financing for this project, the Town is applying to the Treasure State Endowment Program for matching grant funds.

To facilitate and improve our ratings for the grant evaluation process, the Town is asking for letters of support from our water users.

Please address the letters to the Town Clerk or drop them off at the Clerk's office prior to 5:00 p.m. on 12-28-92.

Your participation in this process will help minimuze the expenses of this project.

Thank you.

The Town Council
Mayor Donald Clarin

EXHIBIT 15
DATE 2-3-93
HB

July 24, 1992

Dear Sirs:

The Town of Circle is contemplating the construction of a water treatment plant to remove fluoride, sodium and other bicarbonates from the municipal water supply.

Phase one of this project is to design a treatment plant to accomplish the removal of these products, develop construction and operating costs, provide information on grant funding, and prepare and help with the presentation of information to the water users.

Please prepare a presentation to accomplish this project, references, and your method of charging.

The Town also reserves the right to reject any and all engineering proposals.

The Town Council will review engineering presentations at 7:00 p.m. on August 27, 1992 at the Memorial Building in Circle, Montana.

Thank you.

Sincerely,

Donald Clarin

Donald Clarin
Mayor

DC:Cam

EXHIBIT 15
DATE 2-3-93
HB

July 28, 1992

L. C. Hanson Co
Consulting Engineers
115 West Valentine
Glendive, Montana 59330

Dear Lowell:

In regard to the letter requesting a bid for our water project date July 24, 1992. The Town of Circle will be asking for written proposals to be in the Town Clerks office no later than 5:00 p.m. on August 19, 1992.

The council will then review the proposals and chose the firms to give an oral presentation.

At that time, if you are chosen, you will be notified as to the time and place the presentation will be held.

If you have any questions, please don't hesitate to call.

Thank you.

Sincerely,

Carol Markuson
Town Clerk

EXHIBIT 15
DATE 2-3-93
HB

October 27, 1992

HKM Associates
Jim Kaercher, P. E.
2727 Central Avenue
Box 31318
Billings, Montana 59107

Dear Jim:

The Town has completed the evaluation process to select an engineering firm for our water treatment plant project.

I am pleased to inform you that your firm was selected for this project.

Contact the Town as soon as you are ready to proceed on this project.

Sincerely,

Donald Clarin

Donald Clarin
Mayor

DC:Cam

EXHIBIT 16
DATE 2-3-93
HB

A more significant amount of matching funds may be needed to complete this project if the Department of Transportation requires the collection system to be designed for the 50-year event in the highway right of way. Original specifications, designs, and respective revisions shall be submitted to and approved by the Department of Transportation before any bids are solicited; by reference, these also shall be included in the project agreement.

After final designs are approved and bids have been obtained, the project sponsor shall submit a breakdown of specific construction costs such as material, labor, and equipment.

Any reduction in the scope of work will require a proportional reduction in the grant amount.

PROJECT NO. 41

APPLICANT NAME	ROOSEVELT COUNTY CONSERVATION DISTRICT
PROJECT NAME	Recreation Enhancement of Missouri River
AMOUNT REQUESTED	$100,000 GRANT
OTHER FUNDING SOURCES	Unknown
TOTAL PROJECT COST	Undetermined
AMOUNT RECOMMENDED	$ 7,000 GRANT

PROJECT ABSTRACT

This project is proposed to gain accessibility to the Missouri River from three sites located between Fort Peck Dam and the North Dakota border. This stretch of the Missouri River currently has no boat ramps and is considered an untapped resource that, when opened to the public, will be enjoyed by fishermen, canoeists, floaters, water skiers, and others.

In conjunction with the ramp sites, the need for overnight campsites also is a project goal. In the past, the Missouri River's downstream areas have not allowed the development of recreational facilities. If one, two, or all three ramp sites are allowed to be constructed, some objectives of opening up access to the river could be met.

The requested funding will be used primarily to purchase or lease prospective sites, road work, boat ramps, toilet facilities, picnic tables, and parking areas. The area's civic organizations overwhelmingly support the project, and part of the actual construction can take place with help from many of these groups. Interest and support has been shown by the area Chambers of Commerce, Lion's clubs, FFA organizations, Boy Scouts, women's clubs, Walleyes Unlimited, and Rod and Gun clubs.

The Roosevelt County Conservation District feels that the merits of this type of undertaking are obvious. Without it, the Missouri River will continue to flow by the communities of Wolf Point, Poplar, and Culbertson, and the area's outdoorsmen will be prohibited from gaining access to it.

EXHIBIT 16
DATE 2-3-93
HB

TECHNICAL ASSESSMENT (Prepared by DNRC)

The area of the Missouri River between the confluence with the Milk River below Fort Peck Dam and Fort Buford (the confluence with the Yellowstone River) currently sees little recreational use. This use probably is restricted by the lack of public access and the lack of public information on Missouri River recreational opportunities. This 165-mile stretch of the river has no public boat ramps or overnight riverfront recreation areas. The city of Wolf Point operates Lewis and Clark Park, the only public campground/picnic area/boat access site on this stretch of the river. This park has been partially closed because of local financial reasons.

The Roosevelt County Conservation District believes there is a large opportunity to expand the river's recreation use and provide local economic development through a system of river access sites. The district has begun organizing local support for the project but has not secured other funds. The district estimates that up to 5,000 people would use the river access system during its first year of operation.

Although a project budget has not been developed, the bulk of the grant funds presumably would be used for construction and acquiring land easements. The Corps of Engineers has provided generic design information, but no land easement proposals or site design information are available to develop reasonable project costs.

The Roosevelt County Conservation District would administer the grant, but whoever would hold land easements and titles would supervise capital improvement construction and provide long-term system operation and maintenance is not known at this time. Ongoing maintenance of the access sites was not addressed in the application, although 80 percent of the long-term cost of recreation site development typically is used for site operation and maintenance. Because other funding sources are not known at this time, no schedule has been set for site development.

FINANCIAL ASSESSMENT

The project's total estimated cost is unknown but, according to rough Corps of Engineers estimates, likely would amount to at least $400,000. A $100,000 grant is being requested from DNRC. Other financial support would need to be provided by cooperating organizations. Because a proposed budget has not been developed, the amount of the grant that would be allocated for capital costs, labor costs, administration, or ongoing maintenance cannot be determined.

BENEFIT ASSESSMENT

DNRC's project review values only those benefits described by statute. Public benefits are found in projects that support the State Water Plan; promote reserved water rights; conserve, manage, protect water resources; exhibit broad citizen support and public use; display tangible benefits; or replace benefits–economic or otherwise–currently derived from Montana's mineral resources.

The proposed project would provide notable tangible benefits to the region along with local economic benefits, and it would implement the "1991 Governor's Roundtable on Fort Peck and the Missouri River" goal of improved recreation access and facilities. The project would substantially expand the recreational availability of the lower Missouri River waterway to the region's citizens and would attract some tourists from outside the area. The future recreational use of these sites is projected at 5,000 annual visitors. Some local support has been given to this project, although no groups have provided any funding. The Fort Peck Advisory Council and the Missouri River Development Group may be able to

help develop project benefits.

ENVIRONMENTAL ASSESSMENT

No major environmental impacts are expected from project construction, but the individual developed sites could be affected by site construction and water and sewage system operation. Some cumulative impacts could result from the river's additional recreation use. The Roosevelt County Conservation District shall obtain all required permits and may find during that process that an environmental assessment is required. Any unexpected adverse environmental impacts may require revising the project's scope of work.

RECOMMENDATION

DNRC recommends a $7,000 grant with a 100 percent match from other sources. The grant would be provided for developing a strategic plan for the river corridor and to set out priorities for the river's recreational development; it would fund a one-year planning period. Roosevelt County Conservation District would have the opportunity to reformulate its grant proposal to implement the strategic plan.

Grant funds will be provided after DNRC approves a scope of work and a budget, after matching funds have been secured, and after any environmental review needed to acquire state or federal permits has been undertaken. Any requirements for reducing adverse impacts identified in the review shall be stipulated in the project agreement and incorporated as part of the project's scope of work. Any reduction in the scope of work will require a proportional reduction in the grant amount.

PROJECT NO. 42

APPLICANT NAME	FORT SHAW IRRIGATION DISTRICT
PROJECT NAME	Rehabilitation and Betterment Study
AMOUNT REQUESTED	$50,000 GRANT
OTHER FUNDING SOURCES	None
TOTAL PROJECT COST	$50,000
AMOUNT RECOMMENDED	$50,000 GRANT

PROJECT ABSTRACT (Prepared and submitted by applicant)

This project proposes a related fish and wildlife, farm budget, engineering cost estimate, and environmental assessment study to be conducted by the U.S. Bureau of Reclamation. The benefits of the study would be realized from installing the proposed diversion pipe from the main canal of the Fort Shaw Irrigation Project to the "A" system drop. This would enable the Fort Shaw Irrigation District to be more efficient in its diversions, and it also would help downstream water quality.

EXHIBIT 11
DATE 2-3-93
HB

The project sponsor may obtain additional funding through a DNRC loan up to $50,000. DNRC will provide a loan up to the amount requested, commensurate with the project sponsor's ability to repay the principal and interest according to terms specified in a DNRC bond purchase agreement.

Grant funds will be provided after DNRC approves a scope of work and budget, and after matching funds have been secured. Changes in the scope of work may be identified as the result of any environmental assessment prepared for the permitting process. Any such changes shall be stipulated in the project agreement and incorporated as part of the project's scope of work. Original specifications, designs, and respective revisions shall be submitted to and approved by the Department of Health and Environmental Sciences before bids are solicited. Any reduction in the scope of work will require a proportional reduction in the grant amount.

After bids have been obtained, the project sponsor shall submit a breakdown of specific construction costs such as material, labor, and equipment.

If grant funding is not available, the project sponsor may request a DNRC loan up to $100,000. DNRC will provide loan funding in an amount commensurate with the project sponsor's ability to repay the principal and interest according to terms specified in a DNRC bond purchase agreement.

PROJECT NO. 16

APPLICANT NAME	FORT PECK RURAL WATER DISTRICT
PROJECT NAME	Fort Peck Rural Water Engineering Study
AMOUNT REQUESTED	$50,000 GRANT
OTHER FUNDING SOURCES	$ 1,000 (Fort Peck Rural Water District--In-kind)
TOTAL PROJECT COST	$51,000
AMOUNT RECOMMENDED	$40,000 GRANT

PROJECT ABSTRACT (Prepared and submitted by applicant)

This proposed project is an engineering feasibility study to determine the costs, service area, and service level for a rural water system to serve an area west and north of the town of Fort Peck in southeast Valley County. Most residents in this area haul water due to the lack of a water-bearing formation underlying the region. The proposed project would serve about 250 to 300 residences, including the unincorporated areas of Park Grove Wheeler, Duck Creek, the Fort Peck Lake cabins, and about 25 farms and ranches. The proposed study is needed to prepare a preliminary engineering report for the newly formed district that will provide an accurate assessment of funding needs and secure funding; determine the feasibility and cost of providing service to the entire district; and choose the most cost-effective and efficient service level for the district's water users.

TECHNICAL ASSESSMENT (Prepared by DNRC)

Most of the private wells north of Fort Peck Dam have gone dry, and the private wells west of the dam provide non-potable water. The area's geology (Bearpaw Shale) has made it virtually impossible to obtain subsurface water sources. Many of the area's residents "haul" their water from the city of Fort Peck.

A 1991 Corps of Engineers study gave the rural association a general overview of the feasibility of using Fort Peck Reservoir water for distribution to rural users. Formation of the Fort Peck Rural Water District was approved overwhelmingly by voters on June 23, 1992.

The application for study funds adequately outlines the problems to be solved, and existing facilities have been defined and documented. The proposed feasibility study is an essential "next step" to provide cost and benefit assessments of several specific alternatives. With the completed study, the Fort Peck Rural Water District members will have the data it needs to decide whether to go ahead with the final engineering alternative and the acceptable level of construction indebtedness. With the information provided by the proposed study, the overall feasibility of using Fort Peck Reservoir water (costs versus benefits) will be evident.

The 1991 Corps of Engineers report produced seven viable alternatives that would cost from $6.2 to $14.4 million (preliminary estimates). This feasibility study will evaluate each of these alternatives along with others to provide the district with more specific design cost-versus-benefit data. It also will outline any environmental impacts. The feasibility study will provide the documentation on which future district decisions will be based and which will be used to pursue engineering design and construction funding.

The feasibility study's goals are focused and clearly stated: (1) determine the locations and volumes of water needed, (2) develop system design alternatives based on efficiency and cost-effectiveness, and (3) provide documentation and develop reliable cost estimates to be used to secure funding for the final engineering design and construction phases.

The projected schedules for the feasibility study, pilot plant testing, and report completion are reasonable. Funding delays will not reduce the study's benefits but likely will increase engineering and construction costs.

FINANCIAL ASSESSMENT

This proposal requests a $50,000 DNRC grant to fund a pilot plant and feasibility/preliminary engineering study. The Fort Peck Rural Water District proposes to use $1,000 of its own funds for administration and project support costs. DNRC funds are requested to pay hydrologist and engineer salaries of $30,000 and pilot test costs of $20,000.

The estimated cost of engineering services required to complete the feasibility study appears low, and an estimate of $40,000 for engineering services may be more realistic. In contrast, the pilot-testing estimate of $15,000 to $25,000 is reasonable, but the need for a pilot study is not clear. Several area treatment plants currently are using the same water source with apparent success.

EXHIBIT 17
DATE 2-3-93
HB

BENEFIT ASSESSMENT

DNRC's project review values only those benefits described by statute. Public benefits are found in projects that support the State Water Plan; promote reserved water rights; conserve, manage, or protect water resources; exhibit broad citizen support and public use; display tangible benefits; or replace benefits--economic or otherwise--currently derived from Montana's mineral resources.

This project has the potential to provide water to 300 existing residences, 6 commercial establishments, and 20 to 25 farms and ranches. These users are now "hauling" their potable water.

Developing a rural water system will add value to the developed and undeveloped property the system serves. It will remove the safety and health problems and the higher costs associated with hauling water, which are seen as deterrents by many home-buyers and business people. The lack of adequate water supplies is one of the primary reasons why this area has not realized its potential as a retirement community and recreation destination for a large portion of eastern Montana.

The Fort Peck Rural Water District proposes to withdraw water that otherwise would flow downstream and out of the state unused. Developing this water system will establish a water use that is crucial to the area's continued well-being and future development.

The area residents' support of the project is evident from their overwhelming approval of the Fort Peck Rural Water District. The estimated base rate is $50 per month per user. Most users now are paying at least that much.

ENVIRONMENTAL ASSESSMENT

The proposed feasibility study will not cause any adverse environmental impacts. Developing such a rural water system, however, may result in impacts with the degree dependent on the project's size and cost to users. For these reasons, the feasibility study process should include the opportunity for public involvement in developing options to be considered to meet the district's needs. The feasibility study also should include an assessment of environmental effects along with any permits required for construction. Before the proposed "pilot plant/water testing" activities are undertaken, appropriate permits shall be obtained and, during this process, the Department of Health and Environmental Sciences may be required to review the planned activities to determine whether any adverse environmental impacts may occur and to identify the controls necessary to manage any adverse effects at acceptable levels.

RECOMMENDATION

Engineering costs apparently were underestimated and the need for a pilot study unsupported. Therefore, DNRC recommends a 40,000 study grant. Grant funds will be provided after DNRC approves a scope of work and a budget, and after matching funds have been secured. The proposed feasibility study would be prepared to consider possible environmental effects from the various options considered. The study then would be used to determine the level of additional environmental review that may be necessary in order to secure state or other approvals required for a future project. Any funds received from sources other than those already identified will cause a dollar-for-dollar reduction in the funds awarded under this grant.

A final draft study shall be presented to and approved by the Department of Health and Environmental Sciences.

EXHIBIT 18
DATE 2-3-93
HB

OVERVIEW

FORT PECK RURAL WATER DISTRICT

January 27, 1993

I. EXISTING SITUATION

- Fort Peck Rural Water District was created in June 1992. See Exhibit A for District Description.
- The project would serve: 300 residences, 6 commercial establishments and about 20-25 farms and ranches. Project effects about 800 people.
- Groundwater in the area offers extremely poor water quality. See Exhibit B for an example of well water quality.
- Majority of people within District haul water for domestic purposes.
- Typical water consumption is 35 to 60 gallons per day per capita.
- Cost to haul water is 1.5¢ to 2.33¢ per gal:

10,000 Gal/Month/User	$150 to $264
5,000 Gal/Month/User	$ 75 to $132

- A large number of subdivided lots have never been developed due to the lack of an adequate water supply.
- A petition, recently circulated, demonstrates support of this application and willingness to pay. We have attached the petitions in Exhibit C.

II. SCOPE OF APPLICATION

- Determine system needs.
- Develop system alternatives.
- Develop reliable project costs.
- Develop an implementation plan and a financial plan.
- Pilot the water treatment alternative.

EXHIBIT 18
DATE 2-3-93
HB

III. PROJECT BENEFITS

- The development of a water system is crucial to the continued well being and future development of this area.
- The rural water system would replace non-renewable fossil fuels and equipment needed to haul water.
- A rural water system will reduce the health risk associated with hauling water.
- Water would help increase the potential for cattle production.
  - The majority of lands in the District are pasture or CRP.
  - Without water, ranchers have tried to place land into crop production. The soils according to SCS are not favorable for crop production. About ¼ of the land has been placed in CRP Contracts which expire between 1996-1998.
  - Sandy soils in the area are not conducive to stock watering dams because the water percolation rates are high.
- There would be new jobs resulting from the water system:
  - Water system operators (2 to 4)
  - Construction of new homes and businesses
  - Increase in tourist industry
- The implementation of the rural water system would result in beneficial use of the Missouri River water for Montanans.

EXHIBIT 18
DATE 2-3-93
HB

EXHIBIT A

FORT PECK RURAL WATER DISTRICT MAP

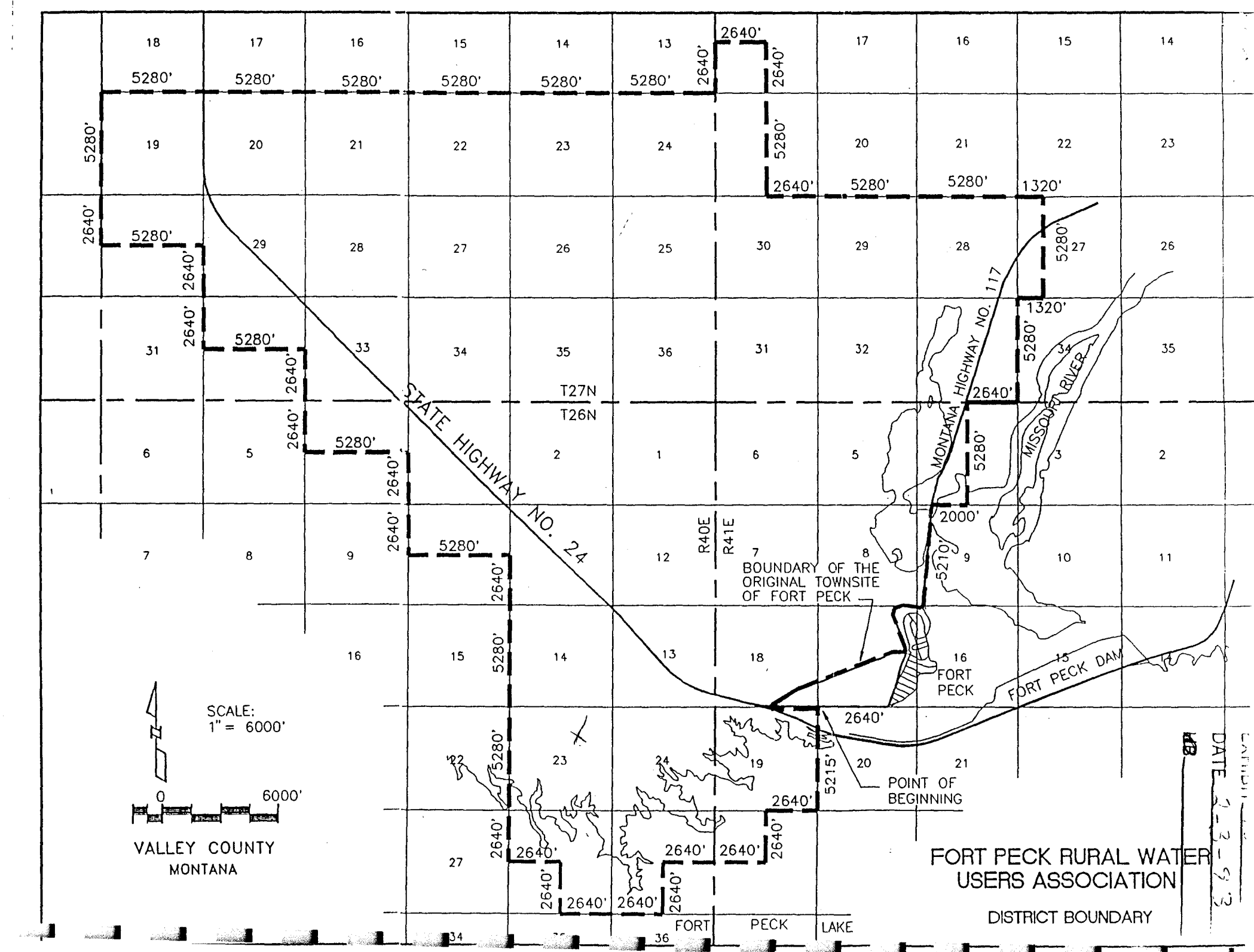

T27N
T26N
R40E
R41E
STATE HIGHWAY NO. 24
MONTANA HIGHWAY NO. 117
MISSOURI RIVER
BOUNDARY OF THE ORIGINAL TOWNSITE OF FORT PECK
FORT PECK
FORT PECK DAM
POINT OF BEGINNING
5210'
5215'
2000'
1320'
5280'
2640'
SCALE:
1" = 6000'
0
6000'
VALLEY COUNTY
MONTANA
FORT PECK RURAL WATER
USERS ASSOCIATION
DISTRICT BOUNDARY
FORT PECK LAKE
DATE 1-23-23

EXHIBIT 1X
DATE 2-3-93
HB

EXHIBIT B

TYPICAL GROUNDWATER QUALITY

EXHIBIT 18
DATE 2-3-93
HB

TYPICAL GROUNDWATER QUALITY

Sodium 1,164 mg/l		(Very High)
Sulphate 1,854 mg/l		(Very High)
Chloride 246 mg/l		(High)
Bicarbonate 873 mg/l		(High)
Total Dissolved Solids	3,793 mg/l	(Very High)
Sodium Adsorption Ratio	74	(Very High)

EXHIBIT 18
DATE 2-3-93
HB

EXHIBIT C

SIGNATURES SHOWING PROJECT SUPPORT

EXHIBIT 18
DATE 2-3-93
HB ____

PETITION IN SUPPORT OF DNRC FUNDING
FOR
FORT PECK RURAL COUNTY WATER DISTRICT
APPLICATION

The undersigned hereby petition the Montana State Legislature and the Department of Natural Resources and Conservation (DNRC) to favorably consider their application for $50,000 in funding for engineering studies for the Fort Peck Rural County Water District's proposed water project.

Further, by virtue of this petition the undersigned pledge their support for the proposed water project as they live or own property within the District's boundaries and are currently without water for domestic use. The undersigned currently haul their water or rely upon wells which have an undetermined supply of potable water, and we believe that securing a dependable source of water at this time is an absolute necessity.

Tracey Pence	Jared W. Gay
[illegible]	Doug Cole
Connie Stevens	Peggy Cole
Jim [illegible]	Glenn Robinette
Evelyn S. Lambert	Diana Robinette
Karen Hentges	Sheri Kelm
Gilbert J. Bruhn	Betty [illegible]
Mary E. Bruhn	Rodney Kelm
[illegible]	W.E. [illegible]
Regina [illegible]	Ellen Guttenberg
Bea Legare	Darrell Morehouse
Don Gay	Mary Morehouse
Bonny Gay	Connie R Walker

EXHIBIT 18
DATE 2-3-93
HB

**PETITION IN SUPPORT OF DNRC FUNDING
FOR
FORT PECK RURAL COUNTY WATER DISTRICT
APPLICATION**

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Jerry [illegible]	Lot 13 Fort Peck
[illegible]	Lot 8 Fort Peck
[illegible] Shepherd	Lot 45 Poverty Ridge
Clarence Briggs	Lot 37 Poverty Ridge
Donald W. [illegible]	Lot 8 Poverty Ridge
[illegible]	Lot 56 Poverty Ridge
Glenn Robinette	Lot 73 Poverty Ridge
Diane Robinette	Lot 73 Poverty Ridge
[illegible]	Lot 107 Poverty Ridge
[illegible] Shepherd	Lot 29 Poverty Ridge
[illegible]	363 [illegible]
[illegible] Johnson	330 Millionaire Mile
[illegible] Johnson	330 Millionaire Mile

EXHIBIT 18

DATE 2-3-93

HB ____________

PETITION IN SUPPORT OF DNRC FUNDING
FOR
FORT PECK RURAL COUNTY WATER DISTRICT
APPLICATION

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Clifford Hagen Ft. Peck

Dorine L Hagen Fort peck. Mt

Jean Jenrich Box 97 Ft. Peck Mt

Job Johnson Ft Peck, mt

Gaylord Hagen Ft. Peck

Rudolph [illegible] Ft Peck

Darlene H. Johnson Ft Peck

Joe A. Johnson

Juanita W. Hagen

Lowell Olson

Joylene Johnson

Regina [illegible]

EXHIBIT 18
DATE 2-3-93
HB ______

**PETITION IN SUPPORT OF DNRC FUNDING
FOR
FORT PECK RURAL COUNTY WATER DISTRICT
APPLICATION**

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Further, by virtue of this petition the undersigned pledge their support for the proposed water project as they live or own property within the District's boundaries and are currently without water for domestic use. The undersigned currently haul their water or rely upon wells which have an undetermined supply of potable water, and we believe that securing a dependable source of water at this time is an absolute necessity.

Helen Diedrich	Kip Hentges
E.O. Diedrich	Larry DuBeau
James R. DeDobbelaer	Joseph M. Yeoman
Wm. [illegible]	David L. Irving
Wanda [illegible]	Debra Irving
Douglas D. Baker	
Koston Simenson	
Donald Simenson	
Norma J. Baker	
Erma Brown	
Harold M. Brown	
Ron Mills	
Gene Abbey	

EXHIBIT 18
DATE 2-3-93
HB

PETITION IN SUPPORT OF DNRC FUNDING FOR FORT PECK RURAL COUNTY WATER DISTRICT APPLICATION

The undersigned hereby petition the Montana State Legislature and the Department of Natural Resources and Conservation (DNRC) to favorably consider their application for $50,000 in funding for engineering studies for the Fort Peck Rural County Water District's proposed water project.

Further, by virtue of this petition the undersigned pledge their support for the proposed water project as they live or own property within the District's boundaries and are currently without water for domestic use. The undersigned currently haul their water or rely upon wells which have an undetermined supply of potable water, and we believe that securing a dependable source of water at this time is an absolute necessity.

Donald W. Shaw	Lot 8 Fort Peck
Ray Peddle	Lot 303 Ft Peck
Betty [illegible]	Lot 13 Fort Peck
[illegible] Cosmess	Lot 353 Fort Peck
[illegible] Marie Estrom	Lot 39
[illegible] Allen	Lot 33
R.A. Maciowski	Lot 59
Bonnie Maciowski	Lot 59
Shannon [illegible]	Lot 59
Tim Maciowski	Lot 59
Todd Maciowski	Lot 59
[illegible]	Lot 314
[illegible]	Lot 314

EXHIBIT
DATE 2-3-93
HB

PETITION IN SUPPORT OF DNRC FUNDING
FOR
FORT PECK RURAL COUNTY WATER DISTRICT
APPLICATION

The undersigned hereby petition the Montana State Legislature and the Department of Natural Resources and Conservation (DNRC) to favorably consider their application for $50,000 in funding for engineering studies for the Fort Peck Rural County Water District's proposed water project.

Further, by virtue of this petition the undersigned pledge their support for the proposed water project as they live or own property within the District's boundaries and are currently without water for domestic use. The undersigned currently haul their water or rely upon wells which have an undetermined supply of potable water, and we believe that securing a dependable source of water at this time is an absolute necessity.

Gordon M. Almess	Lot 330 Fort Peck
[illegible]	Lot 323 Fort Peck

EXHIBIT ___
DATE 2-3-93
HB ___

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Lynnell F. DeDobbeleer
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Box 369, Glasgow, Mt. 59230

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Park Grove A-5, Ft. Peck, MT. 59223

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Lila Kulczyk
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Jeanny Hlavka-Wheeler

Glen Meier Bx 492 Glasgow

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EXHIBIT 11
DATE 2-3-93
HB

PROJECT NO. 30

APPLICANT NAME	GLASGOW IRRIGATION DISTRICT
PROJECT NAME	System Rehabilitation (Phase II) through Farm Delivery
AMOUNT REQUESTED	$100,000 GRANT
OTHER FUNDING SOURCES	$107,526 (Project Sponsor)
TOTAL PROJECT COST	$207,526
AMOUNT RECOMMENDED	$ 50,000 GRANT $ 50,000 LOAN

PROJECT ABSTRACT (Prepared and submitted by applicant)

Because agriculture serves as the local area's dominant industry, rehabilitation is being proposed to preserve the economic welfare of Glasgow Irrigation District's agricultural economy.

The Glasgow Irrigation District presently is involved in a federally funded, $2.2 million rehabilitation loan program (Phase I). The district's aging system (constructed during 1915 to 1917 with horse-drawn equipment) needs partial rebuilding, canal and lateral lining, and drain rehabilitation estimated to cost $14 million for the complete rehabilitation.

The Rehabilitation and Betterment program (Phase I) will upgrade the distribution system, improve drainage, and partially eliminate extensive seeped areas. The project's major benefits will be realized from improving the project's land and its water supply use. Distribution system transport losses (seepage and operational spills) could be reduced by an estimated 7,740 acre-feet annually. Installing farm delivery headgates or inlet/outlet transitions (Phase II) will provide accurate measurements that will help management maintain constant and accurate water deliveries while encouraging conservation. Operation and maintenance costs should be reduced in rehabilitated areas and for rehabilitated features. The proposed project's environmental benefits will include reduced seepage and salt-bearing groundwater, less disturbance to habitat and existing wildlife from maintenance activities, and a decrease in weed control chemicals being used for ditchbank and aquatic weed control.

The grant funds requested are needed to continue rehabilitation and supplement the current Rehabilitation and Betterment loan (Phase I). The $2.2 millon rehabilitation loan will not provide any funds for Phase II of the project.

TECHNICAL ASSESSMENT (Prepared by DNRC)

The Glasgow Irrigation District is comprised of 18,011 acres located in northeastern Montana. Water is diverted to the system by a diversion dam on the Milk River. Rehabilitating the irrigation district system is part of an overall plan for rehabilitating the entire Milk River basin irrigation system.

This proposal is made as a continuation (Phase II) of a Rehabilitation and Betterment program under which Phase I was funded by a $2 million U.S. Bureau of Reclamation Rehabilitation and Betterment (R&B) loan and a $100,000 DNRC Water Development grant. Phase I funding provided the pre-casting of farm delivery headgate inlet/outlet structures but excluded the installation. This

application indicates that the system's current inlet/outlet structures have deteriorated to the point where accurate, efficient water measurement and water delivery is not possible. In a 1989 study report, the Bureau of Reclamation indicated that the Glasgow Irrigation District's existing inlet/outlet structures needed to be replaced. This proposal is being made to replace 100 of the current 300 structures, and to replace the rest when funds become available.

The new structures will provide for the attachment of district-owned, portable, propeller-type flow meters to record water use. The new structures also are expected to reduce seepage, but no documentation is provided that indicates how severe the seepage problem is. A detailed plan also is needed for using the measurement data to manage the system for more efficient water use.

The Soil Conservation Service reviewer indicated that according to SCS design standards, and based on information included in the grant application, inadequacies exist in the structures' design. The applicant contact indicated that the Bureau of Reclamation designed the structures and also will have to approve their installation.

FINANCIAL ASSESSMENT

The proposed project's total cost is $207,526. The Glasgow Irrigation District's $100,000 grant request includes $18,430 for labor, $19,525 for equipment, $56,375.25 for materials, and $5,669.75 for contingencies. The district will contribute $107,526, which includes $18,430 for labor, $19,525 for equipment, $56,375 for materials, and $13,196 for contingencies. Although no administrative costs are indicated, the district says it will administer the project as an in-kind service.

The district's contribution will come from current assessments on the district's water users. According to the application, the cost of all the Rehabilitation and Betterment work exceeds the water users' ability to pay. The users, however, are willing to reduce their returns to equity.

BENEFIT ASSESSMENT

DNRC's project review values only those benefits described by statute. Public benefits are found in projects that support the State Water Plan; promote reserved water rights; conserve, manage, or protect water resources; exhibit broad citizen support and public use; display tangible benefits; or replace benefits--economic or otherwise--currently derived from Montana's mineral resources.

The proposed project indirectly supports State Water Plan objectives through the installation of new inlet/outlet structures that will improve water use measurement. The objectives supported include improved water use, water conservation, and urging the Board of Natural Resources and Conservation to adopt rules on measurement devices in water-short drainages. The project involves family-owned farms and may protect some of the farm land from seepage damage.

The project does not initiate the use of reserved water. Although the application says that water will be conserved, no quantity is given that pertains only to the inlet/outlet structures that would allow a determination of whether it would be significant enough to help resolve Indian or federal reserved water rights. According to the application, all conserved water will remain in the irrigation system for the current irrigators' use.

Some water should be conserved if the structures are managed properly, but no amount is given that applies specifically to the structures themselves.

The application does not document any citizen support, but the project is part of a larger Rehabilitation and Betterment program that involves federal funding. The project will provide measurable, ongoing benefits that most directly affect local irrigation district water users.

ENVIRONMENTAL ASSESSMENT

The project's direct environmental effects will be limited only to minor disturbances at the construction sites. Its cumulative and indirect effects will be most noticeable when the systemwide rehabilitation effort is considered.

The environmental evaluation compiled by the Bureau of Reclamation should be referenced to determine any potential adverse impacts and identify measures that would keep these impacts at low levels.

RECOMMENDATION

Since the project sponsor is able to assess fees or collect tax revenue to recover the project's cost, the project is considered to have "payback capability" and thus qualifies for only 25 percent of the project cost or $50,000, whichever is less. DNRC recommends a $50,000 grant.

The project sponsor may obtain additional funding through a DNRC loan up to $50,000. DNRC will provide a loan up to the amount requested, commensurate with the project sponsor's ability to repay the principal and interest according to terms specified in a DNRC bond purchase agreement.

Grant funds will be provided after DNRC approves a scope of work and a budget, after matching funds have been secured, and after DNRC has completed any necessary environmental review. Any requirements identified through such a review shall be stipulated in the project agreement and incorporated as part of the project's scope of work. The scope of work must include a detailed plan of how the measurement data will be used during the system's operation to provide more efficient water use. Original specifications, designs, and respective revisions shall be prepared and approved by the Bureau of Reclamation before any bids are solicited; by reference, these also shall be included in the project agreement.

After bids have been obtained, the project sponsor shall submit a breakdown of specific construction costs such as material, labor, and equipment. Any funds received from sources other than those already identified will cause a dollar-for-dollar reduction in the funds awarded under this grant.

If grant funding is not available, the project sponsor may request a DNRC loan up to $100,000. DNRC will provide loan funding in an amount commensurate with the project sponsor's ability to repay the principal and interest according to terms specified in a DNRC bond purchase agreement.

DATE 2-3-93

HB

Melvin Novak

Agriculture is the dominant industry of northeastern Montana. With water shortages six out of every ten years, the need to find better conservation measures is very important. Rehabilitation is an absolute necessity for Glasgow Irrigation District to preserve the economic welfare of the area. As one of the early irrigation projects planned and constructed by the Reclamation Service, the Milk River Project was not subject to the rigid criteria that are followed today. Construction methods have been improved, safety features must be incorporated and the permanent productivity of the project lands must be assured. Many of the project structures and features have served their expected useful life and/or have become obsolete. Modernization and improvement of project facilities is needed to restore the reliability of the system; conserve irrigation water by a reduction of seepage losses and operational wastes; provide measuring devices for the equitable and efficient distribution of the water supply; restore and provide design capacity to the system to avoid overloading it and thus eliminate the risk of system failure; to reclaim agricultural lands affected by seepage losses; reduce annual operation and maintenance costs; and ensure the continued social and economic welfare of the area.

In a study conducted by the Bureau of Reclamation in 1982, complete rehabilitation of the Glasgow Irrigation District canal, lateral, and wasteway system would cost an estimated $14 million based on 1987 price levels. Glasgow Irrigation District is presently involved in a federally funded $2.2 million rehabilitation loan program which will begin to upgrade the distribution system, improve drainage, and partially eliminate extensive seeped areas. The major benefit will be improvement of project lands and improved utilization of the project's water supply. Distribution system transport losses (seepage and operational spills) could be reduced by an estimated 7,740 acre-feet annually. Installation of farm delivery headgates or inlet/outlet transitions through funding from this grant will provide accurate water measurement to assist management in maintaining constant and accurate water deliveries, while encouraging conservation and reducing operation and maintenance costs. Environmental benefits as a result of the proposed program include a reduction in seepage and salt-bearing groundwater, less disturbance to habitat and existing wildlife from maintenance activities, and a reduced use of weed control chemicals for ditchbank and aquatic weed control.

The grant funds are needed to continue rehabilitation in addition to the current R & B loan. Funds for headgate installation are not be provided by the $2.2 million rehabilitation loan. The estimated cost of installation of 100 farm delivery headgates is $207,526.55, of which no funding is provided under the R & B loan. This estimate provides for installation of 75 - 18" farm delivery headgates and 25 - 24" farm delivery headgates. The R & B loan amount was based upon the Glasgow Irrigation District landowner's ability to repay, taking into account average operation and maintenance costs of $10.16 per acre. These costs rose in 1992 to an average of $12.66 per acre. The costs incurred by the District under the R & B program have been approximately one-third higher than projections due to estimates utilizing 1987 prices and expenditures being made at 1991/1992 levels. Thus, with the district already at its maximum ability for repayment, and the recent increase in operation and maintenance assessments, the rising costs have created a situation wherein necessary rehabilitation will be restricted by available funds. Although the District would like to seek additional loan funding, with the recent increase in operation and maintenance assessments and no new ability for loan repayment at this time, the District desires the grant of

$100,000.00 to supplement Glasgow Irrigation District funds to begin installation of farm delivery headgates. The headgate structures are located where water is diverted from the main canal system or laterals to the irrigated lands. Most of the present structures were placed between 1915 and 1917 when the irrigation system was constructed with horse-drawn equipment. The structures have deteriorated and are rusted, thus allowing for seepage. The concrete is crumbling away. Accurate measurement is presently impossible. Grant funds will help provide for placement of farm delivery headgates at 100 of the approximately 300 delivery points in the project. Although most of the 300 deliveries require replacement, availability of District funds will dictate the scheduling of continued installation. The district proposes installation of farm delivery headgates as time and weather permit, with an average of one to two installations per week.

The installation of the structures will eliminate leakage and seepage at the diversions and will provide lower operating water levels in the canal, reducing seepage over the entire canal system. We will be able to accurately measure the irrigation water, allowing us to improve service and increase accuracy to the irrigators, allowing better on farm efficiencies. The structures will aide in reducing high groundwater levels on irrigated lands. We will be able to reclaim seeped lands adjacent to the diversion areas.

In order to encourage conservation, the District must have the ability to accurately measure the delivery of water to on-farm sites, as well as, maintain accurate system records. We will be able to maintain more constant farm deliveries, reduce excessive diversion, and thus, encourage conservation within the entire District system. Being the last irrigation district on the Milk River System, it is very important to know how much water is going through the system and where it is going. In short water years, it is imperative to be able to accurately account for the water so that it can be equitably divided. As time goes on, measurement will become a very critical issue in the water conservation plan. When the Milk River becomes adjudicated and water is allotted on a per acre basis, water measurement will be necessary.

Glasgow Irrigation District is currently taking many steps toward conservation. The initial reach of the main canal has been relined with concrete to provide for an accurate diversion measurement while reducing transportation loss and seepage due to rotten concrete. The farm delivery headgate measuring devices are the next step toward accurate measurement. We have also installed a pumpsite to recover water losses from a drain, a siphon was installed near Nashua, eliminating a mile of ditch and also seep area from that mile of ditch, and an underground pipeline has been installed in an extreme seep area to improve water delivery to that area. PVC liner is also being installed to eliminate seep. These projects were also funded through the R & B loan.

Improvements in the irrigation system operation, such as better accuracy in lateral and farm turnout delivery measurements, improved utilization of the project water supply, reduced seepage losses, more accurate irrigation system records, and better service to the water users will result from the installation of lining and pipe, installation of farm delivery headgates, and rehabilitation of irrigation system structures. Although the majority of the operation costs are associated with employee wages, there would be some monetary savings in overall operation costs. The projected savings could be used to continue the rehabilitation.

Additionally, Glasgow Irrigation District is working toward modernizing itself through installation of water

EXHIBIT 20
DATE 2-3-93
HB

monitoring equipment, more accurate water measuring equipment, and a computer system to more efficiently and accurately track water movement as well as maintain more detailed records of water allocation and use.

Benefits of the installation of the headgate measuring structures include, but are not limited to, restoring reliability of the project facilities, which are 70 years old; conserving irrigation water through better management--insuring constant flow rates and equitable and efficient distribution of the water supply, while reducing excessive water diversions, reducing annual operation and maintenance costs, and ensuring the continued social and economic welfare of the area.

It is for these reasons that Glasgow Irrigation District would request funding of our grant application. Thank you.

EXHIBIT 20
DATE 2-3-93
~~HB~~

18" Farm Delivery Headgates

Labor Costs:	
24 man hours (salary & benefits)	368.60
Subtotal Labor	368.60
Equipment Costs:	
John Deere 690D Excavator - 4 hours	149.60
Fiat Allis 10C Dozer - 4 hours	116.60
Air Compressor - 2 hours	18.70
1968 Flatbed Truck w/Knuckleboom - 3 hours	69.30
1970 Peterbilt and Trailer - 2 hours	36.30
Subtotal Equipment	390.50
Materials:	
1 - 18" headgate	586.58
18" Titeline pipe - 30'	348.48
18" Band - 2 ea.	23.23
Gravel - 5 yards	55.00
Subtotal Materials	1,013.29
TOTAL INSTALLATION COST	1,772.39

24" Farm Delivery Headgates

Labor Costs:	
24 man hours (salary & benefits)	368.60
Subtotal Labor	368.60
Equipment Costs:	
John Deere 690D Excavator - 4 hours	149.60
Fiat Allis 10C Dozer - 4 hours	116.60
Air Compressor - 2 hours	18.70
1968 Flatbed Truck w/Knuckleboom - 3 hours	69.30
1970 Peterbilt and Trailer - 2 hours	36.30
Subtotal Equipment	390.50
Materials:	
1 - 24" headgate	825.55
24" Titeline pipe - 30'	552.75
24" Band - 2 ea.	36.85
Gravel - 5 yards	55.00
Subtotal Materials	1,470.15
TOTAL INSTALLATION COST	2,229.25

TYPICAL FARM TURNOUT INSTALLATION

BY	DATE	PROJECT	SHEET ___ OF ___
JAS	May, 1992	GLASGOW IRRIGATION	
CHKD BY	DATE	FEATURE	
		REHABILITATION AND BETTERMENT	
DETAILS			
TYPICAL FARM TURNOUT INSTALLATION			

COMPUTATION SHEET

Bureau of Reclamation
7-1654 (1-89)

EXHIBIT ___ DATE 2-3-93

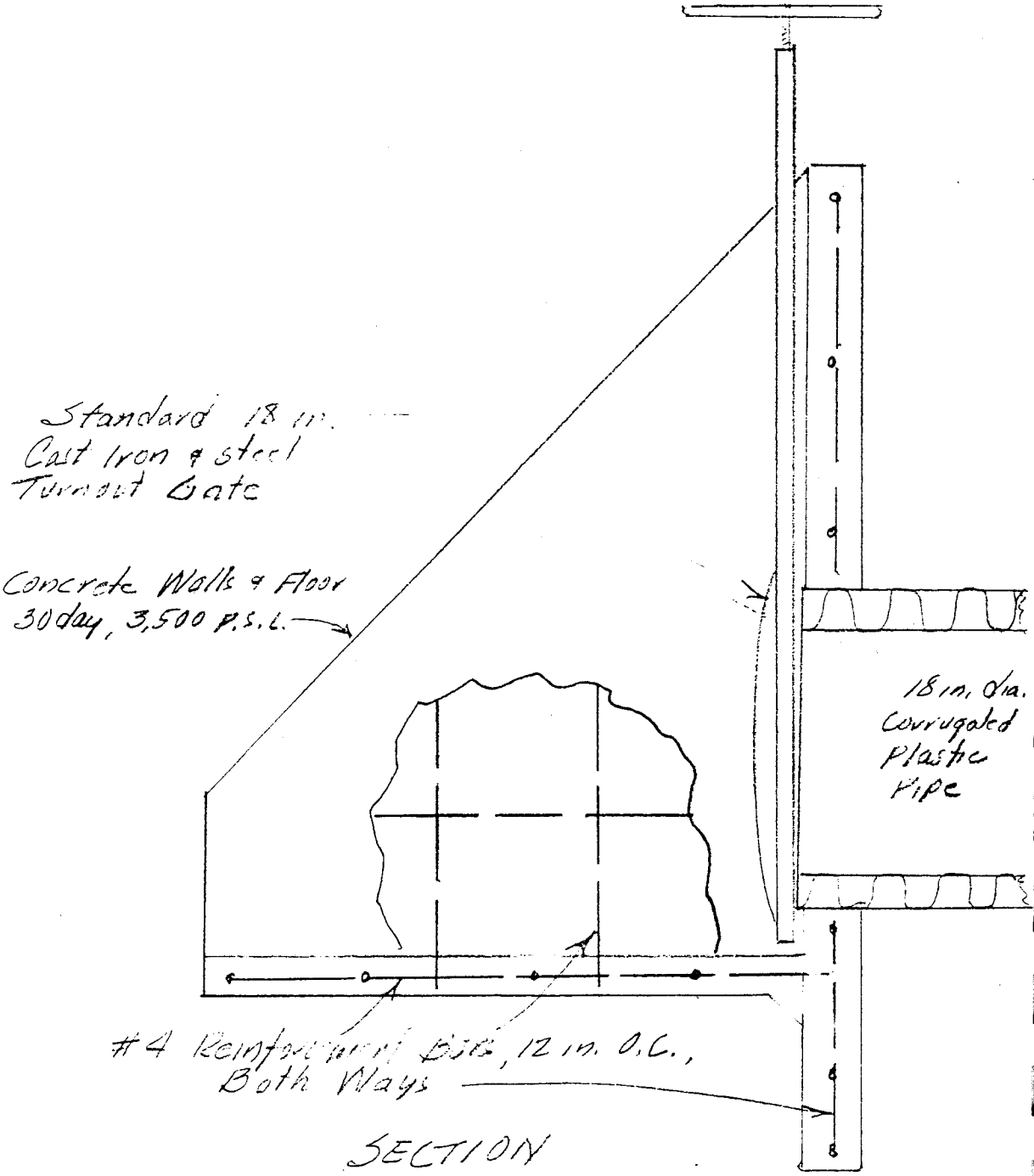
7-1654 (1-89)
Bureau of Reclamation

COMPUTATION SHEET

EXHIBIT 20
DATE 2-3-93

BY	DATE	PROJECT	SHEET ___ OF ___
JAS	May, 1992	GLASGOW IRRIGATION	
CHKD BY	DATE	FEATURE	
		REHABILITATION AND BETTERMENT	
DETAILS			

INLET / OUTLET TRANSITIONS



SECTION

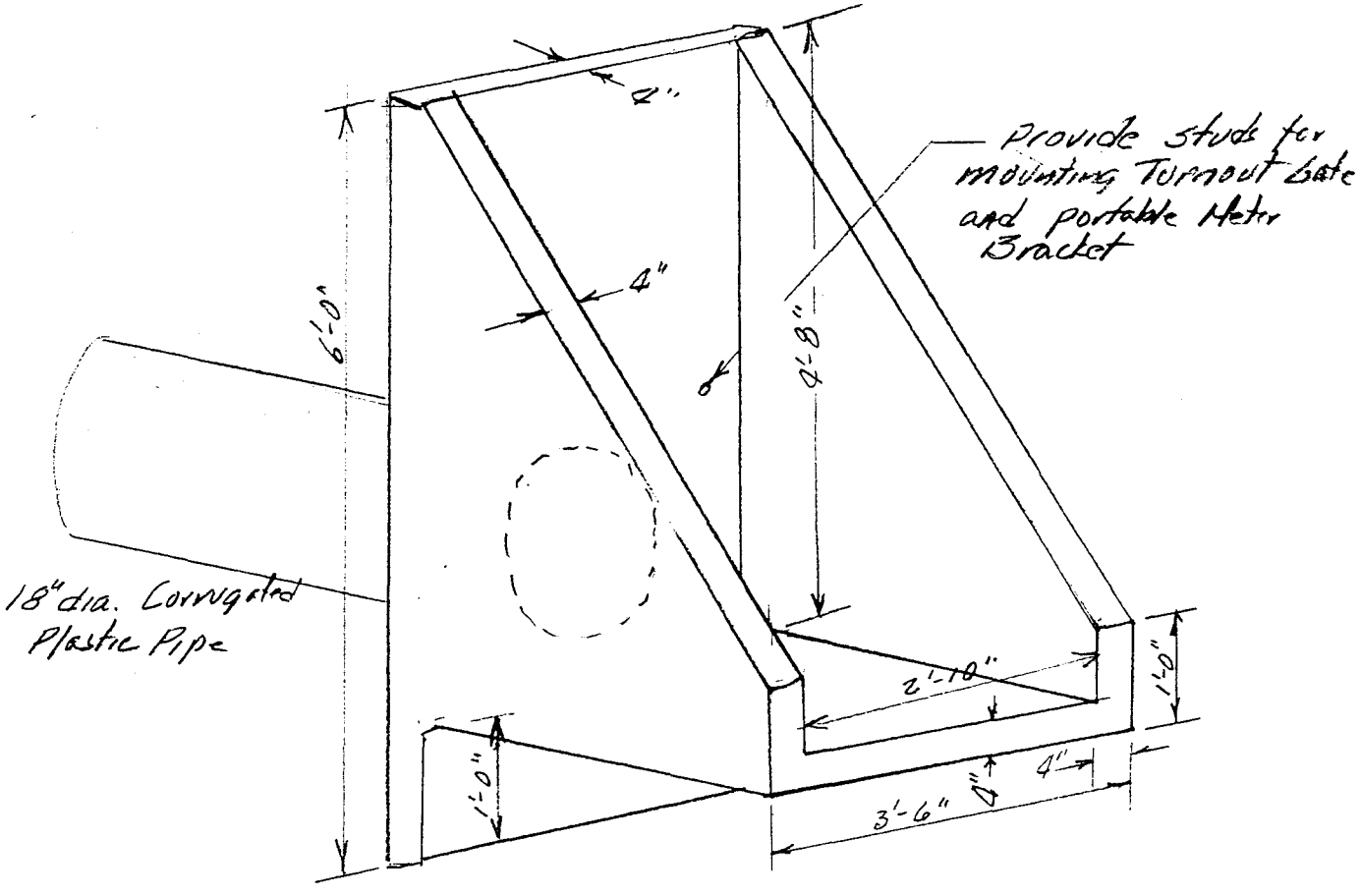
INLET / OUTLET TRANSITIONS

EXHIBIT 20
DATE 2-3-93

7-1654 (1-89)
Bureau of Reclamation

COMPUTATION SHEET

BY JAS	DATE May, 1992	PROJECT GLASGOW IRRIGATION	SHEET ___ OF ___
CHKD BY	DATE	FEATURE REHABILITATION AND BETTERMENT	
DETAILS FARM TURNOUT – INLET AND OUTLET TRANSITION			



INLET / OUTLET TRANSITION

require a proportional reduction in the grant amount. Any funds received from sources other than those already identified will cause a dollar-for-dollar reduction in the funds awarded under this grant.

If grant funding is not available, the project sponsor may request a DNRC loan up to $100,000. DNRC will provide loan funding in an amount commensurate with the project sponsor's ability to repay the principal and interest according to terms specified in a DNRC bond purchase agreement.

PROJECT NO. 32

APPLICANT NAME	VALLEY COUNTY
PROJECT NAME	Fort Peck Reservoir Breakwater
AMOUNT REQUESTED	$100,000 GRANT
OTHER FUNDING SOURCES	$400,000 (U.S. Army Corps of Engineers) $300,000 (Reclamation and Development Grant)
TOTAL PROJECT COST	$800,000
AMOUNT RECOMMENDED	$100,000 GRANT

PROJECT ABSTRACT

This project will allow better use of Fort Peck Lake by giving boaters a safe harbor for storing their boats. To do this, a breakwater will be constructed across an existing bay near the west side of Fort Peck Dam. The breakwater will protect the inside of the bay from large waves while providing access to the lake from the bay.

In a lake as large as Fort Peck, the wind can cause the waves to build up significantly. During storms, waves can be large enough to damage boats left in docks that provide no protection from the waves. Constructing a breakwater will provide this safe harbor and allow more future development of the marina facilities. In turn, the lake's recreational use will increase.

Expanding the use of Fort Peck Lake has been a long-time goal of the people of eastern Montana. In 1946, the original Fort Peck Lake Master Plan discussed the recreation potential the lake would bring to the eastern part of the state. The 1986 governor's forums on Montanans outdoors recognized the lake's recreational potential and the need for this potential to be developed. Although much has been said about recreational development, little has been done. This project will allow better use of the lake's water, develop much-needed recreation, and provide the surrounding area with some greatly needed economic development opportunities.

TECHNICAL ASSESSMENT (Prepared by DNRC)

This project proposes to construct a dike across a portion of Perch Bay to dewater the bay, remove fill material from the bay to construct a breakwater, and cut a hole in the breakwater to provide access from the current boat launch and Fort Peck West Marina. Construction would begin in May and be finished in September. During at least a portion of the construction period, the privately operated marina and boat-launching facilities would be inaccessible, which could seriously affect the marina. If

the marina business could survive the year of lost business, however, it might become more attractive to recreationists and be able to expand.

Technical details of the project's design are preliminary at this time. For example, a durable riprap source has not been identified. The nearest source may be located south of Malta, about 80 miles away. This area was used as the riprap source when Fort Peck Dam was built. Also, the size of the riprap proposed to protect the breakwater may be too small to prevent erosion.

When Valley County's application was reviewed, the reservoir's level was at its lowest in 30 years. Urgency for the project was derived from this low water level that would make construction easier and less costly if undertaken during a time of low levels. However, whether lake levels will increase before construction would be completed or whether construction could be postponed for two to three years until project details are resolved cannot be determined for certain.

FINANCIAL ASSESSMENT

Preliminary cost estimates require further detailed design work. They may be low for the following reasons:

(1) Riprap may have to be transported from a site south of Malta.

(2) The size of the riprap used on the breakwater's lake side may need to be larger than the 24-inch figure proposed in the preliminary design in order to protect it from wave erosion.

(3) A thicker riprap blanket may be required on the breakwater's lake side.

The following cost estimates have been revised assuming that quantities listed in the application are correct. Costs for mobilization and foundation-stripping were omitted from the original estimates but are estimated in Table 1. The Montana Department of Transportation's "Tabulation of Low Bid Prices and Computations of Average Prices for 1992" was used to estimate costs. The 10 percent for contingencies should be increased because of this project's preliminary nature. The applicant's estimate of the dewatering cost may be low but has been used in the table. An allowance was made for settling in the embankment. The applicant's cost estimates for engineering design, contract administration, and soils testing ($129,000) appear reasonable.

TABLE 1. Comparison of Cost Estimates				
Revised Cost Estimate				Applicant's Estimate
Item	Quantity	Unit Cost	Total Cost	
Mobilization (5%)	1	LS	$ 52,300	-0-
Stripping	1	LS	50,000	-0-
Embankment	115,000 cy	$3.35	445,500	172,500
Riprap	15,000 cy	33.20	498,000	375,000
Geotextile	17,000 sy	2.30	39,100	17,000
Seeding	20 acres	1,970	39,400	12,000
Dewatering	1	LS	35,000	35,000
Subtotal			$1,159,350	$611,500
Contingency			159,500	59,500
Total Construction Cost			$1,318,850	$671,000
Soil testing, contract design, & administration			129,000	129,000
GRAND TOTAL			$1,447,850	$800,000

No funding has been secured for long-term breakwater maintenance. Also, neither local nor private funds have been contributed to the project, although the breakwater has been proposed to stimulate local economic development.

BENEFIT ASSESSMENT

DNRC's project review values only those benefits described by statute. Public benefits are found in projects that support the State Water Plan; promote reserved water rights; conserve, manage, or protect water resources; exhibit broad citizen support and public use; display tangible benefits; or replace benefits--economic or otherwise--currently derived from Montana's mineral resources.

Although the proposal has its shortcomings, the need for the project has been acknowledged among the users and agencies familiar with Fort Peck's recreational needs. The proposal says that the project would benefit 60,000 people directly and 200,000 indirectly. However, no mention is made of how these figures were reached. The objectives stated will meet a legitimate need, but the application fails to present a convincing case for a crucial state need. The project would not eliminate any severe and unacceptable damage to public resources, and public benefits may not be considered as extraordinary. If the project is not constructed, the public's health and safety will not be seriously threatened. While a safe harbor will provide a haven for recreationists during extreme weather conditions, the more common project benefit will likely be the protection of boats and docks.

EXHIBIT 21
DATE 2-3-93
HB

ENVIRONMENTAL ASSESSMENT

The marina and boat-launching facilities would be dewatered for at least a portion of the construction period, which would adversely affect the marina business. The number of fish that could be killed when the bay is dewatered is unknown. While sediment would be produced and adversely affect water quality during construction, shoreline erosion should decrease afterward. No measures are proposed to reduce any adverse effects but, if construction takes place when the lake is low, sediment production should be reduced. The project's effect on threatened or endangered species is unknown, as is the extent of any increases in dust, noise, or construction traffic. Because of the uncertainty of any significant, adverse environmental effects and the likely approval of state and federal agencies before construction can begin, an environmental review of the project is suggested.

RECOMMENDATION

DNRC recommends a $100,000 grant. First, a proportionate share of funding up to $12,500 shall be released to fund the preparation of a final engineering design and a project budget. This design and budget shall address all aspects of the project, including mobilization, acquiring an adequate amount and size of riprap, costs that reflect water levels anticipated at the time of construction, and any other items identified by DNRC.

DNRC shall review and approve the final project design and any mitigation measures. Funding for project construction shall be provided only after DNRC approves the final project design and after the project sponsor has secured all necessary state and federal permits and easements; signed an agreement assuming responsibility for long-term breakwater management and maintenance (releasing the state from any liability associated with the breakwater); and secured matching funds based on the project's final design.

Any reduction in the scope of work will require a proportional reduction in the grant amount.

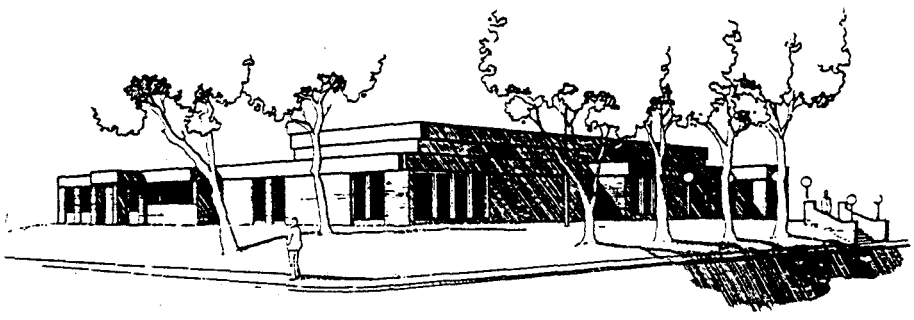
PROJECT NO. 33

APPLICANT NAME	MILE HIGH CONSERVATION DISTRICT
PROJECT NAME	Statewide Assessment of Long-Term Water Quality Trends and the Extent of Radon in Montana's Aquifers
AMOUNT REQUESTED	$ 99,812 GRANT
OTHER FUNDING SOURCES	$ 4,031 (Project Sponsor) $ 34,682 (Montana Bureau of Mines and Geology)
TOTAL PROJECT COST	$138,525
AMOUNT RECOMMENDED	$ 99,812 GRANT

PROJECT ABSTRACT (Prepared and submitted by applicant)

This proposal addresses the evaluation of two of the most critical groundwater quality concerns facing Montana: the possible increased salinization of local and regional aquifers, and the assessment

EXHIBIT
DATE 2-3-93
HB



Valley County

501 Court Square
Glasgow, Montana 59230
Phone: (406) 228-8221
FAX: (406) 228-9027

Chairman Bergsagle and committee members thank you for allowing time today for the presentation of testimony in support of the Fort Peck Breakwater.

My name is Gene Reimche, a member of the Board of Valley County Commissioners. We, as a Commission, feel this Breakwater is a key element to promote economic development, and it is identified in the Master Plan.

Fort Peck Lake borders six counties with about 1,520 miles of shoreline.

A Breakwater at the northwest end of Fort Peck Lake can be considered as the FOUNDATION FOR THE FUTURE.

There are many stages in the development of the Lake. For example:

- In the early 80's, a Program for Fisheries was formulated.
- Wildlife Management has been developed and now plays a big part on and adjacent to the Lake property.
- The building of the Breakwater is needed now to continue development.

What the Breakwater will do:

EXHIBIT 22
DATE 1-3-93
HB

1. Provide an adequate safe harbor;
2. It is the key element for development of tourism in Eastern Montana;
3. Increase recreation benefits on the local, regional and national levels;
4. Increase interest in wildlife, fishing and camping.

At a time when the State of Montana's economy is in need of a BOOST, the Breakwater would be the critical component for long-term benefits. It would give security to the private investor who is willing to be a pioneer in the resort and recreation business for the life of the lake - 1,080 years.

The priorities of our society have changed since 1933 when Fort Peck was on the drawing board. The lake is surrounded by the 1.1 million acre Charles M. Russell Wildlife Refuge. The lake and the Charles M. Russell Wildlife Refuge are outdoor recreation attractions of national significance.

The hour has arrived to INVEST IN NORTHEAST MONTANA. Without the breakwater, economic expansion in developing recreational facilities will not happen.

In 1991, primitive facilities studies by the University of Montana showed the degree of economic activity in the Missouri River Country of Montana -- the six-county area bordering the Fort Peck Reservoir.

EXHIBIT 22
DATE 2-3-93
HB

One study focused on expenditures by travelers and the resultant cycling of tourist dollars through the various sectors of Montana's economy -- over $18 million in the six-county area in the year 1990. This in turn created over 640 jobs with a payroll of over $9 million. These figures do not take into account the secondary impacts of this spending cycle.

A second study focused on expenditures made in the same area by recreationists. The study also focused on the economic measures of their willingness to pay for recreational opportunities above and beyond their current cash outlays. The result was expenditures of $4.58 million, along with an additional $5.25 million in net willingness to pay above these costs.

It is very important, and I especially call your attention to the fact that $400,000 has been allocated and set aside by the Federal Government for this project. Our greatest fear is that if the State of Montana does not provide the required match monies, the federal monies will be at risk and possibly lost forever.

TOURIST AND RECREATION MONEY IS BIG BUSINESS. MONTANA CANNOT AFFORD NOT TO INVEST IN THE BREAKWATER AT FORT PECK LAKE NOW! Just imagine the impact to the economy if the existing primitive facilities were replaced with modern facilities.

Mr. Chairman and Committee members, all of the people of Montana are in the "Fort Peck Breakwater Project" boat. Let's not let it

EXHIBIT 22
DATE 2-3-93
HB

sink! We, therefore, respectfully request that the Committee fund the Breakwater Project.

I would be happy to answer any questions the Commission may have, now or at a later time.

Respectfully submitted,

Gene C. Reimche

Gene C. Reimche, Member
Board of County Commissioners

EXHIBIT 23
DATE 2-3-93
HB

Chairman Bergsagle, Committee members. We appreciate the chance to testify in support of the Ft. Peck Breakwater proposal.

My name is M. K. Graham. I am a Director of 2 Rivers Growth, an economic development group in Glasgow operating under the Glasgow Chamber of Commerce. I have hunted, fished and boated on the CMR Range and Ft. Peck Lake since the 1940's.

To understand the significance of this project to the future development at Ft. Peck Lake, we need to take a little time to analyze what we have done--or should have done and didn't--with this resource since its construction in the 1930's.

When the dam was built there were two major areas of potential benefit: flood control and hydro power. Much later, two more were added: irrigation and recreation. Flood control and hydro were immediate benefits; however, very little has been spent by Federal or State government on irrigation and recreation. Consequently, the private sector has been reluctant to allocate resources to the project. As a result, this lake, Montana's largest body of water at a quarter million surface acres and 1600 miles of pristine shoreline, remains virtually undeveloped. As an example, there are currently only nine boat ramps on Ft. Peck Lake, about one for every 200 miles of shoreline. Of these nine, less than half are accessible by all-weather roads and none by paved roads.

For the first 35 years or so of its life, Ft. Peck basically took

EXHIBIT 13
DATE 2-3-93
HB

care of itself. No amenities were built and fishing was left to develop on its own. And it took care of itself fairly well--fishing was good and local people utilized the lake for fishing, hunting and boating. But in the 60's fishing began to deteriorate. Reasons were unknown because no one spent the time and money to research the reasons. In the 70's, when the lake reached maximum pool, fishing declined drastically to the point where hardly anyone was fishing the lake. But only a few avid, local fishermen were concerned. The lake was not recognized at the State of Federal level for the rich, national treasure that it really is. And other areas of the NE Montana economy were booming--farming, ranching, oil development--so there was no urgency to fix the problem.

As fishing reached rock bottom in the late 70's a group of local fisherman banded together to form Walleyes Unlimited of Montana, with its sole initial purpose that of revitalizing Ft. Peck's fishing. With the cooperation of the Montana Department of Fish, Wildlife and Parks, and an investment in forage fish and a hatchery in Miles City, the job was begun. During the 80's their efforts began to pay off, and Ft. Peck is now one of the best and most talked about Walleye lakes in the country.

Also during the 80's, other parts of the NE Montana economy began to fall on hard times. Draught, poor prices, the grain embargo and declining demand all contributed to a slump in the ag sector, and our section of the state experienced the worst economic conditions since the 1930's.

EXHIBIT 23
DATE 2-3-93
HB

Looking for ways to revitalize their communities, people began to again see the potential of Ft. Peck. Fishing was good, and with the increased awareness of the quality and availability of hunting on the CMR Range, we began to look at tourism as a viable industry, as it has been for Western Montana for decades. Through promotional efforts such as the annual Governor's Cup Walleye Tournament and the resultant publicity in National sports magazines and TV shows, through word-of-mouth advertising from satisfied visitors, and assisted by some financial help from various state programs, the area is developing a national reputation as one of the finest sporting areas in the country.

It is now clear that Ft. Peck Lake, with proper development, can be a major recreation center with nationwide appeal, and can become a destination point, not only for surrounding states but far beyond as well. We also have a potential market of 1/2 million people within 300 miles of us, in Canada that is relatively untapped. Ft. Peck's development as a major tourist attraction for Montana, however, is being severely limited by a lack of amenities needed to support such increased usage.

In recent years it has become clear that a long-range plan to develop Ft. Peck Lake's recreational potential was essential if it is to become an economic asset to Montana. As a result we have worked long and hard with the Corps of Engineers in the past couple of years as they have rewritten their Master Management Plan for the lake. With its completion, recreation now has been elevated to

EXHIBIT 23
DATE 2-3-93
HB

the same level of consideration as flood control, navigation and power generation.

One of the key items as identified in the Master Plan as essential to future development is the construction of a safe harbor for boaters on the lake. Without such a harbor private investors are unwilling to invest in development. In the 70's, when the lake reached its maximum pool level, many marine facilities and boats were destroyed during storms, due to high winds and waves. Construction of this breakwater at Ft. Peck West will provide the safe harbor needed as a foundation for continued investment by the private sector.

Following construction of a breakwater other potential development on the lake will become feasible. Such developments as outlined in the Corps' Master Plan would include marinas, hotels, restaurants, rental services, RV services, meeting facilities, campgrounds, beaches etc., all of which would create jobs and income for Montana.

For some 10 years our Federal congressional delegation, primarily Ron Marlenee, have been working to get federal funds to build the breakwater, and for other development as well. In the late 80's they were successful in getting $800,000 of grant money for the breakwater, and $200,000 for other amenities. These are match-funding grants on a 50-50 basis. If the funds are not used they will eventually be reallocated somewhere else in the country. We

EXHIBIT 23
DATE 2-3-93
HB

need to use these funds before they are no longer available.

Another consideration that places some urgency on our proposal is the current low level of the lake. At its present low level, a major portion of the area where the breakwater is to be constructed, is now exposed. This will reduce construction costs significantly over what it would be with the lake at normal levels.

Montana is now riding a wave of increased tourism with all its economic benefits. The development of Ft. Peck Lake as a major state recreation site will only enhance this current industry upswing. It will help Eastern Montana carry its share of the economic load for Montana, thus providing a balance for the more vigorous economy in the Western part of the state. It will also provide a reason for tourists on their way to Glacier Park to spend extra time in Montana.

Time is of the essence. Construction costs will never be lower, matching funds are available, the popularity of the lake has never been so high and the need to bring Eastern Montana's economy into balance never greater. An investment by Montana in recreation facilities on Ft. Peck Lake will also add credence to Montana's current lawsuit over water rights on the Missouri. If we really believe recreation is as important to us as navigation is to down-stream states, let's illustrate our argument by investing in the recreational development of Ft. Peck Lake.

EXHIBIT 23
DATE 2-3-93
HB

This breakwater proposal is not just another project; it is the FOUNDATION FOR THE FUTURE for continued development of the lake for the benefit of Eastern Montana, and the entire state. We therefore respectfully request the Committee's approval of this project.

SPORTS, INC.

GENERAL OFFICE: 333 2ND AVE. NO. • LEWISTOWN, MONTANA 59457 • PHONE (406) 538-3496 • FAX 406-538-2250

EXHIBIT 24
DATE 2-3-93
~~HB~~

January 28, 1993

Valley County Commission
Court House
Glasgow, Montana 59320

RE: Fort Peck Marina Breakwater

Dear Members of the Commission:

The Fort Peck Advisory Council worked closely with the Corps of Engineers to update the Fort Peck Lake Management Plan in which future recreational needs and priorities were established.

Protected boat harbors were recognized in the plan as essential basic facilities in a few key places, including the Fort Peck Marina. The exposure to wind and waves make unprotected moorings a risk to property and human safety on a body of water the size of Fort Peck Lake. The availability of proper facilities will encourage development of the lake's tremendous economic and recreational potential.

The Council hopes that a combination of public and private funds can be secured to construct the breakwater which you are sponsoring.

Sincerely,

Don Pfau
Co-Chairman
Fort Peck Advisory Council

DP/ll

DATE 2-3-93

HB

PROJECT NO. 20

APPLICANT NAME	TOWN OF NASHUA
PROJECT NAME	Water Storage System Improvements
AMOUNT REQUESTED	$ 50,000 GRANT
OTHER FUNDING SOURCES*	$212,000 (Farmer's Home Administration Grant/Loan) * The Town of Nashua has $71,000 in Farmer's Home Administration matching or contingency funds available.
TOTAL PROJECT COST	$262,000
AMOUNT RECOMMENDED	$ 50,000 GRANT

PROJECT ABSTRACT (Prepared and submitted by applicant)

The town of Nashua is requesting financial assistance to improve an existing water storage system. Engineering studies indicate that an existing concrete water tank (50 years old) is badly spalled and nearing structural failure. This structure is the town's sole reservoir supply source. If the tank fails, the town's water supply becomes contaminated and fire suppression capabilities dwindle. An engineer's recent estimate indicates an infrastructure project at $262,000.

Constructing a new water storage reservoir is essential to the community's existence. Included with a new storage tank is the installation and replacement of 25 non-functioning water main valves and 8 non-functioning fire hydrants. At present, the town cannot control the water flow in its system to allow for isolated maintenance on leaks or pipe failures. Properly working valves will allow the town to better control water flows through its water supply and distribution system. Replacing old hydrants that do not operate properly should produce better water quality and increased fire protection for local residents. Thus, flushing out the distribution system could take place.

Additional tank storage will be addressed during the project's engineering design phase to adequately handle the town's projected needs, including domestic, commercial, municipal, and fire protection requirements.

TECHNICAL ASSESSMENT (Prepared by DNRC)

The existing 120,000-gallon concrete storage tank is more than 50 years old. In 1986, tank inspections indicated extensive concrete deterioration. Portions of the tank were patched before 1987, and additional inspections were conducted in 1989 and again in 1992. These inspections concluded that the concrete and the patches had deteriorated to the point where the tank's structural integrity was in question.

Other than routine maintenance, little corrective work has been done in the past on the distribution system valves or the fire hydrants.

The project's objective is to provide the town of Nashua with a safe, reliable water system that works efficiently. Specific goals set to achieve this objective include (1) providing a structurally safe storage facility; (2) increasing the new storage facility's capacity to meet current drinking water and fire protection standards; (3) replacing 25 non-functioning valves; and (4) replacing 8 to 10 non-functioning fire hydrants.

Engineering reports prepared by Thomas, Dean & Hoskins, Inc. in 1986 and 1987, along with a 1992 AmeriTech Engineering Corporation report, document the tank problems. The 1992 report and the town's proposal also discuss the valve and fire hydrant problems. In 1992, the Department of Health and Environmental Sciences' Water Quality Bureau inspected the tank and concluded that the tank was in "very poor condition."

The recommendation to "replace" the existing tank, valves, and fire hydrants appears to be the best long-term approach in comparison to the other options considered. Replacing the tank, valves, and fire hydrants will meet the project proposal's goals and objectives, and the approach's viability has been well-documented in the proposal.

The tank replacement portion of the project will provide (1) water conservation, (2) additional fire protection, and (3) a structurally safe tank. Replacing the valves will give the town the ability to isolate line sections for maintenance and to allow controlled line flushing. Increased fire protection will be provided by the fire hydrant replacement of this proposal. Also, the town's ability to flush the water lines periodically will prove much more efficient.

The town of Nashua appears to have solicited the support of all those involved in the project, and six public hearings have been held over the past two years to encourage and solicit citizen participation.

A reserve account was set up to allow for generated revenue to replace and repair the concrete storage tank facility. No legal hurdles related to water rights, permits, and easements are anticipated. One problem anticipated, however, is that the current tank may not last until a new tank is put into service. The $71,000 now in the town's water reserve account is used as contingency in case of a tank failure. In the event these funds are drawn, matching monies that may needed for the Farmer's Home Administration loan would not be available.

The proposed project schedule appears optimistic but reasonable.

In summary, the applicant has made an admirable effort. The best option has been selected, the approach has been fully developed, the technical documentation is complete, and compliance with any legal requirements has been or will be fulfilled.

FINANCIAL ASSESSMENT

This proposal requests a $50,000 DNRC grant. The project is financially feasible and, even if all funding sources are not secured, the documentation provided supports feasibility in general.

The outlined costs appear both reasonable and complete. The annual operation and maintenance costs of the new tank, valves, and fire hydrants should be less than the annual costs now incurred by the town. The cost of constructing a new tank after a structural failure and collapse would be much higher and would create numerous unacceptable situations for the town's residents.

A FmHA grant/loan application for $212,000 was submitted June 30, 1992. At this time, the grant-versus-loan proportions have not been determined.

As of April 30, 1992, the town had $71,288 in a water reserve fund stipulated for this project's use. This amount will be used as FmHA matching or contingency funds. The money also could be used during an emergency if the present tank collapses before the new tank is put into service.

DNRC grant funds will be used for construction and construction contingencies.

BENEFIT ASSESSMENT

DNRC's project review values only those benefits described by statute. Public benefits are found in projects that support the State Water Plan; promote reserved water rights; conserve, manage, or protect water resources; exhibit broad citizen support and public use; display tangible benefits; or replace benefits–economic or otherwise–currently derived from Montana's mineral resources.

The project will provide the town of Nashua with an adequate storage facility and fire protection and will allow economical management of the distribution system. Conservation, management, and protection of the town's water reserves will be enhanced greatly through this project.

Because of the existing storage tank's poor condition, leakage is assumed although the quantity is unknown. Also assumed is that water used in the current line-flushing operation will be reduced once the new valves and fire hydrants are installed.

The project appears to enjoy strong public support. According to the proposal, 375 Montanans will benefit directly from this project, with another 200 Montanans receiving indirect benefits.

A $212,000 FmHA grant/loan currently is being pursued. Federal funds have been available in the past for projects similar to this one.

The project fulfills an identified need and will support future economic development. The proposed water storage tank and distribution system repairs will directly affect Nashua's future growth and development.

ENVIRONMENTAL ASSESSMENT

Minor adverse environmental impacts during construction of this project would include noise, dust, and minor vegetative disturbances. Improvements to the town's drinking water supply and increased efficiency and ability to maintain the water supply system are expected. In permitting the project, the Department of Health and Environmental Sciences should review environmental impacts and ensure that final engineering designs include measures that would protect public health and cause minor environmental effects during construction.

RECOMMENDATION

Since the project sponsor is able to assess fees or collect tax revenues to recover the project's cost, the project is considered to have "payback capability" and thus qualifies for only 25 percent of the project cost or $50,000, whichever is less. DNRC recommends a $50,000 grant.

EXHIBIT 25
DATE 2-3-93
HB

Grant funds will be provided after DNRC approves a scope of work and a budget, and after matching funds have been secured. Any requirements or measures identified as reasonable to reduce project impacts shall be stipulated in the project agreement and incorporated as part of the project's scope of work. Original specifications, designs, and respective revisions shall be submitted to and approved by the Department of Health and Environmental Sciences before bids are solicited; by reference, these also shall be included in the project agreement.

After bids have been obtained, the project sponsor shall submit a breakdown of specific construction costs such as material, labor, and equipment. Any reduction in the scope of work will require a proportional reduction in the grant amount. Any funds received from sources other than those already identified will cause a dollar-for-dollar reduction in the funds awarded under this grant.

If grant funding is not available, the project sponsor may request a DNRC loan up to $50,000. DNRC will provide loan funding in an amount commensurate with the project sponsor's ability to repay the principal and interest according to terms specified in a DNRC bond purchase agreement.

PROJECT NO. 21

APPLICANT NAME	CARBON COUNTY
PROJECT NAME	Roberts Water System Improvement
AMOUNT REQUESTED	$100,000 GRANT
OTHER FUNDING SOURCES	$375,000 (Community Development Block Grant) $341,562 (Farmer's Home Administration Loan)
TOTAL PROJECT COST	$816,562
AMOUNT RECOMMENDED	$ 50,000 GRANT $ 50,000 LOAN

PROJECT ABSTRACT (Prepared and submitted by applicant)

Roberts, Montana, is an unincorporated community in Carbon County with a population of approximately 200. The town currently draws its water from two closely spaced wells. The water then is chlorinated and pumped to a 5,000-gallon storage pressure tank. The distribution system that supplies water to the water district users is made up of nearly 1,850 feet of 6-inch pipe and 5,000 feet of 4-inch pipe with substandard looping and valving.

Because of an extremely limited storage capability, undersized mains, and the lack of system looping, the Roberts water system is unable to meet minimum requirements for peak water demands, chlorination detention time, fire flow demand, and minimum operational pressures. In addition, the present chlorine feed system is extremely hazardous, if not potentially life-threatening, to people who work in or near the pump and storage facility. This facility is located at a point of surface runoff concentration and also is subject to potential flood damage and surface influence.

Providing a new pump and storage facility in a new location with a proper chlorine feed system, along with making distribution improvements, will ensure Roberts an adequate water supply system free of the present health, safety, and operational problems.

EXHIBIT 26
DATE 2-3-93
HB

PROJECT NO. 2

APPLICANT NAME	RICHLAND COUNTY
PROJECT NAME	Lone Tree Dam Rehabilitation Study
AMOUNT REQUESTED	$60,300 GRANT
OTHER FUNDING SOURCES	$10,450 (Landowner)
TOTAL PROJECT COST	$70,750
AMOUNT RECOMMENDED	$60,300 GRANT

PROJECT ABSTRACT (Prepared and submitted by applicant)

The intent of this project is to evaluate the options available to bring the Lone Tree dams into compliance with the Dam Safety Act. When they were constructed 35 years ago, the dams were intended to provide irrigation for adjacent farm land. Following construction of the dams, however, considerable development took place downstream without any input from the dams' owners. As a result of this development, the dams were classified as high-hazard by the Corps of Engineers and now require extensive modification in order to comply with Dam Safety Act regulations.

The dams' current owners are considering breaching the dams instead of modifying them because of the estimated improvement costs. If these dams are removed, many Richland County and City of Sidney residents will be affected. Because the dams have provided flood protection to these people, modification costs could be shared by the City of Sidney and Richland County. To establish whether the dams benefit the city and the county, the proposed study and final design and a cost-benefit analysis will need to be completed.

After this analysis has been completed, a decision on the fate of the Lone Tree dams can be made that will consider the effects on downstream residents.

TECHNICAL ASSESSMENT (Prepared by DNRC)

Construction of the two Lone Tree dams was completed in 1947. Originally built as a way to provide irrigation for adjacent land, the dams failed in 1951 and were reconstructed in 1960. An engineering study completed by the U.S. Army Corps of Engineers in 1978 resulted in the dams being classified as high-hazard. Because of this high-hazard classification, the dams must be either permitted or breached by July 1, 1995.

The owner of the dams has proposed breaching the structures because of the perceived high cost of rehabilitation. Richland County and City of Sidney officials are concerned, however, that breaching the dams will adversely affect the residents and airport facilities downstream of the dams because of the loss of flood protection. The landowner has consented to participate in a detailed study of the dams to determine the most cost-effective way to comply with the Dam Safety Act.

This proposal to conduct a more detailed engineering analysis and design is an appropriate next step. The study results will provide the information, cost data, and other data necessary for Lone Tree

Ranch, Inc., the City of Sidney, and Richland County to evaluate alternatives. The head of DNRC's Dam Safety Section has said that "pursuing rehabilitation of these dams is DNRC's top priority in dam safety."

A qualified consulting firm will prepare a detailed engineering study. Hydraulic studies also will be conducted followed by geotechnical work, and final plans and specifications will be drafted. Construction costs are currently unknown but have been estimated to range from $150,000 to $700,000, depending on the evaluation's findings. This evaluation will be used by the city, the county, and the landowner to determine whether the dams should be breached or made safe to current standards.

Funds for the project outlined in the application shall be awarded to Richland County, a public entity, which has agreed to act as the project sponsor.

FINANCIAL ASSESSMENT

The proposed project's total cost is $70,750. The $60,300 grant request includes $1,500 for project administration by the landowner; $1,150 for associated administrative costs, including communications, supplies, and travel; $46,200 for consulting fees; and $11,450 for related technical costs, including laboratory, travel, communications, and printing. The landowner will contribute $10,450 for administration and consulting costs. County funds will be used for contingencies.

Costs outlined for the study are well-documented and appear adequate. The landowner already has committed to assist in funding the project.

BENEFIT ASSESSMENT

DNRC's project review values only those benefits described by statute. Public benefits are found in projects that support the State Water Plan; promote reserved water rights; conserve, manage, or protect water resources; exhibit broad citizen support and public use; display tangible benefits; or replace benefits--economic or otherwise--currently derived from Montana's mineral resources.

The project implements State Water Plan objectives and, depending on the outcome, will provide conservation and protection of an already-developed water source. It also will contribute significantly toward the safety of Richland County and City of Sidney residents through added flood protection.

ENVIRONMENTAL ASSESSMENT

Conducting this study will cause no direct environmental impacts. A public process may be warranted, however, to develop and investigate reasonable alternatives for bringing the dam into compliance with safety standards. This process could be developed through an environmental assessment that includes the opportunity for the public and the affected property owner to comment on options available to continue safe operation of the dam for irrigation and to develop the reservoir's recreational use.

RECOMMENDATION

DNRC recommends funding this project. A study grant up to $60,850 is recommended and will be awarded only if the county agrees to contribute project study funds of at least $2,000 and to

coordinate dam rehabilitation funding based on study results. The county also shall obtain an easement or lease from the landowner that will provide pubic access for community recreation and county access for maintaining the dam and the dam site in the future.

Funds will be provided after DNRC approves a scope of work and a budget, after matching funds have been secured, and after DNRC has determined that the project complies with MEPA requirements. Any outstanding MEPA requirements shall be stipulated in the project agreement and incorporated as part of the project's scope of work. Any reduction in the scope of work will cause a proportional reduction in the grant amount.

PROJECT NO. 3

APPLICANT NAME	MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION, DAM SAFETY SECTION
PROJECT NAME	Study of the Characteristics of Extreme Precipitation Events in Montana
AMOUNT REQUESTED	$100,000 GRANT
OTHER FUNDING SOURCES	$ 22,700 (National Weather Service) $ 36,300 (Soil Conservation Service) $ 18,100 (U.S. Bureau of Reclamation) $ 36,300 (U.S. Army Corps of Engineers) $ 13,600 (Federal Emergency Management Agency)
TOTAL PROJECT COST	$227,000
AMOUNT RECOMMENDED	$100,000 GRANT

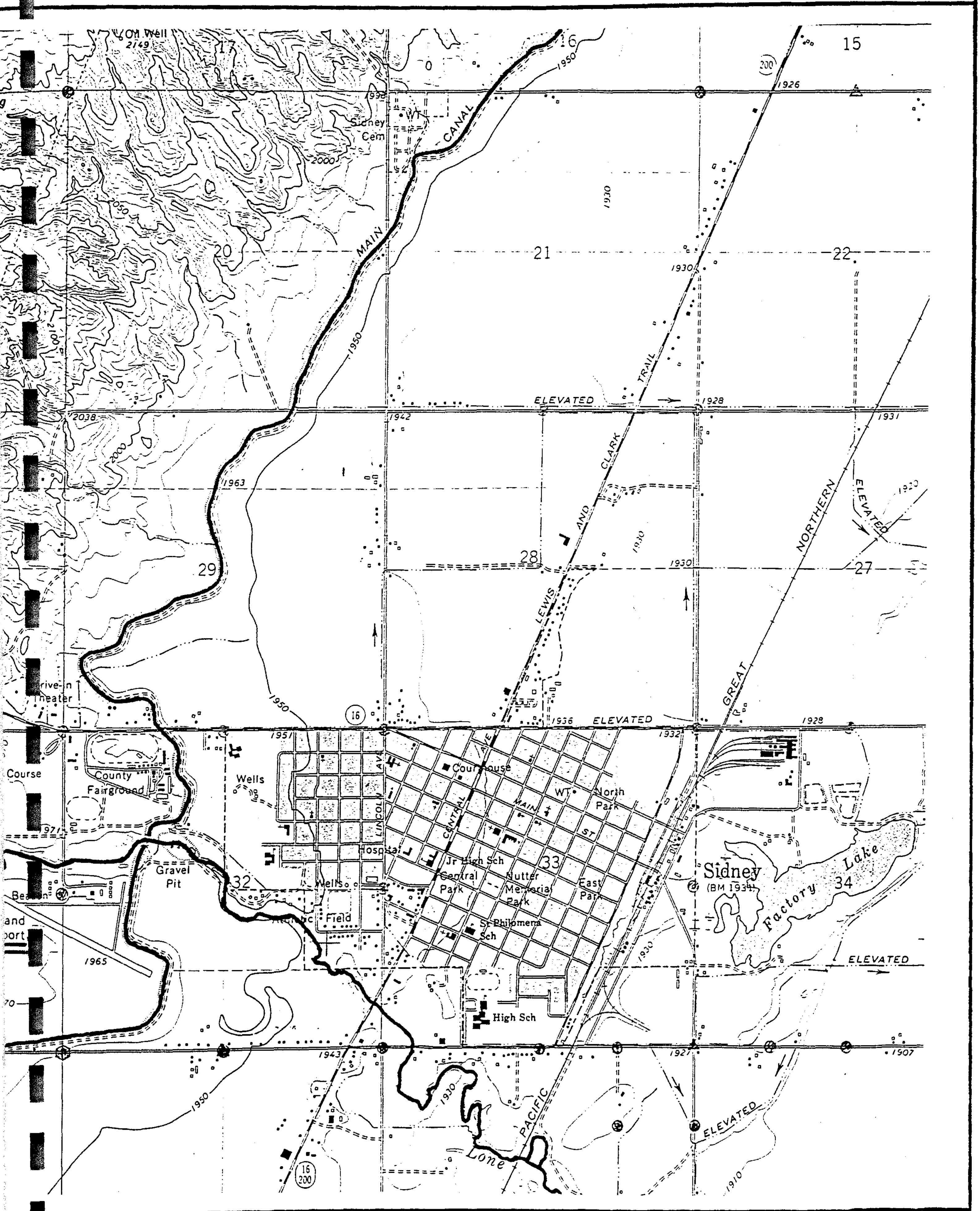
PROJECT ABSTRACT (Prepared and submitted by applicant)

DNRC's Dam Safety Section intends to develop frequency-based criteria for computing inflow design floods for Montana dams. The criteria's main application would be for spillway design on small- to intermediate-sized dams.

The current law requires dam inflow design discharges based on the Probable Maximum Flood (PMF), or a fraction thereof. The PMF, an estimation of the upper bound of possible precipitation magnitudes, is based more on meteorological theory than on empirical rainfall data. Previous studies have shown that empirical, frequency-based, extreme storms typically are less severe than PMF storms. Therefore, if the magnitude of extreme storms or storms with a chance of occurring once every 100 to 10,000 years could be estimated with relative precision, it could be used as a basis for spillway design.

This method would potentially save dam owners millions of dollars in rehabilitation construction costs and would provide incentives for new water storage projects to be built. The collection of precipitation data also could be manipulated to help assess drought management planning.

The study will include three phases. The first phase will determine the probabilistic temporal and spatial characteristics of extreme storms. The second phase will use methodologies to determine rainfall



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East Park
Central Park
Nutter Memorial Park
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Athletic Field
Gravel Pit
County Fairground
Drive-in Theater
Course
Sidney Cem
Oil Well
MAIN CANAL
LEWIS AND CLARK TRAIL
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Vaux Reservoir No 1
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Lone Tree Creek
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EXHIBIT 27
DATE 2-3-93
27

City of Sidney

Montana's Sunrise City
115 Second Street Southeast
Sidney, Montana 59270
406-482-2809

February 2, 1993

TO WHOM IT MAY CONCERN:

The City of Sidney City Council would like to go on record as being in support of the Lone Tree Dam Rehabilitation Study project. This study is extremely important to the City of Sidney, as well as to Richland County, as was reflected by the Richland County Commission's decision to sponsor the grant requested by the Lone Tree Ranch.

The safety of our City is of primary concern since we are below the Lone Tree Dam and we would be directly affected if any safety hazard should ever occur.

We thank you for your consideration in this extremely important matter.

Harold L. Mercer

Harold L. Mercer
Mayor

HLM:dp

EXHIBIT 2
DATE 2-3-93
HB

COUNTY OF RICHLAND

Office Of
COUNTY COMMISSIONERS
201 West Main - Sidney, Montana 59270
406-482-1706 FAX 406-482-3731

DWIGHT E. THIESSEN, Chairman
WARREN E. JOHNSON, Vice Chairman
GLORIA PALADICHUK, Member
ELMINA COOK, Clerk

FEBRUARY 2, 1993

To Whom it may concern: Re: Lone Tree Dam Rehabilitation Study

The Richland County Board of County Commissioners would like to go on record in support of the project and study needed for the Lone Tree Dam. This study is important to Richland County, as was reflected in the Commission's decision to sponsor the grant requested by the Lone Tree Ranch.

The safety of the area below the Lone Tree Dam should be of primary concern. The City of Sidney would be directly affected if any safety hazard ever occurred.

Thank you for your consideration.

Sincerely,

Dwight E. Thiessen
Dwight Thiessen, Chairman

Warren E. Johnson
Warren E. Johnson, V. Chairman

Gloria Paladichuk
Gloria Paladichuk, Member

EXHIBIT 21
DATE 2-3-93
HB

RECOMMENDATION

Up to $56,185 in research grant funds will be provided after DNRC approves a scope of work and a budget, and after matching funds have been secured. As part of its grant agreement, DNRC should complete a checklist if any changes in this project that would show the potential for more direct effects or that would change the nature of the expected indirect or cumulative impacts. This checklist would be prepared by DNRC at the time any grant agreement is developed and would be completed before any change of approach is undertaken. Any reduction in the project's scope of work will require a proportional reduction in the grant amount.

The project sponsor shall consider alternatives to the high-cost approach presented in the proposal. Assistance may be available through the Montana University System, the Department of Transportation, or DNRC's Energy Division. Any required consultant services shall be obtained by using the standard request for proposal process.

Any funds received from sources other than those already identified will cause a dollar-for-dollar reduction in the funds awarded under this grant.

PROJECT NO. 36

APPLICANT NAME	LITTLE BEAVER CONSERVATION DISTRICT
PROJECT NAME	Little and Lower Missouri Water Reservation Development and Implementation
AMOUNT REQUESTED	$ 84,700 GRANT
OTHER FUNDING SOURCES	$ 22,700 (Project Sponsor)
TOTAL PROJECT COST	$107,400
AMOUNT RECOMMENDED	$ 47,318 GRANT

PROJECT ABSTRACT (Prepared and submitted by applicant)

This project proposes to provide technical and legal assistance to the 11 conservation districts identified within the lower Missouri River and Little Missouri River basins during the upcoming water reservation proceedings. Defending the water reservation applications submitted by the districts to the Board of Natural Resources and Conservation is the project's primary goal. If granted, those applications will play an important role in ensuring that irrigation, along with other consumptive users, can continue to grow.

Agriculture must have the ability to replace land taken out of production and be afforded equal footing with instream flow claims. As a result, both North Dakota and the extreme southeast will benefit. While agriculture, because of its dependence on available water, will see the greatest initial benefits, the region's other supporting businesses--also those statewide--will receive positive economical benefits.

Because of limited resources, the conservation districts are unable to provide funds for this effort. Therefore, this grant is necessary so that the interests of the irrigators and other agricultural water users may be considered. The funds will be managed by a council comprised of members from the 11

conservation districts. This council will decide with whom to contract and also will handle any other management decisions that may arise.

TECHNICAL ASSESSMENT (Prepared by DNRC)

This grant application is requesting funds for 11 conservation districts to participate in a contested case hearing on lower Missouri basin water reservation applications. The districts also are applying for funds to promote their water reservation applications if granted.

The 11 conservation districts have applied to DNRC to reserve water for future irrigation as part of the Missouri basin water reservation proceeding. If granted, the districts' reservations will set aside blocks of water for future irrigation development with a July 1, 1985 priority date. In some instances, the conservation district applications will be competing with applications submitted by the Department of Fish, Wildlife and Parks for a limited water supply.

The conservation districts' applications will be subject to a process that includes an environmental review and a contested case hearing. The contested case hearing will provide a forum for water right holders and other parties to object to any water reservations they feel may adversely affect their existing water uses. The Department of Fish, Wildlife and Parks may object to at least some of the conservation districts' reservation requests. Along with defending their reservation applications, the conservation districts intend to use part of the grant money to object to the Department of Fish, Wildlife and Parks' water reservation application for instream flows.

The conservation districts will use the funds to hire legal and technical consultants to help them during the contested case hearing and to promote their water reservations if they are granted.

The Little Beaver Conservation District will be responsible for administering the project with the assistance of a council comprised of members from the 11 conservation districts that have applied to reserve water in the lower Missouri basin.

FINANCIAL ASSESSMENT

The total amount the conservation districts feel they need to participate in the contested case hearing process and promote their reservations is $107,400, and they are requesting an $84,700 DNRC grant. The funds primarily would be used for hiring the legal and technical assistance the districts will need for their participation in the contested case hearing.

Although the districts will need funding to adequately participate in the contested case hearing, the amount they are requesting is questionable. For a similar hearing in the Missouri basin above Fort Peck Dam, 18 conservation districts spent about $57,000. Although the districts felt this amount may have been inadequate and they envision hiring additional consultants for the lower basin hearings, the lower basin hearings likely will not be as lengthy as the upper basin hearings. For instance, (1) the lower basin has only 26 applicants–including 11 conservation districts–as opposed to 40 applicants–including 18 conservation districts–in the upper basin; (2) the Department of Fish, Wildlife and Parks has applied to reserve instream flows on only 21 stream reaches in the lower basin as opposed to more than 250 stream reaches in the upper basin; (3) the lower basin has fewer water right holders who would represent potential objectors to the water reservation applications; and (4) some of the background information the districts developed for the upper basin hearings could be used for the lower basin hearings (in fact, the applicant states that some of this previously gathered information will be used). The districts have not estimated the cost to promote their reservations if the reservations are granted.

EXHIBIT 29
DATE 2-3-93
~~HB~~

BENEFIT ASSESSMENT

DNRC's project review values only those benefits described by statute. Public benefits are found in projects that support the State Water Plan; promote reserved water rights; conserve, manage, or protect water resources; exhibit broad citizen support and public use; display tangible benefits; or replace benefits–economic or otherwise–currently derived from Montana's mineral resources.

ENVIRONMENTAL ASSESSMENT

This grant will not directly affect the environment. If the conservation districts' water reservations are granted and developed, however, some adverse environmental effects will be caused. Those effects would be analyzed when DNRC develops an EIS for water reservation applications in the lower Missouri basin.

RECOMMENDATION

DNRC recommends a grant for the districts but at an amount substantially less than that requested, and also with a reduced scope of work. The recommended amount shall be used for legal and technical assistance the districts need to participate in the contested case hearing.

Grant funds will be provided after DNRC approves a scope of work and a budget, and after matching funds for the reduced effort have been secured. DNRC's EIS will address any adverse effects caused by the proposed reservations. Measures that would reduce the identified adverse effects of individual reservations will be determined through the EIS and the Board of Natural Resources and Conservation's decision process. Any further reduction in the scope of work will require a proportional reduction in the grant amount.

Any funds received from sources other than those already identified will cause a dollar-for-dollar reduction in the funds awarded under this grant.

PROJECT NO. 37

APPLICANT NAME	RAVALLI COUNTY
PROJECT NAME	Ravalli County Vulnerability Assessment
AMOUNT REQUESTED	$88,340 GRANT
OTHER FUNDING SOURCES	$ 4,600 (Ravalli County)
TOTAL PROJECT COST	$92,940
AMOUNT RECOMMENDED	$88,340 GRANT

PROJECT ABSTRACT (Prepared and submitted by applicant)

The "Ravalli County Vulnerability Assessment" is proposed to delineate and map areas of relative groundwater pollution potential on nonfederal owned lands in Ravalli County. The resulting pollution

EXHIBIT 30
DATE 2-3-93
~~HB~~

Little Beaver Conservation District Outline

1. LBCD is only 1 of 11 Districts working together to try to put together a united front for preserving water usage on the lower Missouri River for agriculture use. See map page 4 of green booklet.

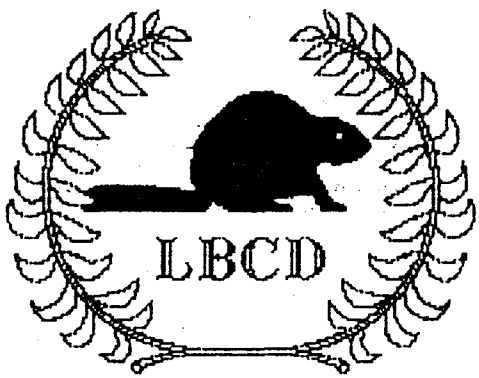
2. We have surveyed this area and over 470 individual farmer projects have been targeted that encompass over 58,000 acres of land and 143,000 acre feet of surface water that could be developed if the Soil Conservation Districts are granted the reservation for the lower Missouri River. Page 1 of green booklet.

3. We are asking for this grant money on behalf of the farmer and rancher within our districts, because we were placed within the reservation process by the state legislature to act on the producers behalf. Because most of our allotted 1.5 mills is used to operate our other district functions, we are asking for the grant moneys to be used specifically for the operation of the Lower Missouri reservation process. One of the most important parts of this process is the very costly contested case hearing proceedings. The grant moneys would be under the direct control of a council comprised of members from each of the 11 districts but processed by LBCD.

4. Finally, we as conservation districts see that WATER will be a very big issue in the next few years and into the next century. This reservation process is one process that may allow us to preserve water for agricultural use in Montana. We will need some help to properly represent the Montana producers within our districts.

EXHIBIT 31
DATE 2-3-93
HB

Little and Lower Missouri Water Reservation Development and Renewable Resource Development Grant Proposal



Little Beaver Conservation District
P.O. Box 917
Baker, Montana 59313-0917

EXHIBIT 31
DATE 2-3-93
HB

FACT SHEET

Approx. costs by DNRC on Little and Lower Missouri Basin proceedings as of January 1993.

3 DNRC employees at 1.5 years (Coordinator, Hydrologist, Environmental Specialist)	**$135,000.00**
Mileage for travel to counties in basin (12 trips at 1,200 miles/trip @ .22¢/mi.)	**2,900.00**
Per diem for state employees while travel (12 trips, 2 employees/trip, 5 days/trip @ $40 per day)	**4,800.00**
Other costs (printing, applications, postage printing for surveys, telephone charges, equipment repari, office supplies, photocopying)	**5,000.00**
Contracted services (for Sheridan and Roosevelt Co. Cons. Dist applications)	**40,000.00**
	$187,700.00

DNRC SURVEY DATA

Conservation Dist	Est. No Responses	No of Respon Yes	No	Total	# of Project Applications	TOTAL ACRES
Blaine Co CD	694	16	35	51	3	6,141
Carter Co CD [1]	480	28	44	72	34	2,367
Daniels Co CD	500	42	33	75	21	1,439
Hill Co CD [4]	UK	UK	UK	UK	UK	
Liberty Co CD [2]	UK	UK	UK	3	1	50
Little Beaver CD [1]	118	12	6	18	14	1,030
McCone Co CD	UK	36	UK	UK	14	6,124
Phillips Co CD [4]	UK	UK	UK	UK	UK	
Roosevelt Co CD [3]	NA	NA	NA	NA	21	24,979
Richland Co CD [3]	NA	NA	NA	NA	16	11,141
Sheridan Co CD	380	220	UK	UK	308	42,679
Wibaux Co CD [1]	90	15	6	21	30	1,174
Valley Co CD [2]	UK	52	UK	UK	10	3,250
				TOTAL ACRES		100,374

[1] District Supervisors identified additional projects for inclusion in their water reservation application.

[2] Questionnaires for Liberty and Valley counties were intitially sent out as part of the Upper Basin proceedings.

[3] Surveys were not used to identify projects in the Richland and Roosevelt Counities.

[4] Phillips and Hill Counties had responses to the survey but no projects were found to be feasible.

EXHIBIT 31
DATE 2-3-93
~~HB~~

LAWS PERTAINING TO CONSERVATION DISTRICTS

Montana Water Law - MCA 85-2-316 (8) Reservation of waters states: "Any person desiring to use water reserved to a conservation district for agricultural purposes shall make application for the use with the district, and the district, upon approval of the application, shall inform the department of the approved use. The department shall maintain records of all uses of water reserved to conservation districts and be responsible, when requested by the department's staffing and budgeting limitations in the preparation and processing of such applications for the conservation districts. The department shall, within its staffing and budgeting limitations, complete any feasibility study requested by the districts within 12 months of the time the request was made. The board shall extend the time allowed to develop a plan identifying projects for utilizing a district's reservation so long as the conservation district makes a good faith effort, within its staffing and budget limitations, to develop a plan."

The Montana Law, Administrative Rules, Title 36, Chapter 12, Section 85-2-316 (3) states "the department's (DNRC) costs of giving notice, holding the hearings, conducting investigations and making records incurrence in acting upon the application to reserve water except the cost of salaries of the department personnel must be paid by the applicant. In addition, a reasonable proportion of the departments cost of preparing on environmental impact statement must be paid by the applicant unless waived by the department upon showing of good cause by the applicant.

The Law Pertaining to the Conservation Districts Law MCA 76-15-102 Declaration of Policy - states "it is hereby declared to be the policy of the legislature to provide for the conservation of soil and soil resources of this state, for the control and prevention of soil erosion, for the prevention of floodwater and sediment damages and for futhering the conservation , development utilization and disposal of water and thereby to preserve natural resources, control floods, prevent impairment of dams and reservoirs preserved wildlife, protect the tax base, protect public lands and protect and promote the health, safety and general welfare of the people of this state."

Conservation Districts Law MCA 76-15-515 "regular assessments for conservation district anyone year shall not exceed 1.5 mills on the dollar of total taxable valuation of REAL property within the District."

EXHIBIT 31
DATE 2-3-93
HB

TIME FRAME FOR COMPLETING WATER RESERVATION PROCESS

1989	Began soliciting interest in water development and public participation.
July 1991	Applications for reserved water due to DNRC
1991-92	Researching feasibility of proposed projects.
Nov 1992	Began "scoping" meetings for the Enviornmental Impact Statement
Oct 1993	Complete draft Enviornmental Impact Statement. (EIS)
Oct 1993	Begin comment period for the draft EIS
Jan 1994	Notices sent to all existing water right holders and reserved water applicants. Public notices in local newspapers.
April 1994	Final EIS Published
June 1994	Contested case hearings
Oct 1994	Oral arguments heard from objectors.
Dec 31, 1994	Final decision to grant, grant in part or deny the water reservation applications.

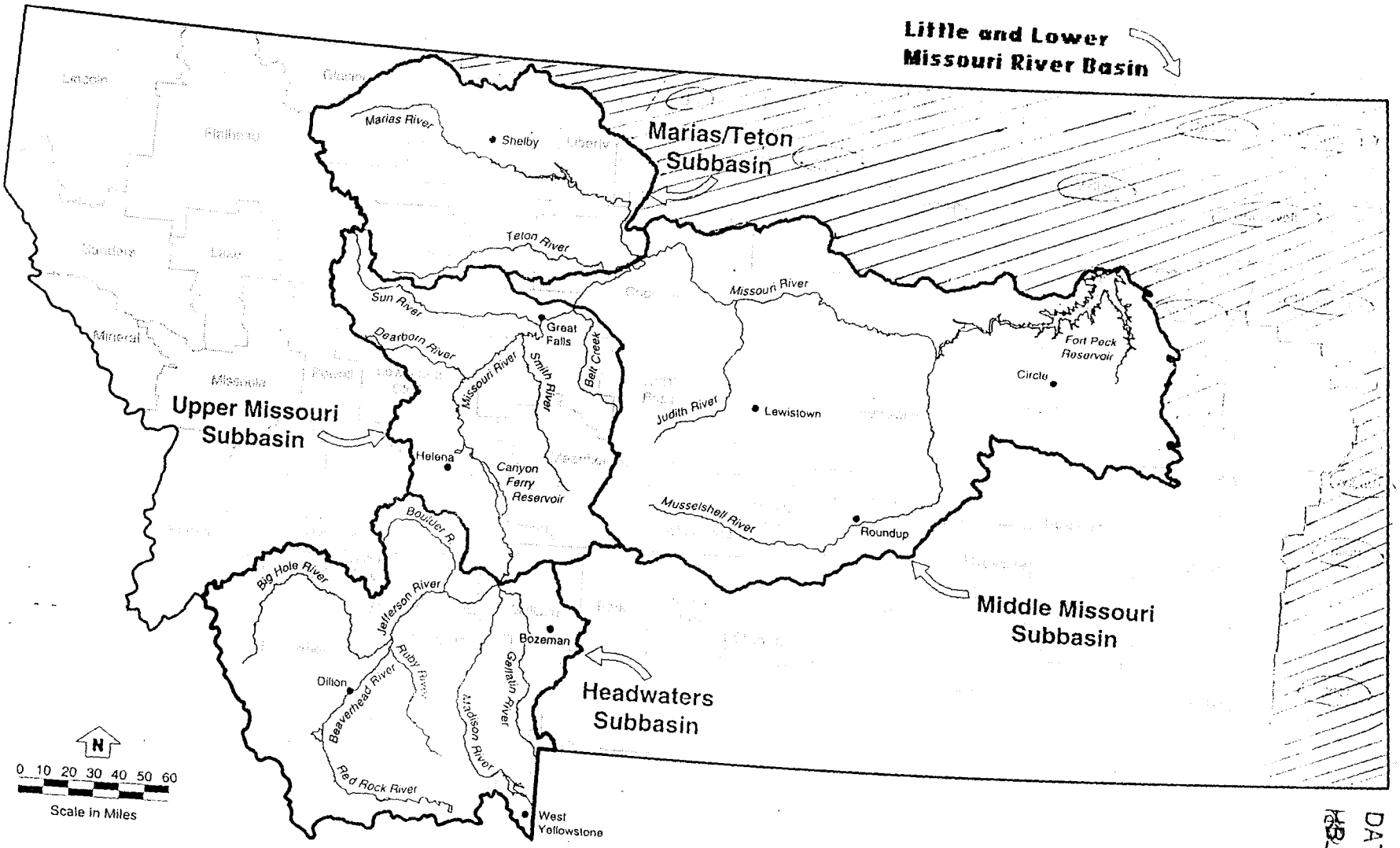


EXHIBIT 2
DATE 2-3-93
HB

Summary of Water Reservation Applications in the Lower Missouri Basin

Cities and Towns

MUNICIPALITY	SOURCE	AMOUNT CFS	AMOUNT ACRE-FEET/YEAR
Chinook	(1) well	0.73	200
	(2) Milk River	[b]	600
Circle	well	0.57	78
Culbertson[a]	Missouri River	0.62	365
Ekalaka	wells	0.10	20
Fort Peck	Missouri River	0.30	100
Harlem	(1) well	0.73	200
	(2) Milk River	[b]	365
Havre	wells	2.2	475
Hill Co. Water District	Marias River	[b]	652
Malta	well	0.63	137
Plentywood	well	1.04	235
Poplar	wells	2.08	448
Scobey	well	1.04	168
Wibaux	wells	0.42	70.6
Wolf Point	wells	2.1	504

a Also includes water for proposed water and sewer district
b No peak flow rate request

Conservation Districts

Project Number	Dam Location TWN	RGE	SEC	Maximum Storage (af)	Annual Use (af)	Water Source	Project Acres
Blaine							
BL-131	35N	26E	13	169	164	Tributary Black Coulee	70
BL-171	35N	18E	14	172	172	Link Coulee/Battle Creek	71
BL-181	36N	18E	16	18,593	10,600	Battle Creek	6,000
TOTALS				18,934	10,936		6,141

Project Number	Point of Diversion TWN	RGE	SEC	Peak Flow (cfs)	Annual Use (af)	Water Source	Project Acres
Carter							
CT-011	7S	60E	16	5.0	425	Little Missouri River	157
CT-012	7S	60E	16	[a]	260	North Butte Creek	173
CT-041	2N	57E	33	[a]	195	Little Beaver Creek	130
CT-071	2N	57E	13	1.3	186	Little Beaver Creek	80
CT-121	1S	60E	4	2.8	255	Boxelder Creek	94
Carter (continued)							
CT-122	1S	60E	9	[a]	90	Lampkin Gulch	60
CT-131	6S	62E	11	2.4	240	UT Long Draw	88
CT-141	8S	58E	14	[a]	120	UT Long Draw	80
CT-151	4S	58E	25	[a]	54	Sherril Creek	36
CT-152	4S	59E	30	[a]	17	UT Boxelder Creek	11
CT-153	5S	58E	13	[a]	84	Hawksnest Creek	56
CT-154	4S	59E	27	[a]	14	UT Boxelder Creek	9
CT-161	7S	62E	34	[a]	42	Elkhorn Creek	28
CT-162	7S	62E	34	[a]	50	UT Elkhorn Creek	33
CT-171	1S	58E	22	[a]	165	Fresh Water Draw	110
CT-181	5S	62E	21	[a]	225	Cottonwood Creek	150
CT-191	7S	61E	1	3.8	247	Little Missouri River	91
CT-221	1S	60E	17	2.5	311	Boxelder Creek	115
CT-241	6S	62E	15	2.6	269	Little Missouri River	99
CT-243	6S	62E	36	[a]	9	UT Beaver Creek	6
CT-244	6S	62E	24	[a]	105	N.F. Beaver Dam Creek	70
CT-251	1N	61E	16	3.1	290	Boxelder Creek	107
CT-261	6S	58E	13	[a]	20	UT East L O Creek	13
CT-262	6S	58E	14	[a]	3	UT L O Creek	2
CT-291	3N	59E	3	[a]	30	UT Little Beaver Creek	20
CT-293	3N	59E	5	[a]	8	UT Little Beaver Creek	5
CT-294	3N	59E	6	0.4	50	Groundwater	22
CT-301	2N	57E	28	[a]	390	Little Beaver Creek	260
CT-310	1N	59E	35	[a]	45	UT Boxelder Creek	30
CT-320	6S	57E	4	0.3	39	Boxelder Creek	17
CT-330	2S	60E	7	1.0	130	Boxelder Creek	48
CT-340	3N	58E	35	[a]	173	HS Creek	115
CT-370	1S	60E	3	0.9	107	Boxelder Creek	39
CT-380	4S	59E	3	0.2	36	Boxelder Creek	13
TOTALS				26.3	4,684		2,367
Daniels							
DA-21	36N	50E	21	[a]	38	S.F. Whitetail Cr.	25
DA-31	34N	45E	6	1.4	208	Groundwater	89
DA-32	34N	45E	8	0.6	92	Groundwater	40
DA-51	34N	48E	35	0.5	68	Poplar River	25
DA-71	35N	46E	26	3.5	502	Groundwater	215
DA-131	37N	46E	17	[a]	122	UT M.F. Poplar	81
DA-151	35N	48E	20	2.2	316	Groundwater	135
DA-152	35N	48E	16	[a]	9	UT Poplar River	6
DA-153	35N	48E	29	[a]	119	UT Poplar River	79
DA-161	35N	45E	26	0.2	32	Police Creek	11
DA-181	37N	46E	9	[a]	120	UT M.F. Poplar R.	80
DA-182	37N	46E	15	[a]	45	UT M.F. Poplar R.	30
DA-211	37N	48E	19	0.8	82	E.F. Poplar River	35

EXHIBIT 31
DATE 3-1-93

Project Number	Point of Diversion TWN	RGE	SEC	Peak Flow (cfs)	Annual Use (af)	Water Source	Project Acres
Daniels (continued)							
DA-221	35N	46E	22	2.2	320	Spring, Olsen Coulee	137
DA-251	37N	45E	20	0.7	95	Springs, Coal Cr.	67
DA-252	37N	45E	19	1.1	156	Springs, Coal Cr.	41
DA-261	34N	48E	10	1.1	158	Poplar River	66
DA-281	37N	47E	13	2.0	235	Groundwater	87
DA-291	37N	47E	36	*	228	UT E.F. Poplar R.	152
DA-341	T35N	R48E	5	0.6	84	Poplar River	36
DA-371	T37N	R45E	27	*	3	UT Butte Creek	2
TOTALS				16.9	3,032		1,439
Liberty							
LI-241	T37N	R7E	29	0.84	122	Lost Coulee	50
Little Beaver							
LB-011	11N	60E	25&30	*	116	Rattlesnake Creek	77
LB-041	10N	60E	19	*	24	Spring Creek	16
LB-061	5N	60E	19	*	90	UT Little Beaver Creek	60
LB-063	5N	60E	29	*	14	UT Little Beaver Creek	9
LB-083	4N	59E	33	*	75	Bone Pile Creek	50
LB-121	9N	61E	4	*	146	Beaver Creek	97
LB-141	4N	61E	10&15	*	218	Mud Creek	145
LB-151	5N	58E	36	*	114	UT Duck Creek	76
LB-161	9N	60E	2	*	408	Fork of Beaver Creek	272
LB-171	10N	61E	7	*	45	UT E.F. Beaver Creek	30
LB-172	10N	61E	18	*	18	UT E.F. Beaver Creek	12
LB-181	7N	61E	5	*	17	UT Dugout Creek	11
LB-182	8N	61E	34	*	38	UT Dugout Creek	25
LB-191	10N	60E	8&9	*	225	Beaver Creek and UT	150
Stockwater	—	—	—	*	300	—	
TOTALS					1,848		1,030
McCone							
MC-01	27N	41E	35	3.6	501	Missouri	214
MC-03	26N	43E	9	5.6	807	Missouri	346
MC-04	26N	44E	7	1.8	265	Missouri	114
MC-05	26N	44E	16	4.8	696	Missouri	298
MC-5A	26N	44E	10	5.9	858	Missouri	367
MC-06	26N	45E	17	4.8	698	Missouri	298
MC-6A	26N	45E	10	1.8	257	Missouri	111
MC-08	26N	46E	1	20.7	2,989	Missouri	1,279
MC-09	27N	47E	34	5.5	798	Missouri	342
MC-9A	27N	47E	22	0.4	57	Missouri	25
MC-10	27N	47E	24	5.6	812	Missouri	349

Project Number	Point of Diversion TWN	RGE	SEC	Peak Flow (cfs)	Annual Use (af)	Water Source	Project Acres
McCone (continued)							
MC-11	27N	50E	21	14.7	2,128	Missouri	911
MC-12	26N	45E	13	8.9	1,246	Missouri	536
MC-99	26N	46E	11	15.2	2,187	Missouri	934
TOTALS				99.3	14,299		6,124
Richland							
RI-01	27N	51E	21	26.0	3,667	Missouri	1,550
RI-02	26&27N	51E	26	4.6	651	Missouri	278
RI-03	27N	51E	24	13.2	1,896	Missouri	810
RI-04	27N	52E	31	3.3	472	Missouri	202
RI-05	27N	52E	21	8.8	1,230	Missouri	526
RI-06	27N	52E	23	6.8	972	Missouri	416
RI-07	28N	53E	31	19.5	2,441	Missouri	1,029
RI-08	27N	53E	3	5.3	658	Missouri	277
RI-09	27N	54E	6	15.1	2,188	Missouri	935
RI-10	27N	54E	12	11.1	1,519	Missouri	643
RI-11A	28N	55E	34	3.1	441	Missouri	189
RI-11	27N	55E	1	11.1	1,606	Missouri	686
RI-12	27N	56E	3	11.8	1,635	Missouri	782
RI-13	27N	57E	28	6.0	835	Missouri	399
RI-14	26N	58E	6	17.0	2,128	Missouri	1,003
RI-15	26N	59E	5	23.3	3,010	Missouri	1,416
TOTALS				186.0	25,349		11,141
Roosevelt							
CBI-1	27N	49E	13	11.8	2,121	Missouri	929
CBI-2	27N	49E	15	18.4	2,435	Missouri	1,065
CBI-3	27N	49E	13	29.2	4,190	Missouri	1,911
CBI-4	27N	50E	23	37.2	4,451	Missouri	898
CBI-5	27N	51E	18	6.7	570	Missouri	182
CBI-6	27N	51E	21	5.1	677	Missouri	258
CBI-7	27N	51E	25	22.2	2,191	Missouri	784
CBI-8	27N	52E	19	3.4	449	Missouri	164
CBI-9	27N	52E	16	5.6	646	Missouri	238
CBI-10	27N	53E	6	19.4	2,096	Missouri	770
CBI-11	27N	53E	2	40.8	4,084	Missouri	1,640
CBI-12	28N	54E	32	31.8	3,939	Missouri	1,448
CBI-13	27N	56E	4	231.6	33,157	Missouri	9,175
CBI-14	27N	56E	4	4.4	609	Missouri	291
CBI-15	27N	55E	1	15.2	1,504	Missouri	618
CBI-16	27N	58E	27	17.3	2,380	Missouri	1,114
CBI-17	27N	57E	28	9.8	1,351	Missouri	627

Montana Department of Fish, Wildlife and Parks Instream Flow Requests

Stream	Reach	Dates Requested	Amount Requested (cfs)	(af)	(af/yr)
Milk River Subbasin					
Battle Creek	International boundary to mouth	Jan., Feb., Mar., Dec.,	2.0	480	15,078
		Apr. through Nov.	5.0	2,420	
		Channel Maintenance Flows	1,970*	12,178	
Beaver Creek (Hill County)	Reservation boundary to Beaver Creek Reservoir	Year-round	7.0	5,068	5,068
Beaver Creek #1 (Phillips Co.)	Headwaters to reservation boundary	Year-round	0.2	145	145
Beaver Creek #2 (Phillips County)	Highway 191 to mouth	Jan., Feb., Mar., Dec.	7.0	1,679	15,950
		Apr. through Nov.	11.0	5,324	
		Channel Maintenance Flows	1,160*	8,947	
Clear Creek	Headwaters to Clear Creek Road	Year-round	5.0	3,620	3,620
Frenchman River	International boundary to mouth	Jan., Feb., Mar., Dec.	2.0	480	25,314
		Apr. through Nov.	5.0	2,420	
		Channel Maintenance Flows	2,050*	22,414	
Little Box Elder Creek	Headwaters to Clear Creek Road	Year-round	1.0	724	724
Peoples Creek	Headwaters to Barney Olson Road	Year-round	1.0	724	724
Rock Creek	International boundary to mouth	Jan., Feb., Mar., Dec.	2.0	480	27,600
		Apr. through Nov.	8.0	3,872	
		Channel Maintenance Flows	2,180*	23,248	
Lower Missouri River Subbasin					
Missouri River #7	Fort Peck Dam to Milk River	April 1-May 10	7,800	618,843	5,620,361
		May 11-June 30	11,000	1,112,727	
		July 1-Sept. 30	7,800	1,423,338	
		Oct. 1-Feb. 28	7,000	2,096,528	
		March 1-March 31	6,000	368,925	
Missouri River #8	Milk River to state line	May 11-June 30	11,500	1,163,305	5,522,972
		July 1-May 10	7,000	4,359,667	
East Fork Poplar River	International boundary to Middle Fork	Jan., Feb., Mar., Dec.	3.0	719	6,870
		April	15	893	
		May	10	615	
		June through Nov.	4	1,452	
		Channel Maintenance Flows	540*	3,191	
Middle Fork Poplar River	International boundary to East Fork	Jan., Feb., Mar., Dec.	1.0	239	10,685
		April	30.0	1,785	
		May	20.0	1,230	
		June through Nov.	2.0	726	
		Channel Maintenance Flows	1,000*	6,705	
Poplar River	Junction of Middle and East Forks to reservation boundary	Jan., Feb., Mar., Dec.	8.0	1,920	21,207
		April	70.0	4,165	
		May	50.0	3,074	
		June through Nov.	11.0	3,993	
		Channel Maintenance Flows	1,210*	8,055	
West Fork Poplar River	County bridge south of Peerless to reservation boundary	Jan., Feb., Mar., Dec.	3.0	719	13,121
		April	30.0	1,785	
		May	20.0	1,230	
		June through Nov.	4.0	1,452	
		Channel Maintenance Flows	1,190*	7,935	
Redwater River #1	Circle to East Redwater Creek	Jan., Feb., Mar., Dec.	2.0	480	12,792
		Apr. through Nov.	3.0	1,452	
		Channel Maintenance Flows	1,730*	10,860	
Redwater River #2	East Redwater Creek to mouth	Jan., Feb., Mar., Dec.	2.0	480	15,060
		Apr. through Nov.	4.0	1,936	
		Channel Maintenance Flows	2,010*	12,644	
Little Missouri River Subbasin					
Beaver Creek (Wibaux County)	Lamesteer Creek to state line	Jan., Feb., Mar., Dec.	1.0	239	7,984
		Apr. through Nov.	0.7	340	
		Channel Maintenance Flows	1,050*	7,405	
Boxelder Creek	One mile west of Belltower to state line	Jan., Feb., Mar., Dec.	4.0	960	20,682
		Apr. through Nov.	7.0	3,388	
		Channel Maintenance Flows	1,820*	16,334	
Little Beaver Creek	Russell Creek to state line	Year-round	3.0	2,171	17,895
		Channel Maintenance Flows	2,050*	15,724	
Little Missouri River	Montana-Wyoming border to Montana-South Dakota border	Jan., Feb., Mar., Dec.	5.0	1,199	32,562
		Apr. through Nov.	8.0	3,872	
		Channel Maintenance Flows	2,540*	27,491	

*Channel maintenance flow request are for varying amounts over a 13- to 21-day period; only the peak daily request is included here.

af - acre-feet

cfs - cubic feet per second

EXHIBIT 2
DATE 2-3-93

Project Number	Point of Diversion TWN	RGE	SEC	Peak Flow (cfs)	Annual Use (af)	Water Source	Project Acres
Roosevelt (continued)							
CBI-18	27N	58E	26	25.3	3,442	Missouri	1,592
CBI-19	27N	58E	26	9.0	1,217	Missouri	549
CBI-20	26N	59E	5	3.9	548	Missouri	262
CBI-21	26N	59E	15	10.8	1,058	Missouri	464
TOTALS				558.9	73,115		24,979
Valley							
VA-01	26N	41E	8	1.2	176	Missouri	75
VA-02	27N	41E	34	16.1	2,325	Missouri	995
VA-03	27N	42E	31	15.3	2,203	Missouri	933
VA-71	27&28N	41E	2	4.1	590		253
VA-171	35N	39E	36	2.3	337	Well	144
VA-211	28N	39E	24	1.6	226	Milk	98
VA-231	27N	41E	25	5.2	745	Missouri	320
VA-261	27&28N	41E	1	2.5	365	Milk	157
VA-291	28N	39E	14	3.8	412	Milk	151
VA-521	28N	41E	30	2.0	289	Milk	124
TOTALS				54.1	7,668		3,250
Wibaux							
WI-41	11N	59E	1	a	39	UT Beaver Creek	26
WI-42	11N	59E	1	a	152	UT Beaver Creek	101
WI-43	11N	60E	7	a	111	UT Beaver Creek	74
WI-61	12N	61E	28	a	18	UT Beaver Creek	12
WI-71	11N	60E	34	a	21	UT Beaver Creek	14
WI-72	10N	60E	4	a	12	UT Beaver Creek	8
WI-73	10N	60E	4&5	a	150	E.F. Beaver Creek	100
WI-74	11N	61E	31	a	95	E.F. Beaver Creek	63
WI-75	11N	60E	8	a	87	UT Beaver Creek	58
WI-91	11N	60E	30	a	75	Beaver Creek	50
WI-92	11N	60E	30	a	78	Rattlesnake Creek	52
WI-93	11N	59E	36	a	9	UT Beaver Creek	6
WI-121	13N	59E	35	a	41	UT Beaver Creek	27
WI-151	14N	60E	21	a	120	Yates Creek	80
WI-161	14N	60E	14	a	33	UT Hay Creek	22
WI-162	14N	60E	24	a	9	UT Yates Creek	6
WI-171	13N	59E	15	a	38	Spring Creek	25
WI-181	10N	60E	1	a	90	E.F. Beaver Creek and UT	60
WI-191	13N	59E	26	a	38	UT Beaver Creek	25
WI-192	13N	59E	28	a	15	UT Beaver Creek	10
WI-201	11N	61E	6	a	110	Lamesteer Creek	73
WI-202	11N	61E	6	a	66	UT Lamesteer Creek	44
WI-211	13N	60E	6	a	44	UT Beaver Creek	29
WI-221	12N	61E	32	a	11	UT Lamesteer Creek	7

Project Number	Point of Diversion TWN	RGE	SEC	Peak Flow (cfs)	Annual Use (af)	Water Source	Project Acres
Wibaux (continued)							
WI-232	13N	59E	4	a	32	UT Beaver Creek	21
WI-233	13N	59E	9	a	29	UT Beaver Creek	19
WI-234	12N	60E	9	a	98	Lamesteer Creek	65
WI-235	13N	59E	26	a	39	UT Beaver Creek	26
WI-236	13N	59E	34	a	59	UT Beaver Creek	39
WI-237	13N	60E	18&19	a	48	Duck Creek	32
TOTALS					1,767		1,174

Sheridan

The Sheridan County Conservation District has applied to reserve 133,587 acre-feet/year of groundwater. This water would be allocated on a first-come, first-served basis to farmers and ranchers in the district. The district has identified 308 potential projects where the water could be used. A summary of the projects and maps with their locations will be available at the scoping meetings. The amounts applied for by groundwater source are as follows:

Groundwater Source	Annual Diversion (af)
Westby-Dagmar Channel	99,174.82
Big Muddy Channel	4,251
Tributary Outwash Channels	7,924
Pre-Glacial Missouri Channel	11,931.18
Terrace Deposit Channel	579
Coalridge and Sand Creek Channels	482
Recharge Channels	9,245
TOTAL	133,587

a - Water spreading projects where no peak flow has been requested

UT - Unnamed tributary

af - acre-feet

cfs - cubic feet per second

Roosevelt County Soil Conservation Districts

CULBERTSON, MONTANA

February 2, 1993

EXHIBIT 32
DATE 2-3-93
~~HB~~

STUBBLE MULCH TILLAGE

GRASSED WATERWAYS

STOCK WATER DEVELOPMENTS

◈

STRIP CROPPING

FEED RESERVES

◈

CONTOUR CULTIVATION

◈

STORAGE OF IRRIGATION WATER

◈

COMPLETE FARM PLANS

CONSERVATION ON WATERSHEDS

◈

FLOOD IRRIGATION

MONTANA LONG RANGE PLANNING COMMITTEE

The Roosevelt County Conservation District urges your consideration of Little Beaver's grant request for approximately $47,000 to provide legal defense of water reservations on the Little Missouri and the Lower Missouri below Fort Peck.

The legal defense is for 11 Conservation Districts in eastern Montana. We feel this is very important for future irrigation development in this area.

Time is very important as this will come before the court before 1995 if present time table is held to.

Thank you for your consideration.

Pete Purvis
Chairman

EXHIBIT 33
DATE 2-3-93
HB

However, information gathered would provide additional data for determining long-term, water quality changes in the area's groundwater. Information for the study should be coordinated and collected simultaneously with the study funded under the Montana Groundwater Assessment Act.

In developing a grant agreement for this project, DNRC would prepare a checklist if the proposed project's scope is amended in any way that would create potential adverse impacts beyond those previously described. A checklist also would be prepared to reconsider impacts before any change of approach is undertaken.

RECOMMENDATION

Grant funds will be provided after DNRC approves a scope of work and a budget, and after matching funds have been secured. University indirect costs and university salaries included in legislatively approved university budgets and authorized in a 1994-95 appropriations bill shall not be reimbursed with grant funds. Any reduction in the scope of work will require a proportional reduction in the grant amount.

PROJECT NO. 25

APPLICANT NAME	CUSTER COUNTY
PROJECT NAME	Recycling Project
AMOUNT REQUESTED	$18,900 GRANT
OTHER FUNDING SOURCES	$ 3,200* (Project Sponsor) $37,050 (Eastern Montana Industries)
TOTAL PROJECT COST	$57,150
AMOUNT RECOMMENDED	$ 4,725 GRANT

*The applicant has increased the county's funding commitment by $2,000. It is unclear whether costs will be increased or the grant request decreased.

PROJECT ABSTRACT (Prepared and submitted by applicant)

The primary purpose of this project is to reduce landfill use in Custer County and surrounding communities. As regulations that govern landfills become more stringent, Custer County wants to develop a comprehensive recycling program to reduce the flow of recyclable material into the county landfill. The county believes that this type of project can serve as a demonstration model for other Montana communities.

While confident that the recycling program will prove self-supporting once it begins operating, the county is requesting funding to purchase some of the machinery needed to develop the program. The actual recycling project will be operated by Eastern Montana Industries, a nonprofit corporation that provides services to disabled individuals. This corporation has provided recycling services to the Miles City area for more than 15 years. It needs to upgrade its equipment, however, to meet the demand of recycling additional waste products.

The project has received widespread community support, which the joint effort behind this proposal exemplifies. Along with grant administration by the county and program operation by the sheltered workshop, an active citizens group (Citizens for Recycling) will continue its public education and fundraising efforts that focus on recycling.

Materials targeted for recycling from the landfill include newsprint, plastic, glass, and cardboard, all items generally deemed only marginally profitable to recycle. Equipment requests are being made for a larger baler and a used forklift.

TECHNICAL ASSESSMENT (Prepared by DNRC)

The project sponsor first submitted an application for funding in 1990. Since then, funds were raised to purchase a glass crusher, and a community recycling drop was constructed. In its current application, the project sponsor is requesting funds to purchase a baler for plastics and cardboard, and a forklift to handle the bales.

While other communities struggle to pay for the labor used to handle recycled materials, Miles City has benefitted from the recycling role that Eastern Montana Industries has played throughout the past 15 years. However, more equipment is needed to handle the volume of materials now being recycled. As with other local governments, Custer County has looked toward recycling as a promising way to extend the life of the local landfill. Under current federal regulations, the cost to site a new landfill when the existing landfill meets capacity is extreme.

Custer County relies on Eastern Montana Industries to handle and process the community's recycled materials. As a result, social service funds provide multiple benefits to the community. The county's approach toward recycling merits recognition as a viable alternative. The funds requested will provide a baler that can handle and load larger bales, which will place more value on materials at the local level and thereby increase profits.

The project is supported by limited technical documentation, and no evidence is presented to indicate that the county has undertaken any waste management planning or assessment to determine long-range goals. No description of the physical plant, floor plan, or other evidence of the site's suitability is provided, and the revenue increase expected from the proposed baler's operation is not estimated. The cost of the used forklift--estimated at $10,000--is neither documented nor justified.

Custer County could benefit from the project and should consider recycling revenue as a potential funding source for continued expansion of its recycling facilities. A long-term agreement should be executed between Eastern Montana Industries and the county to ensure that recycling efforts will continue to expand to meet a growing need.

The proposal submitted by Custer County lacks support from the Department of Health and Environmental Sciences and the Department of Social and Rehabilitation Services. However, good coordination exists between the county and Eastern Montana Industries. A broader planning effort with long-term goals would have provided additional documentation to support the project. Also, the budget submitted for equipment was neither adequately documented nor supported.

FINANCIAL ASSESSMENT

Although matching funds for salaries and operations are listed, these would be spent whether the project was funded and whether new equipment was purchased. Thus, the project essentially represents an equipment purchase and administration of the contract.

EXHIBIT 33
DATE 2-3-93
HB

The proposal's $57,150 budget includes current operating costs of $37,050. The remaining $20,100 includes $1,200 for administration and $18,900 for equipment. Costs listed in the grant request include $16,900 to purchase new and used equipment.

BENEFIT ASSESSMENT

DNRC's project review values only those benefits described by statute. Public benefits are found in projects that support the State Water Plan; promote reserved water rights; conserve, manage, or protect water resources; exhibit broad citizen support and public use; display tangible benefits; or replace benefits--economic or otherwise--currently derived from Montana's mineral resources.

The county will benefit from the project by being able to manage a higher volume of recycled materials. Recycling local materials will bring in revenue and help prolong the life of the county's landfill. Recycling materials from other communities also will provide revenue to Custer County and help those communities preserve their valuable landfill areas.

ENVIRONMENTAL ASSESSMENT

The proposed project will not directly cause any increase of adverse or beneficial effects beyond those now taking place. An increased interest in recycling would indirectly and cumulatively provide beneficial impacts by reducing the demands on Custer County's landfill and surrounding county landfills. If the project develops into a regional recycling and transfer station, adverse impacts may result. In developing a grant agreement for the project, DNRC would complete an environmental checklist to determine whether the Department of Health and Environmental Sciences' Solid and Hazardous Waste Bureau would have to review or approve the project as an area recycling transfer station. If warranted, an environmental assessment should be conducted before any funding was awarded to determine the role this project would play in long-range solutions to the area's solid waste management problems. If the review is made, the public would be given the opportunity to comment before the project was implemented.

If the proposed project's scope is amended in any way, the potential for adverse environmental effects will be reconsidered before any change of approach is undertaken.

RECOMMENDATION

The project's total cost of $57,150 is calculated by using the annual cost of recycling materials at this site. Supervision and salaries, site, and other expenses are considered normal operating costs. This project proposes to purchase equipment to make the program's operation more profitable. Therefore, the project's cost is considered to be $20,100, including $18,900 for equipment and $1,200 for grant and loan administration. Since the project sponsor is able to assess fees or collect tax revenue to recover the project's cost, the project is considered to have "payback capability" and thus qualifies for only 25 percent of the project cost or $50,000, whichever is less. DNRC recommends a $4,725 grant.

Grant funds will be provided after DNRC approves a scope of work and a budget, after matching funds have been secured, and after DNRC has determined that the project complies with Montana Environmental Policy Act (MEPA) requirements. Any outstanding MEPA requirements shall be stipulated in the project agreement and incorporated as part of the project's scope of work.

EXHIBIT 34
DATE 2-3-93
HB

Project Name: Custer County Recycling Project
Applicant: Custer County

Due to a scheduled 3-year accreditation process at our facility, we are unable to attend; but we wish to submit this additional material in response to D.N.R.C.'s assessment of our grant.

Technical Assessment

D.N.R.C.'s assessment indicates that the budget submitted for equipment was neither adequately documented or supported. We disagree with this assessment. In our financial feasibility narrative in our grant we indicate the exact model of baler needed (G.P.I. Model M60STD) and the cost given to us by a Montana firm ($7,900 plus $500 for freight). The exact specifications of this baler are also included in the grant, including photos. Our documentation on the cost of a fork-lift was not specific due to the request for a used forklift rather than a new one (we wished to request as little money as possible given the financial condition of the state). Knowledgeable sources advised us that a used forklift in good condition would run about $10,000. We did list forklift specifications in our grant as a propane, triple-stage mast forklift capable of lifting 4,000 lbs.. We also listed pneumatic tires due to our exterior gravel surfaces. An exact cost on such a used forklift is of course impossible to determine until one is actually located and purchased.

We also believe the need of such equipment is documented and supported. As noted, over 500,000 lbs. of marginally profitable waste have been kept out of the local landfill by using inadequate equipment on loan from Montana Recycling. The solid waste board has contributed $2,000 to this effort and is strongly backing our efforts at increased recycling. Secondly, the small baler we have necessitates us going through a middle man rather than direct mill shipments. This means, for example, that a 300 lb. bale of cardboard that currently takes us an hour to make is only worth $5 delivered into Billings. We currently lose money on every cardboard and plastic bale shipped.

D.N.R.C.'s recommendation that the county should consider recycling revenue to fund recycling expansion is simply not realistic with current market conditions. The materials we are discussing; glass, paper, cardboard, and plastic are simply not profitable in small communities due to low volume and high transportation costs. If they were, profit-oriented companies such as Pacific Recycling would be doing so. In towns like Miles City, they are not.

While long term goals are not in place, I believe a broader planning effort could not have been made. With sponsorship by the county, money from the solid waste board, operation by the sheltered workshop, and fund-raising by a non-profit citizens group; we believe our effort is well coordinated. In addition, the city sponsored the grant 2 years ago and remains active in all recycling efforts.

We acknowledge that support was not solicited from S.R.S. or the Department of Health and Environmental Sciences. We were unaware that it was a necessary part of a D.N.R.C. grant to obtain their support for an equipment purchase.

EXHIBIT 34
DATE 2-3-93
HB

Conclusion

In 1990 we requested $96,500 for a similar project and were recommended for full funding by the D.N.R.C.. During final committee action we were dropped out of the funding level allocated. This year we reduced our request by almost $78,000 (80%) to $18,900 and have only been recommended for partial funding ($4,725).

The amount recommended by the D.N.R.C. will not cover the cost of either piece of equipment, both of which are essential to the project. All non-essential requests have already been cut from our request. We therefore ask that you consider funding our grant request to the full amount less the $2,000 contribution from the solid waste board (for a total of $16,900).

Two years ago we instituted an extensive letter-writing campaign to this committee. This year, in respect for the difficult job you will have in finding any funding at all, we are not doing so. We do ask that you give our application careful consideration for what funding may be available. Thank you.

Sincerely,

Sherman Weimer
Eastern Montana Industries

klb

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

Long Range Planning SUBCOMMITTEE DATE 2/3/93

DEPARTMENT(S) DNRC DIVISION Resource Dev. Bureau

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NAME	REPRESENTING	
John Tubbs	DNRC	
Casey Joyce	Yellowstone Co.	
VIRGINIA MACROW	SHEPHERD MT	
HERBERT MACROW	SHEPHERD MT	
LARRY DuBEAU	FORT PECK MT	
Duane Tihista	Washua Town	
Melvin Novak	Glasgow Irrigation	
VERN Steiner	GLASSOW IRRIG	
Earl Guse	Billings / Yellowstone Co	
Dixie Lee Elliott	" "	
Norm Schoenthal	" "	
Don Miller	" "	
MK Graham	Glasgow Ft Peck Reservation	
Ken Weiss	Yellowstone County Billings Area Chamber Command Montana TradePort Authority City of Billings	
DAN MILLER	BILLING-Yellowstone River	
Gene Ahlenius	Fort Peck Rural Water assoc	
Joe Yeoman	Fort Peck Rural Water assoc.	

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

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

Long-Range Planning SUBCOMMITTEE DATE 2/3/93

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ORRIN FERRIS	HKM Assoc.	
Donald Clarin	Town of Circle	
CHARLES E. ALLEN	TOWN OF WINNETT	
Shirley Sherman	Huntley, MT	
Don Sherman	Huntley, MT.	
Dave Mosser	Morrison Maierle/CSSA	
Gail Allen		
Bonny Allen	Town of Winnett	
GENE REIMCHE	MALLEY COUNTY	
Roger Neckers	Big Horn Conservation Dist.	
John Lee Mahling	Big Horn Conserv. Dist	
Rep Dick Knox	petroleum c.	
Rep. Dick Knox	Winnett	
Sen John Hertel	Town of Winnett	
Sen John Hertel	Petroleum Co Project	
Rusty Rokita	Ryegate & Winnett	
Esther Bengtson	Shepherd Water/Sewer	

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HOUSE OF REPRESENTATIVES
VISITOR REGISTER

Long Range Planning SUBCOMMITTEE DATE 2/3/93

DEPARTMENT(S) DNRC DIVISION Resource Development Bureau

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NAME	REPRESENTING	
Steve Schmitz	DNRC	
Jo Brunner	MWRA	Glasgow I.D. support
Boone WHITMER	Roosevelt Co Cons Dist Work Bo	
Bob Morrison	Morrison-Maierle / CSSA	
Brian Hilderman	Crooked Creek, Lone Tree Ranch, Interstate Engr. Inc.	
Bill Harris	Petroleum County	Wigno
John Tubbs	DNRC	
Joanne Denny	DNRC	6839
Mark Marty	DNRC	

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