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 4, 1993, at 8:05 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

ANNOUNCEMENTS/DISCUSSION

SEN. BOB HOCKETT stated that the Department of Natural Resources and Conservation prepared a summary of water and sewer costs of the communities seeking RRD funds. The committee can now compare the rates. **EXHIBIT 1.**

CHAIRMAN ERNEST BERGSAGEL stated that the Executive Director of Very Special Arts, Inc. has requested to speak to the committee during the February 5th executive action on Cultural and Aesthetic Grant applicants. He asked for direction from the committee. Since executive action is generally not a time for testimony from applicants, does the committee want to make an exception or concentrate on finishing the executive action?

REP. TOM ZOOK stated that no outside participation can occur

during executive action unless a committee member asks someone to respond to a question or concern.

SEN. HOCKETT stated that Mr. Haubein has provided a summary of all increases and deductions made up until now by executive action. He suggested that this be reviewed on Friday to ensure that no particular hardships or major cuts were made that the committee is not comfortable with.

CHAIRMAN BERGSAGEL stated that this individual has requested permission upfront to testify. He asked the committee if they were comfortable with him telling her that she can come prepared to testify. If the committee asks her to speak, she will be given the chance to testify; if not, she will be unable to testify. The committee agreed with this suggestion.

REP. ZOOK stated that in addition to testifying, she is welcome to visit individually with committee members at any time.

Jim Haubein, Legislative Fiscal Analyst, provided the committee with a handout outlining the status of actions yet to be taken on the Long Range Building program, and the Cultural and Aesthetic Grants. **EXHIBIT 2.**

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

Tape No. 1:A:104

BUDGET ITEM PROJECT #10 MONTANA DEPT. OF STATE LANDS, FORESTRY DIVISION:

Tape No. 1:A:104

Informational Testimony: **Pat Flowers, Department of State Lands,** spoke on behalf of a $21,974 grant for Reforestation Projects on State Lands project. **EXHIBIT 3.** He provided a written summary of his testimony. **EXHIBIT 4.**

Questions, Responses, and Discussion: **REP. FRANCIS BARDANOUVE** asked why the current Timber Stand Improvement fee ceiling is $22, and who is responsible for setting the ceiling. **Mr. Flowers** stated that the ceiling is set by the State Land Board. The fee was just recently set at $22/1,000 board feet to meet anticipated normal timber stand improvement needs with normal contingency funds. In this case, these projects represent abnormal situations. One is the result of a wildfire, and the others are massive failures in regeneration.

REP. BARDANOUVE asked what the ceiling is for. **Mr. Flowers** stated that the state collects funds for stumpage, brush disposal, and timber stand improvement from all timber sales. The $22/1,000 board feet is the current fee set by the Land Board; that allows DSL to charge that rate for each one-thousand board feet of timber cut in a sale.

REP. BARDANOUVE asked if there has been any consideration of raising the fee if it is economically feasible. **Mr. Flowers** stated that he does think at some point it would be feasible. Every increase has to be approved by the Land Board. The fee is associated with the timber sale, so basically the $22 fee has to be inflated to cover the backlog of work to be done. The Land Board has been reluctant to increase fees at the expense of the state school trust, but hopefully it could be done in the future. Now the DSL is hoping RRD funds would be a likely source of funding for the Reforestation project.

REP. BARDANOUVE stated that the state land generated money does not go into the trust anymore, but goes into the Educational Equalization Account. The money is no longer going into the trust like it has for generations. **Mr. Flowers** stated that is correct for the rest of this biennium. **REP. BARDANOUVE** stated that it is also proposed for the coming biennium.

SEN. HOCKETT stated that it sounds like the Land Board is not managing the state lands for long-term benefit. He stated that anyone running a business does allow for contingencies, and he questions why the government should subsidize a fund from state lands for timber renewal. The fee should be set high enough to cover reforestation and timber stand improvement, plus a contingency account should be in place. Forest fires and range fires occur, as does drought. **SEN. HOCKETT** stated that bad management practices are being used instead of best management practices and he would like to know why.

Mr. Fisher stated that there are a couple reasons for the DSL being put in this position, and left without funds to cover this backlog. Reforestation costs have increased dramatically over the past five years. Although the TSI rate was increased, DSL was unable to increase it until the last six months. Contingencies are planned for, but perhaps the amount included in the TSI rate for contingencies should be increased. It is very difficult to plan for a catastrophic loss as represented by this particular project. To do that kind of planning requires carrying a huge balance in the TSI account. Some people might call that kind of balance imprudent. His future recommendations to the Land Board will likely be to increase the TSI fund to plan for some of these larger contingencies.

SEN. HOCKETT asked how state timber sale prices compare with federal, private and adjoining state timber prices. He asked what the timber is being sold for. **Mr. Fisher** stated that prices have gone up dramatically in the last two years. An average price for stumpage is $220/1,000 board feet. Three years ago it was probably half of that.

SEN. HOCKETT asked why there wasn't any way some of that increased income couldn't go into the TSI fund. He suspects that not only this acreage, but additional acreage needs reforestation. **Mr. Fisher** stated that Montana's stumpage rates

are typically higher then federal rates and relatively comparable to private rates. Adjacent state rates are comparable to Montana's rates. The reforestation is a rate per thousand, so it is not based on a percentage of receipts. The Land Board did approve an increase in fees from $11 to $22 six months ago.

SEN. ETHEL HARDING asked for more information on why the replacement stock failed due to poor root growth at Lake Mary Ronan. **Mr. Fisher** stated that two types of trees are generally used for reforestation projects. One is called a bare-root type; the seedlings are grown in beds and the roots grow down into the ground. Then a machine is used to lift them out of the dirt, they are packaged and sent off for planting. In this case, those particular seedlings did not take root when planted at Lake Mary Ronan. The second type of tree is called containerized stock and is grown in little plastic tubes. This style of planting is more successful than bare-root planting, and the DSL uses this style almost exclusively now.

SEN. HARDING asked if DSL used the nursery at Plum Creek for seedlings. **Mr. Fisher** stated that up to this point, the DSL has planted only state seedlings from the state nursery. In the future, private seedlings may be contracted for, and Plum Creek would have the opportunity to bid on those contracts.

REP. BARDANOUVE stated that while he is not critical of this proposal, he is concerned with the policy of the department. He asked how much of a backlog existed in the reforestation efforts of DSL. **Mr. Fisher** stated there are more backlog acres. It is a high priority to DSL to re-establish the sites being cut currently, but also to re-establish the backlog acres. DSL will do its best to obtain additional funding through the Land Board to re-establish the backlogged acres. **Mr. Fisher** stated that he does not have an exact figure on the amount of backlogged acres, but will supply that to the committee.

BUDGET ITEM PROJECT #35 MISSOULA URBAN TRANSPORTATION DISTRICT:

Tape No. 1:A:613

CHAIRMAN BERGSAGEL stated that since no one seemed available to testify at this time, the committee would move on to other projects. If individuals show up to testify on behalf of this project, they will be given an opportunity to testify. **EXHIBIT 5.**

BUDGET ITEM PROJECT #28 MONTANA INSTITUTE OF TOURISM & RECREATION RESEARCH:

Tape No. 1:A:645

Informational Testimony: **Susan Yuan, Institute for Tourism and Recreation Research, School of Forestry, University of Montana,** spoke on behalf of a $35,494 grant for a Study of Tourism Impacts and Community Quality of Life. **EXHIBIT 6.** She provided a written summary of her testimony and audio visual presentation. **EXHIBIT 7.**

Questions, Responses, and Discussion: **SEN. ELEANOR VAUGHN** called attention to DNRC's comment that the grant application does not evaluate how effectively Montana communities will use and incorporate project results. She asked if communities to benefit will be limited to communities used in the study, and how the information would be made available to communities for use in planning. There have been a lot of tourism studies already, and she wondered what this study would add to the others.

Ms. Yuan stated that this is the only study that looks at the actual impacts of tourism development and quality of life issues. The purpose of this study is to provide that information. The next step will be to evaluate how the information will be used. She stated that they received letters of support from chambers of commerce, convention and visitor bureaus, tourism regions, and economic development agencies expressing their need for this type of information. If the information is made available to them, they can make it available to people in their areas. The information would be made available in a variety of ways. It will be made available to chambers of commerce, the Governor's Conference on Tourism, extension agents, and others.

REP. BARDANOUVE stated that he feels this project should be funded by the Tourism Bureau, not the RRD program. The Tourism Bureau has millions of dollars and should use some of their bed tax money to do this kind of work. He is concerned that this department should not be doing this kind of work.

CHAIRMAN BERGSAGEL asked Ms. Hamman if the Department of Commerce conducts studies on tourism.

Ms. Jane Hamman, Office of Budget and Program Planning, stated that she wonders what is being done with funds statutorily appropriated to the University of Montana to conduct this tourism research. The presentation pointed out that tourism has been increasing at greater than 10% per year; that means the funds going to the Univ. of Montana have been increasing at grater than 10% per year. The institute is probably one of the few in the state that has had that kind of growth in revenue to meet its mission. Therefore, she is surprised that additional revenue is being sought.

Michael Yuan, Institute for Tourism and Recreation Research, stated that the mission for the ITRR is set by state agenda. Often long-term project goals are set, and currently the funding for the next two years has already been set. This project was not conceived until after all available funding had been committed to previously defined and approved projects. This project is seen as very urgent, and with potential funding three years away, grant funds were sought. Currently, a large part of the funds are tied up in a large multi-year project.

Ms. Yuan stated that her understanding of RRD funds is that they invest in renewable resources. Tourism is definitely a renewable

resource; therefore, she thinks the project does deserve consideration under the RRD program.

REP. BARDANOUVE stated that she was making a liberal interpretation of renewable resources. He believes that if this is an important project, it should be a higher priority than perhaps some of their current projects.

Mr. Yuan stated that tourists are attracted to Montana because of the natural resources, and that is where they believe a link is tied to this particular program. Tourism is linked integrally to the natural resources of Montana and DNRC.

John Tubbs, Chief of Resource Development Bureau, DNRC, stated that the RRD statute specifically breaks out recreation as a renewable resource that will be funded under this program. That is the basis for their ranking of this project. Tomorrow when the committee discusses how the program is implementing its mission, that point will be brought up.

REP. BARDANOUVE asked if, given the shortage of funds for these projects, DNRC considers the possibility of other sources of funding for projects. He believes DNRC should have told the ITRR to seek funds from the Bureau of Tourism.

CHAIRMAN BERGSAGEL stated that he would prefer to have these conversations in executive session. The committee will look at recommendations at that time. A bill is coming through that could redirect the emphasis on where this money is spent. The committee can have those debates when they look at that bill.

BUDGET ITEM PROJECT #9 DARBY SCHOOL DISTRICT NO. 9:

Tape No. 1:B:003

Jack Eggensperger, Superintendent, Darby School District No. 9, spoke on behalf of the $25,300 grant for the Darby School Park Project. **EXHIBIT 8.** He completed a Witness Statement, **EXHIBIT 9,** and turned the presentation over to the Maintenance Supervisor.

Al Mello, Maintenance Supervisor, Darby School District No. 9, stated that this project has been in this grant process since 1989. The grant would be used to turn 6.8 acres of land located between two buildings into a park. The grant would allow the school to enhance the academic areas which are suffering for space and the playground areas. Students with special needs will also benefit by having access to existing playgrounds and future outdoor classrooms. The public will benefit as well from the park-like setting. The grant will help in construction of a 6.5 acre multiple-use park on the Darby School property. Please refer to **EXHIBIT 7** for more information on the proposed park.

Mr. Mello stated that the project has received a lot of support from the community. Donations of 2,000 yards of topsoil were received, and $10,500 dollars has been spent on fencing, pumps

and irrigation. Members of the community have donated a considerable amount of time, as well as some local and state government assistance. The park will be available to the public for evening and weekend use.

Mr. Mello stated that last year Darby experienced a 15% increase in enrollment and must now deal with meeting new accreditation standards. This new area could alleviate some of their problems.

Questions, Responses, and Discussion: **SEN. HOCKETT** asked DNRC if they were prepared for an influx of similar requests from schools in Montana, if this one is funded. **Mr. Tubbs** stated that they are prepared to receive any applications. Schools districts are a fundable entity under the RRD program. If a particular type of program should ever start to take over the RRD program, then DNRC will have to develop a way to deal with that.

SEN. HOCKETT asked if Darby had applied for a grant last session. **Mr. Tubbs** stated that Darby submitted the same project for grants last session, but did not receive funding.

SEN. ETHEL HARDING asked what the committee action was last year for Darby. **Mr. Tubbs** stated that the same application was submitted last year and the committee accepted DNRC's ranking and didn't move the project. The project fell far below the funding line and did not receive funding.

Mr. Eggensperger stated that this same project has been before the committee since 1989. It has always fallen below the funding line, and the district continues to submit it every session.

BUDGET ITEM PROJECT #37 RAVALLI COUNTY:

Tape No. 1:B:241

Steve Powell, City Commissioner, Ravalli County, spoke on behalf of a $88,340 grant for a Ravalli County Vulnerability Assessment. **EXHIBIT 10.** He explained that the county is extremely interested in the information to be gained from the assessment because of the extremely high growth the county is experiencing. Almost all of that growth is associated with individual septic systems, drain fields and private wells. He stated that existing residents have many concerns about how new developments will affect their wells. Wells have gone dry and had to be deepened, and there is concern that the shallow groundwater will be contaminated and problems will develop for existing residents. The beauty of the methodology for the assessment is that it has been tested in other areas and proven effective. The assessment will simply coordinate existing information to determine likely vulnerability of existing soils to increased contamination.

Mr. Powell stated that almost 700 septic systems were regulated in Ravalli County last year, and the pace is picking up. Some existing residents have threatened lawsuits if new subdivisions are approved. The county feels that a good scientific base of

information should be used to evaluate proposed development and exercise good judgement. Please refer to **EXHIBIT 10** for specific information on the proposed area and methods to be used in the assessment.

Questions, Responses, and Discussion: **SEN. HOCKETT** asked if Mr. Powell was a proponent or an opponent in yesterday's DNRC hearing on land-use planning. **Mr. Powell** stated that he is a strong proponent of better land-use planning.

SEN. HOCKETT asked how he had stated his position yesterday. **Mr. Powell** stated that he testified in favor of Sen. Doherty's bill that would remove exemptions for divisions of occasional sale and family transfer. He has concerns, and testified against Rep. Gilbert's HB 280.

SEN. HOCKETT stated that what he is seeking here is basically land-use planning.

REP. BARDANOUVE stated that he realized Ravalli County is becoming a suburb of Missoula. The county is putting up only 5% of the total cost. This is a very serious problem, and he believes the county should put up a higher percentage.

Mr. Powell stated that the county would like to be able to carry the whole project themselves, but their resources are too strapped to even staff enough people to handle the permit requests being received. To do a forward-looking analysis project like this is beyond their abilities. They have not been able to get enough planning staff to both review the incoming subdivision proposals and write a comprehensive plan to provide a handle on subdivision.

REP. BARDANOUVE asked if the increase in property values has given the county an increase in mill revenues. **Mr. Powell** stated that the county is looking at $20 million to $25 million of taxable property being created in the county every year. The problem is that when that is transferred down to the taxable value and the levy that the county receives, the amount of increase has barely kept up with the cost-of-living adjustment for existing staff and the increased cost in health insurance.

BUDGET ITEM PROJECT #29 TOWN OF HOT SPRINGS:

Tape No. 1:B:426

Proponents' Testimony: **SEN. BARRY "SPOOK" STANG, SD 26, Mineral,** spoke on behalf of a $100,000 grant for the Camas Therapy Center in Hot Springs. **EXHIBIT 11.** He stated that a number of people will testify on behalf of the redevelopment of the old bath house. Many of them would also like their testimony to go for the hearing on HB 7 which will occur on Monday. **SEN. STANG** stated that 500 people live in Hot Springs, and that the project is a worthwhile project that will benefit the town and the surrounding area. It has the potential to become a destination resort.

CHAIRMAN BERGSAGEL informed the committee that the town of Hot Springs is in HB 7 with a request for another grant of $150,000. He agreed that they would be allowed to testify on both bills at the same time.

Informational Testimony: **Sharon Flesch, Project Coordinator, CAM Redevelopment,** spoke regarding the CAM nonprofit organization and its interest in the project. She provided **EXHIBIT 12,** which contains written testimony, and current information on the project. In addition, she provided **EXHIBIT 13,** which contains letters and petitions of support.

EXHIBIT 12 - PAGE 3 contains her testimony. **Ms. Flesch** completed a Witness Statement, **EXHIBIT 14.**

Proponents' Testimony: **Merle Farrier, Hot Springs School District,** spoke in support of the Camas Therapy Center grant. **EXHIBIT 12 - PAGE 4** contains his written testimony.

Liz Fee, Sanders County Economic Development Corporation, and Northwest Regional Rural Conservation and Development Corporation, spoke in support of the Camas Therapy Center grant. **EXHIBIT 12 - PAGE 5** contains her written testimony.

Vivian Balison, Mayor, Hot Springs, spoke in support of the Camas Therapy Center grant. **EXHIBIT 12 - PAGE 6** contains her written testimony. **Ms. Balison** completed a Witness Statement, **EXHIBIT 15.**

Bill Massey, County Commissioner, Sanders County, spoke in support of the Camas Therapy Center grant. **EXHIBIT 12 - PAGE 7** contains his written testimony. **Mr. Massey** completed a Witness Statement, **EXHIBIT 16.**

Cherie Hooten, County Commissioner, Sanders County, spoke in support of the Camas Therapy Center grant. **EXHIBIT 12 - PAGE 8** contains her written testimony. **Ms. Hooten** completed a Witness Statement, **EXHIBIT 17.**

REP. JODY BIRD, HD 52, Superior, spoke in support of the Camas Therapy Center. She stated that these people currently abridge her district, and will be joining her district due to the re-districting. **REP. BIRD** stated that the people involved have done a lot of work and she hopes the committee will give them support.

REP. JIM ELLIOTT, HD 51, Trout Creek, spoke in support of the Camas Therapy Center. He represents the town of Hot Springs and stated that Hot Springs has the tenacity, in the face of declining revenues and things going wrong, to hang on and to try to take its future into its own hands. In the past 25 years the town of Hot Springs has lost everything, except its high school, that a small community has to be proud of. This project has been planned for four years now. The citizens of Hot Springs are easy to represent in the House of Representatives because they really don't want any help, other than what they are asking for today.

They are willing to take their economic destiny into their own hands. He believes the town of Hot Springs needs and deserves this grant from the state of Montana. People are now moving to the town to take advantage of the mineral water there. The American Automobile Association, which has 30 Million members nationwide, is considering designating the highway which goes by the town as a scenic route.

REP. ELLIOTT stated that if determination was collateral, the citizens of Hot Springs could offer that to the state. He asked audience members from Hot Springs to stand up. There are approximately 400 people in Hot Springs, and approximately 20% came to the hearing today in support of this grant.

Questions, Responses, and Discussion: **CHAIRMAN BERGSAGEL** asked if all the testimony was for both HB 7 and HB 6. **REP. ELLIOTT** stated that there will be a couple representatives from Hot Springs here on Monday to testify on HB 7. Therefore if the committee wants to limit their questions today to HB 6, it would be fine.

CHAIRMAN BERGSAGEL asked DNRC where the $150,000 request for additional funds fit into this project. The total project is for $2 million.

Mr. Tubbs stated that the grants are somewhat separate. The $150,000 will go for removal of oil tanks and asbestos from the old bathhouse. **CHAIRMAN BERGSAGEL** asked that further clarification be provided to the committee on Monday.

Ms. Flesch stated that the entire project is a little over $2 million. The town asked for $100,000 for developing the water resource and geothermal resources. The town also applied for $300,000 in grant funds from HB 7, for stabilization of the building, removal of asbestos, and to prevent further deterioration of the building. DNRC recommended a $150,000 grant from HB 7. The grant funds from DNRC will not be available to the town until the town has Community Block Development Grant funds in hand.

SEN. HOCKETT asked who owns the property on which the building sits. **Ms. Flesch** stated that the property is owned by the Confederated Salish and Kootenai Tribes and the Bureau of Indian Affairs. CAM Redevelopment has a 25 year lease with an automatic renewal. The property itself is actually owned by the tribes.

SEN. HOCKETT stated that he has seen the building and it is in bad shape. He asked whether it will be re-built or leveled. **Ms. Flesch** stated that part of it will be re-built and part of it will be torn down. The reason for rebuilding is that the building sits on pilings that go 80 feet to bedrock. It is the only portion of that six to eight acre property that has some stability. The springs cause the rest of the property to be unstable. The building is structurally sound, and almost all

interior walls have ceramic tile and there are only two cracks. The cost of demolition of the building would far exceed other costs.

SEN. HOCKETT asked if this project would compete or complement plans for a golf course to be developed in the area. **Ms. Flesch** stated that it is hoped they will complement each other. The proposed project is a therapy center, but there will be some recreational use. The clients will then have something else to do. The golf course will have the only other permit for that aquifer. Attorneys for the developer, CAM Redevelopment and the Tribal Government have worked out an agreement that guarantees the two business will have the only two permits for that aquifer.

REP. BARDANOUVE asked how the facility will be kept financially sound. **Ms. Flesch** stated that fees will be charged. Therapy will be provided for Workers' Compensation clients, arthritis, etc. Therapists will be on staff, and the Center will charge clients.

REP. BARDANOUVE stated that these kinds of facilities sometimes run into financial difficulties. He is concerned that they may not have enough operating money to keep the Therapy Center going. **Ms. Flesch** stated that financial reports are available in the grant application. There will be operating capital from the Economic Development Administration for the first three years, and they should be solvent after that. **EXHIBIT 12** contains more information on the feasibility study.

REP. BARDANOUVE stated that his concerns have been alleviated by her testimony. He asked if any potential problems with the Tribal Government had been resolved. **Ms. Flesch** stated there were no problems with the government. She stated that every time the town has asked from cooperation from the Tribal Government, they have received their help and support. In the past the Tribal Government has volunteered help on projects within the town.

SEN. HARDING asked if the bathhouse would be annexed from the Tribal Government. **Ms. Flesch** stated that it was annexed Tuesday, February 2, 1993.

SEN. HARDING asked who would manage the operation. **Ms. Flesch** stated that a management team consisting of one member each from the City Council, the Tribal Government, and three members from the CAM Redevelopment project.

SEN. HARDING asked how much a mill is worth in the town of Hot Springs and Sanders County. **Mr. Farrier** stated that it varies due to a split district. The elementary district mill brings in approximately $1,200; the high school district mill brings in $2,000. **Ms. Balison** stated that the mill for Sanders County brings in approximately $23,860.

Tape 2:A:003

SEN. HARDING said she would like to know the fees that would be charged to provide the financial support of the operation. **Mr. Farrier** stated that a three-ear projected budget was included with the grant. It was difficult to estimate revenues. The state average is approximately $120, but $200 a day was also a possibility. The budget projections were based on revenue of $90/day. The state average was 49 people/day. The budget projections were based on 40 people/day. These low figures were used to project the three-ear cash flow.

Ms. Flesch stated that the facility will not increase the tax base of the town of Hot Springs. However, it will increase the employment by about 100 jobs.

REP. BARDANOUVE asked if a hotel was located in the town. **Ms. Flesch** stated that currently there is one, and several more have plans to build. In addition, a bank is moving into the town, and the community has wanted one for a long time.

BUDGET ITEM PROJECT #51 CITY OF POLSON:

Tape No. 2:A:080

CHAIRMAN BERGSAGEL informed the committee that the city of Polson has withdrawn its request for grant funds.

BUDGET ITEM PROJECT #45 FLATHEAD JOINT BOARD OF CONTROL:

Tape No. 2:A:090

Informational Testimony: **Alan Mikkelsen, Executive Director, Flathead Joint Board of Control,** spoke on behalf of a $44,500 grant and a $54,500 loan for a Fish-Friendly Irrigation Demonstration project. **EXHIBIT 18.** A Witness Statement was completed **EXHIBIT 19.** A project proposal, complete with letters of support, technical recommendations and replies to criticism from the Bureau of Indian Affairs and the Confederated Salish-Kootenai Tribe was presented to the committee. **EXHIBIT 20.**

Mr. Mikkelsen stated that 112,000 acres of land are represented by the Flathead Irrigation Project. **EXHIBITS 18 AND 20** describe the wastewater problem and the proposed solution. **Mr. Mikkelsen** presented slides detailing the erosion problems.

Questions, Responses, and Discussion: **SEN. HARDING** asked if one of the slides showed an area on the Crow Reservoir. **Mr. Mikkelsen** said the slides were not taken on the Crow Reservoir, but were taken in the wasteway draw off the Crow Reservoir.

John Tobol, landowner, Tobol Farms, stated that he owns the land suffering from property damage due to the wasteway draw. He presented some pictures of the damage to his land. A road went through the draw in previous years, but the erosion has made it undrivable. He stated that the draw is a little over a mile long, and there are portions that have been eroded down to bedrock. The soil is very silty and sandy and is eroding fast. At

the highest point the depth of the cut is 45 to 50 feet deep.

Mr. Tobol submitted a letter of support from Chase Hibbard, an upstream landowner, **EXHIBIT 21. Mr. Tobol** stated that all area landowners would benefit from the project through water savings.

Mr. Mikkelsen stated that the project has undergone extremely close scrutiny. **EXHIBIT 20** contains documents that address concerns raised by DNRC.

Questions, Responses, and Discussion: **SEN. HOCKETT** stated that the Salish-Kootenai Tribe is threatening a lawsuit and are not supporting the project. He requested that Mr. Mikkelsen elaborate on that. **Mr. Mikkelsen** stated that the lawsuit has not been threatened by the tribes or the BIA. The project is in the permitting process, and they have received all permits except for the tribal permit. The FJBC is going to court to determine if a tribal permit is required. The tribe says that a tribal permit is needed. However, since all construction is taking place off of tribal land, the FJBC determined that only state permits were required. No tribal permit is needed.

SEN. HARDING asked DNRC if the original ranking of the project will change now that supporting documents have been received. **Mr. Tubbs** stated that it is difficult to know what might have been done if the supporting documents had been received earlier. He does feel that the low ranking would not have been given, had DNRC had the supporting documents earlier. The FJBC diligently met with him and went over each specific concern. **EXHIBIT 20** includes more information.

Mr. Tubbs stated now the only remaining question is whether the tribe has the jurisdiction to require a permit or not. That will be decided in court. The FJBC has assured him that if the tribal permit is required, it will at least be applied for.

SEN. HARDING stated that she had met with Mr. Tobol before the session began, and is particularly hopeful that all concerns have been addressed.

SEN. HOCKETT asked if fish were presently in the creek, and if the public could fish it. **Mr. Mikkelsen** stated that there are fish in the creek. Crow Creek is primarily on tribal land, and they have some restrictive regulations for catch and release to try to re-establish the population.

Opponents' Testimony: **Rhonda Swaney, Natural Resources Department, Confederated Salish-Kootenai Tribes,** spoke in opposition to the grant and loan for the FJBC's Fish-Friendly Irrigation Project. She provided written testimony, **EXHIBIT 22,** and a copy of correspondence sent to DNRC in June 1992, **EXHIBIT 23. Ms. Swaney** completed a Witness Statement, **EXHIBIT 24.**

Questions, Responses, and Discussion: **SEN. HARDING** asked Mr.

Tubbs if he can share any information with the committee regarding Ms. Swaney's testimony. **Mr. Tubbs** stated that there is conflicting information from several groups, and the department has tried to deal with this problem as best it can. The low ranking reflects the department's concerns about the conflicting information. He stated that at this time he cannot address point-by-point the issues brought up. He stated that the FJBC has tried to address some of the concerns of the Tribal Council, but doubts all of their concerns were alleviated. The largest issue is the abandonment of the ditch and installation of a pipeline, and how that relates to ownership.

SEN. HARDING asked Ms. Swaney to provide the committee with written copies of her testimony in order for the committee to compare information. She asked Mr. Mikkelsen if he saw any difference between what was presented today and what Ms. Swaney stated.

Mr. Mikkelsen stated that contrary to what Ms. Swaney said, the FJBC does recognize and respect the sovereignty of the CSKT. They do have a question of whether that sovereignty extends to private, deeded land, and are trying to get that resolved. The ditch to be abandoned is not unusual, there are probably hundreds of miles of abandoned ditch in the Flathead Irrigation Project. To his knowledge, there has not been a request for ditch abandonment to the Flathead Irrigation Project that has not been honored. He stated that the stability of the wasteway has been addressed in information prepared by professional engineers and given to the committee. The geotechnical report has been done on the dam and dam site, and the Corps of Engineers found it a stable site and facility.

SEN. HOCKETT asked Ms. Swaney if her concern was with the project itself or the lack of consultation with the tribe. **Ms. Swaney** stated that the CSKT has both technical concerns, and is concerned for the tribal land to be affected by the proposed project.

SEN. HOCKETT asked if anyone consulted the tribe about the project. **Ms. Swaney** stated that no one from the FJBC consulted the tribe, the tribe heard about it through the Bureau of Reclamation management team.

SEN. HOCKETT asked if they were not invited to participate in the discussion. **Ms. Swaney** said no, they were not.

Tape 2:B:003

REP. BARDANOUVE asked if it was possible for the two parties to get a mutually agreeable project that would be beneficial to everyone. **Ms. Swaney** stated that the benefits of the project are limited primarily to two individuals. She stated that there is always the possibility for an amicable solution to be reached, but the fact that the FJBC has filed a lawsuit against the tribe

puts a cloud on any discussions about it at this point.

Mr. Mikkelsen stated that the tribes have been aware of the project and been involved in the project. He stated that **EXHIBIT 20** contains a letter from the Soil Conservation Service which states that tribal representatives had attended discussions at John Tobol's home as early as 1988. **Mr. Mikkelsen** participated in a tour of the problem area in 1988 that tribal representatives also participated in. He stated that there are obviously some strained relations, and thinks that all involved feel quite badly about that. Unfortunately they have been strained for so long, he is not sure what can be done about it. The technical merits of the project indicate that it is a good project, and will benefit more than just the two landowners. There will be significant environmental benefits to the project.

REP. BARDANOUVE commented that sometimes personalities get involved and cause troubles that leave serious environmental situations unresolved. However, he is more concerned about the overall benefits to Montana and the environment, rather than the personalities involved. He would like to see the personality differences laid aside, if possible, and try to find a common basis to resolve this serious environmental situation.

Laurence Kenmile, Vice-Chairman, CSKT, stated in reply to Rep. Bardanouve's concerns of personal conflict, that it is not a personal conflict between the FJBC and the tribe. The CSKT does have some problems with the process they are using, including the suit filed against the government by the FJBC. Technically, Rhonda brought up some things that are problems with the project. Another technical problem is that the FJBC is making the application, when the Bureau of Indian Affairs should be making the application. The BIA is the government agency actually operating the Flathead Irrigation Project. Therefore, if an application is submitted for approval, it should be submitted by the agency responsible for the operation of the project.

Mr. Kenmile stated that the tribe could have probably been a lot of help to the applicant if it would have permitted through the tribe's Shoreline Protection Board. Experts are available to provide assistance, and yet the FJBC failed to recognize the tribe as a responsible agency that works with the Corps of Engineers. The Corps will not permit any project that does not go through the tribe, because they rely on the tribe as an extended arm of the Corps. Under 404 the tribe is the permittee of the Corps of Engineers; therefore, those items have to be brought through the tribe. The permits are required as protection not only to the landowner of the project area, but also to the landowners downstream from the construction site. There is very seldom a permit turned down by the Shoreline Protection Board unless it is going to be really devastating. Usually a construction process can be worked out that is beneficial to the landowner and the downstream landowners. He agreed there is sometimes a lot of hardship with the FJBC, but the CSKT lives

with it and the FJBC lives with it. However it does not mean that the relationship can't be worked on in the future. Right now, however, the FJBC is not the agency that should be submitting the application; the BIA should be. There are a lot of technical problems that DNRC reviewed that need to be addressed.

REP. BARDANOUVE stated that another reason he is concerned is because he is carrying this bill. He suggested that the white man and Indian convene a council of peace on this beautiful land. After many days of consultation and peacemaking, they should declare and sign a peace treaty in 1993 and resolve this problem. He would like to see this resolved to the benefit of all Montana.

SEN. HARDING asked Mr. Kenmile if he would be in favor of the project had it gone through the proper permitting process with the CSKT. **Mr. Kenmile** stated that they would gladly look at it if it was a BIA application submitted to the proper permitting process. If projects are good projects and are brought to the tribe and the tribe is given a technical overview of the proposal, it will likely be supported. This morning the CSKT supported the town of Hot Spring's project. The town has a good project and has kept the tribe informed of their project as they progressed; therefore, it is not an Indian/non-Indian fight. The Indians are trying to protect what they have on their reservation. It may look like a conflict, but they are actually trying to protect their natural resources. It is called a "fish-friendly" project, but a few years ago the FJBC was against the CSKT on in-stream flows. The CSKT looks at compromises that will provide services for the residents on the reservation and he thinks they do a good job of providing those services.

SEN. HARDING asked if this project is also considered under the jurisdiction of the Shoreline Protection Act. **Mr. Kenmile** replied that was correct; any time construction work is done on aquatic lands, a permit is needed. The SPB is made up of four tribal and three non-tribal members. An application is submitted to them to review. If it is considered a construction project, a permit is needed. If it is not considered a construction project, no permit is needed.

SEN. HARDING asked who serves on the Shoreline Protection Board. **Mr. Kenmile** stated that Joe Schneider, Jim Mercer and Don Lucas are the non-Indian members of the Board. There is currently one vacancy because a tribal member just resigned.

SEN. HARDING asked if some members have been on the Board for a long time. **Mr. Kenmile** stated that some of them have been on from the formation of the Board.

REP. BARDANOUVE stated that speaking only for himself, he feels that if this project is to be approved, it will have to be done with the understanding that all parties would have to agree. He does not think it will be possible to accomplish something otherwise.

CHAIRMAN BERGSAGEL asked who the Flathead Joint Board of Control is, what their responsibility is, and what their relationship to the CSKT is. **Mr. Mikkelsen** stated that he is the director of the Board. The FJBC is a joint board of control formed under Montana irrigation law, and is comprised of three state chartered irrigation districts. The FJBC has the taxing fundraising authority for the irrigation project. They raise those funds and transfer them to the BIA for operation and maintenance purposes on the irrigation project. One of the reasons the BIA was not asked to make the application was because the FJBC was under the impression that federal entities could not make applications for these types of funds. The Maughn reservoir is not part of the Flathead Irrigation Project, but is on district land.

CHAIRMAN BERGSAGEL stated that there is obviously a conflict and the LRP committee will not spend further time trying to resolve it. He asked that the FJBC and the CSKT meet and work out an agreement and get back to the committee in a week. **CHAIRMAN BERGSAGEL** stated that he wants both sides of the story. If it is not resolved, whatever action is taken will be subject to the LRP committee. He does not know what effect this request will have on the lawsuit or the entities involved, but suggested they sit down and talk about it so the project is not divisive. He asked both sides to come back in a week and give the committee their view of what occurs. If it is not resolved, it will be up to the committee to deal with it.

BUDGET ITEM PROJECT #34 DNRC, KALISPELL WATER RESOURCES REGIONAL OFFICE:

Tape No. 2:B:441

Marshall K. Corbett, Hydrogeologist, DNRC, spoke on behalf of a $100,000 grant for a Flathead Valley Cooperative Groundwater Study. **EXHIBIT 25** contains further information on the proposed study.

Mr. Corbett stated that the Financial Assessment made by the DNRC wrongly compared his project with a Beaverhead County project funded by this committee in the past. The comparison was made on the amount of area involved in the projects, which is incorrect. The Beaverhead County area involved was 80 square miles, not 4 square miles as stated by the DNRC. His project covers 14 townships, not 14 square miles. If the whole valley is considered, he will not even come close to covering more than 8 or 10 square miles with the funds forthcoming from this proposal. Therefore, he is looking at only the initial stages of trying to get a monitoring system across the north end of the Valley. The north end was chosen because it is the main re-charge area for the valley. Once the monitoring system is established and the data starts being collected, the data will immediately be used for long-range planning. In addition, it will help determine what aspects of the overall program should be emphasized in future studies. He hopes that the committee understands there are immediate benefits in having data for state and local planning

efforts.

Mr. Corbett corrected the information contained in **EXHIBIT 25**. He stated that there is no seismic testing being proposed. There is the possibility that some seismic data could be purchased. Therefore, the severe environmental effects of seismic testing are not a concern. There will also be no permitting requirements for monitoring wells, because no water will be removed. The methods for installing the wells will be similar to those used for installing household wells.

Questions, Responses, and Discussion: **REP. BARDANOUVE** asked if the Bureau of Mines has done any underground water tests in this area. **Mr. Corbett** stated that he is not aware of any specific Bureau of Mines study in the Valley, other than general overall mapping and surface evaluation program done in 1968. The study was conducted in a superficial way to give a general understanding of the Valley water system. The Valley's aquifer is very deep and needs to be tested and evaluated further. There is concern that shallow wells are going dry, but wells that reach beneath the glacial drift have better water and are not going dry. It appears to him, contrary to other testimony, that the separate water zones in the Valley are not connected, but are separate, distinct aquifers. The project would find out how they all relate to one another.

Proponents' Testimony: Don Spivey, Flathead Valley Resident, stated that as a private citizen he is concerned about ground water. As a new participant of the Whitefish City/County Planning Board, he is looking at development proposals that impact water resources. He also participates in the effort to update Whitefish County's master plan and resource database that would benefit from data gathered by this project.

Mr. Spivey stated that as a private citizen he was involved in arguing against a proposed golf course along the Whitefish River which would have utilized aquifer resources. There was no knowledge of whether the aquifer possessed the water necessary to sustain domestic usage in addition to the proposed commercial use. Therefore, he supports any work that can be done to characterize the aquifer's resources. Development in the Valley is intense and involves exploiting this resource that not enough is known about.

Mr. Spivey stated that as a member of the Planning Board, he struggles with the decisions for development because of the exploitation of and impact on the groundwater. The technical knowledge is needed that would allow them to project the future requirements, the aquifer's resources, the flow rates, and understand the recharge into the drainage basin to see if the increasing demands can be met.

Mr. Spivey stated that helping to update the resource database has increased his awareness of the lack of information that is

available. The county is involved in installing a Geographical Information System to allow them to control the mapping of parcels of land in the Valley. The system will allow the input of resource data, and be used by the county for planning. He asked the committee to support this request as the beginning of a larger program to begin to build a cohesive project.

Steve Herburly, Flathead Regional Development Office, provided data on the amount of subdivisions and surveys done in the Flathead Valley, **EXHIBIT 26.** He stressed that there has been an increase in development in the Valley, and that a significant amount of development is occurring on unreviewed land divisions. Potentially that has a significant effect on the groundwater. The citizens are surveyed periodically, and their number one concern is quality of life in the Flathead. They are concerned about water quality as probably one of the main concerns of quality of life in the Flathead Valley. Through the efforts of the Flathead Basin Commission, his office and others interested in water-related issues, there is a fairly broad-based awareness that how the land is used impacts water quality. In a twelve-month period, anywhere from 800 to 1,000 houses are being permitted for construction outside of existing community water and sewer systems. He is not a proponent of septic systems; there are just so many that can be put in before groundwater is impacted. Without the comprehensive network of monitoring facilities in place that provides baseline data, that issue of when enough is enough can't be resolved. He would rather have the information early and now, rather than being on the side of too many septic systems and having to mitigate for decisions made with insufficient data. Therefore, the Flathead Regional Development Office stands in support of funding for this project.

Questions, Responses, and Discussion: **CHAIRMAN BERGSAGEL** asked DNRC to elaborate on the unsecured $135,500 listed in **EXHIBIT 25.** **Mr. Tubbs** stated that at the time of submittal DNRC was not able to identify funding for $135,500 of the total project cost of $306,910. He is not sure if there has been success in securing those funds since the grant application was submitted.

Mr. Corbett stated that the money has not yet been secured, partly due to lack of an opportunity to pursue further funding. MPC has said they would be interested in supporting the project financially. The $20,000 from the U. S. Geological Survey is a match that will be used for the monitoring system, if the profiling system is postponed. In addition, he hopes for local support.

SEN. HARDING asked what would be done to raise the necessary matching funds to receive the RRD grant funds. **Mr. Corbett** stated that he just started with DNRC last spring, and had only six weeks to put together the application. He is not a fundraiser, just a technical person and would like someone else to do the fundraising. He stressed that this type of large project needs to be started, and should not be contingent on the acquisition of

funds. If he can get started, immediate benefits will result.

SEN. HARDING stated that she knows the importance of the project, but all RRD funds are not released until the required matching funds are acquired. Therefore, even if it is approved by this committee, somebody will have to raise the matching money in order to get this grant.

BUDGET ITEM EMERGENCY REQUEST MISSOULA CITY/COUNTY HEALTH DEPARTMENT:

Tape No. 3:A:203

Proponents' Testimony: SEN. FRED VAN VALKENBURG, SD 30, Missoula, spoke in support of a $100,000 emergency grant for the Linda Vista Sewer Inceptor. He stated that some years ago DHES approved the Linda Vista subdivision, and stated at that time that there were no problems with the septic systems installed. Subsequent to that, the state has determined there are now violations of the state groundwater standards for nitrates, and has ordered the residents to correct the problem. To do that, the 200-250 residents would have to pay approximately $12,000 per home. The Missoula City/County Health Department has put together a proposal that involves a lot of local effort, and some federal money to correct this problem. They are also seeking a $100,000 grant from HB 6 and this committee. They have submitted an application in the past, but the application was not considered by the 1991 legislature. Subsequent to that, a change in the legal situation made it too late for them to get an application in to DNRC and be on this year's priority list. That is why they are here today seeking an emergency grant to correct this situation. He realizes how difficult it is for the committee to appropriate grants outside of those that have gone through the ranking process, but hopes the committee will give the proposal consideration.

Informational Testimony: Jim Carlson, Director, Environmental Health Division, MCCHD, stated that Sen. Van Valkenburg gave a good description of the situation. The Missoula City/County Board of Health and the Board of Commissioners have been ordered to clean up the groundwater contamination in the Linda Vista Subdivision area. He provided an abstract of the proposed project, **EXHIBIT 27.**

Mr. Carlson informed the committee that fifteen homes violate the state groundwater standards for private individual wells. If the water was in public wells, they would be required to discontinue use of the water. The proposal submitted in the past was for extending mainlines for water into the area, and that has consequently been done through a private/public partnership. To bring the groundwater back up to acceptable standards, collectors have to be installed, and the homes have to be hooked up to sewer lines. Since the order came from the DHES August 11, it was impossible to meet DNRC's June deadline for project proposals.

Alan English, Missoula City/County Health Department, spoke on the technical aspects of the project. He stated that at least 15 homes are experiencing high nitrate levels of up to twice the amount allowed, according to drinking standards. There are no agricultural sources of nitrate, but may be some mine runoff contribution. He stated that review of data concerning septic systems show that residents are drinking 12% to 24% of recycled water from their systems. In addition, there are a lot of other contaminates that are not being looked at now. The houses with the highest levels of nitrate are at the lowest point of the floodplain. The area has shallow groundwater which contributes to the problem. The seepage pits some homes have actually penetrate the water table sometimes in the spring. He stated that due to the poor soils and other factors, even if there was a good septic system in this area, the water would still be of poor quality.

Mr. English stated that an administrative order was submitted by the DHES to clean up this area. The order has four requirements:

1) A summary report of the contamination be filed by December 12, 1992. That was submitted and is currently being reviewed. When that is approved by the state, the county has another 60 days to submit a cleanup plan. There are no other alternatives beyond installing a sewer system. He stated that the area is on an EPA designated sole source aquifer, so there is concern about the contamination.

2) The order specifies the removal or closure of all septic systems, and the creation of a Rural Special Improvement District.

3) Create a monitoring network to evaluate the impact of the sewer system on the groundwater. It is anticipated that existing wells will be used, but one or two new wells may have to be drilled for monitoring purposes.

4) The entire cleanup plan must be implemented by September 12, 1994. Therefore there is not a lot of time to get the project done.

Mr. English stated that the costs to homeowners is very high, averaging $12,000 for either one of the sewer systems being considered for implementation. This is not a rich neighborhood, and it is a burden to the homeowner to comply with this state ordered compliance. The question is who is at fault: is it the DHES which initially reviewed and permitted the existing septic systems? The city permitted the subdivision according to the regulations that existed at that time. The homeowners did comply with the laws and regulations and did obtain permits from the regulating agencies. Now they are the ones that will end up paying for the new system even though they are probably the ones least at fault. That is why MCCHD is here now asking for money. It is important to protect the groundwater and the drinking water of the residents. He asked for the committee's assistance in

complying with the DHES order for compliance.

Questions, Responses, and Discussion: **SEN. HARDING** asked how many landowners are involved. **Mr. English** stated that the prices were based on sewering 203 homes.

SEN. HARDING asked if the committee would have to opportunity to review the grant that was submitted previously. **Mr. Tubbs** stated that it would be provided to the committee. The basic difference is that the ranking process last session placed that grant proposal too low to receive funding. However, because of new accounting and taxing jurisdiction by the RSID, a loan was authorized. The county has not requested those loan funds. The technical difference is that last time the proposal was to bring a sewer main line into the neighborhood, with no requirement to hook up to the line. DNRC saw no incentive for the individuals to hook up and, therefore, gave it a low ranking.

SEN. HARDING asked how much of a grant was being requested. **Mr. Carlson** stated that a $100,000 grant was being requested. The total project cost is $2.1 million, and the state of Montana will supply approximately 5% of the total cost.

Informational Testimony: **Mr. Carlson** read a letter from the Missoula County Board of Commissioners in support of an emergency grant for the Linda Vista subdivision, **EXHIBIT 28.** He also read a letter from the Linda Vista Area Homeowners Association, **EXHIBIT 29.**

Mr. Carlson commented that he thought Mr. English was polite in expressing that 12% to 25% of the water coming out of the taps of some of these homes has been through someone else's septic system or perhaps their own system. It is a serious public health concern and a water resource concern. Nearby public water supplies have had nitrates as high as 8 mg/L; if they hit 10 mg/L the water will be shut off and alternative sources for public water will have to be found. There are people on dialysis using the public water supply. The hospitals are having a very difficult time installing treatment systems adequate to ensure that those people receive proper treatment.

REP. ZOOK asked him to be brief, since he had been moved in ahead of people who have waited a long time.

Mr. Carlson concluded by stating that the state is being asked to participate in approximately 5% of this project. The state should participate as a matter of resource protection, and also because the subdivision followed the legal requirements at the time of installation. No one anticipated this problem but it is a cost that we should all share. He stated that a Missoula Water Quality District was recently formed and $100,000 in local money will be put toward this project to offset the cost to the homeowner.

Questions, Responses, and Discussion: **REP. ZOOK** asked if the

subdivision was in a SID. **Mr. Carlson** stated that SID law allows county commissioners to create an SID over 100% protest. There have been two SID proposals voted down by area residents during a time when more federal money was available for installing sewers. The state has now stepped in and mandated that an SID be set up.

REP. ZOOK said in other words, the answer is no.

BUDGET ITEM PROJECT #22 CHINOOK DIVISION IRRIGATION ASSOC.:
Tape No. 3:A:041

Informational Testimony: Max Maddox, Chinook Division Irrigation Association, spoke on behalf of a $34,217 grant and a $65,783 loan for repair of Lohman Dam. **EXHIBIT 30.** He completed a Witness Statement, **EXHIBIT 31**, and presented a written summary of his comments, **EXHIBIT 32.** He stated that the Bureau of Reclamation has denied the Association access to any loans from them because they did not build the dams.

Tape 3:B:004

In closing he stated that the 25% funding level recommended by DNRC is appreciated. However, greater funding would be very helpful.

Questions, Responses, and Discussion: SEN. HARDING asked if the funds for the project being provided by the irrigation district were assessed from irrigation. **Mr. Maddox** stated that all their funds are raised by taxing themselves on dollars/acre. Right now they are at $10.50 for water charges. Real estate taxes or other taxes are not included.

BUDGET ITEM PROJECT #23 CHINOOK DIVISION IRRIGATION ASSOC.:
Tape No. 3:B:115

Jack Gist, Chinook Division Irrigation Association, spoke on behalf of a $36,173 grant and a $63,827 loan for Headwork Measuring Devices. **EXHIBIT 30 - PAGE 65.** He completed a Witness Statement, **EXHIBIT 33.** He pointed out to the committee that the districts assessed themselves $2.50 above their regular assessment for four years for rehabilitation; $4 of their regular assessment will be added to the new assessment to provide the $1 million the Association had to raise for prior grants. Last year the Bureau of Reclamation asked the Association to commit itself to installing the measuring devices at each district's diversion point. The devices will be part of the Bureau's long range plan for better monitoring of water use, and equitable distribution.

Mr. Gist stated that the Association has taxed itself as much as it can, and would appreciate the committee granting the request in full.

ANNOUNCEMENTS/DISCUSSION

Mr. Tubbs stated that the committee would now hear testimony from three emergency grant requests received by DNRC in late fall. For more information on the history of funding for emergency projects, please see **EXHIBIT 2, PAGE 59,** from minutes of Monday, February 1, 1993. **Mr. Tubbs** stated that grant funds are available this biennium for these grants; however, DNRC wanted legislative approval before dispersing funds.

CHAIRMAN BERGSAGEL thanked DNRC for its consideration.

BUDGET ITEM EMERGENCY REQUEST SUN RIVER VALLEY SCHOOL DISTRICT:
Tape No. 3:B:219

Penny Bertelsen, Superintendent, Sun River Valley School District, spoke on behalf of an emergency grant for continuous chlorination of their water. She provided a summary of water treatment costs and the projected costs of installing a chlorination unit, **EXHIBIT 34.** DNRC provided summary of their review of the district's request, **EXHIBIT 35.**

Ms. Bertelsen stated that budget constraints make it very difficult to provide the approximately $5,000 needed to install the chlorination system. The system is needed to bring their water into compliance with DHES water quality regulations. The school district tried to get Fort Shaw to allow them to utilize their public water system but were denied. Then the District considered digging the well deeper, but determined that probably would not be sufficient. Therefore the only alternative at this point is to install a chlorination unit, even though the DHES has said it would probably not be enough for a long-term solution.

Ms. Bertelsen asked the state's help even though this is not a long-term solution. The costs the District is incurring for bottled water are high, and the District has exhausted every alternative for a long-term solution. The school district has to meet the second compliance order by May 31, 1993. The district's reserves are drained, and the district needs help to comply with this order.

Questions, Responses, and Discussion: **REP. BARDANOUVE** asked if it was possible for the School Board to declare an emergency and raise additional money. **Ms. Bertelsen** stated that they could ask for an emergency levy. However, they have levied the maximum amount the people can pay. To raise $10,000 would mean asking 5 additional mills. They will probably have to ask them for more funds in April just to meet the regular budget demands of the school, and it would be difficult to ask them for more.

REP. BARDANOUVE stated that he understood it is difficult to ask. However, it is their children who are in the schools and need to be provided clean water.

BUDGET ITEM EMERGENCY REQUEST BUFFALO RAPIDS IRRIGATION DISTRICT:
Tape No. 3:B:449

Dave Schwarz, Manager, Buffalo Rapids Irrigation District, spoke on behalf of an emergency grant for their Replacement of Discharge Lines project. He provided a summary of their justification for an emergency grant, **EXHIBIT 36.** DNRC provided copies of the District's letters to their department which outline the problem and proposed solution. **EXHIBIT 37.**

Mr. Schwarz stated that if a grant is not received, the District will have to raise assessment fees again, and they are already the highest assessed irrigation project in the region. The economic impact of this and the proposed taxation bill could very well put some farmers out of business.

Questions, Responses, and Discussion: **REP. BARDANOUVE** asked the total amount of yield per acre. **Ray Strascheim, President, Buffalo Rapids Board of Control,** stated that the average yield for the last five years is 22 tons/acre.

BUDGET ITEM EMERGENCY REQUEST TOWN OF NIEHART:

Tape No. 3:B:697

Informational Testimony: **Ms. Doney, DNRC,** stated that the Town of Niehart is requesting a change of scope for a 1991 outstanding grant that requires a considerable match. **EXHIBIT 38.** The town has been unable to secure funds under the CDBG program because they do not qualify. The town has only 19 permanent residents, but has a number of transient residents that raise the income level. The town is requesting a reduced cost-share requirement in order to get a portion of the $50,000 that was previously appropriated.

A.J. Buskirk, Mayor, Town of Niehart, spoke on behalf of the committee releasing the previous 1991 $50,000 appropriation to the town. He provided a written summary of his comments, **EXHIBIT 39.** He stated that if the committee could approve, another $50,000 in grant money would be wonderful.

Proponents' Testimony: **Francis Wright, Water Operator, and member of Town Council, Town of Niehart,** stated that the town desperately needs to install a filtration system and replace the distribution system. The current $50,000 grant from DNRC will not be released unless the contingency funds are raised. If the $50,000 grant were made available at this time, the town could get started on one phase of the overall project. The filtration system is the most critical need at this time. Before a filtration system can be installed, a building must be constructed to house it. He stated that if the building were in place, the town could begin negotiations with suppliers that offer lease-purchase plans for filtration systems. The town would prefer to do the filtration system and the distribution system at one time; but if the funding is not available, the project will be done in phases.

Mr. Wright stated that the lack of an approved water system

causes economic hardship for the town. Recently a bank loan to purchase land in the town was turned down due to the poor water. There have been similar private and commercial ventures that have not occurred because of the water problems of the town.

Questions, Responses, and Discussion: **REP. BARDANOUVE** commended the citizens for proposing to raise water rates to $86 per month. **Mr. Wright** stated that would only happen if the town was forced to go into a loan program with the current number of households. However, if the rates were raised that high, there is no doubt that there would be a sharp decrease in the number of houses served.

REP. BARDANOUVE asked if the citizens in the community are behind the project. **Mr. Wright** stated that the permanent residents are behind it, however the large number of recreational owners that support it vary. Some are very supportive, and others don't care.

REP. BARDANOUVE asked if the recreational home owners can vote this project down. **Mr. Wright** stated they cannot, because they are not residents.

Mr. Tubbs informed the committee that Niehart is located near Showdown Ski area, a heavily used ski area that draws some of the town's recreational home owners and contributes to the town's problems.

CHAIRMAN BERGSAGEL stated that he had some questions regarding this funding but would wait until executive action to deal with them.

ADJOURNMENT

Adjournment: 12:30 PM

ERNEST BERGSAGEL, Chair

SANDRA BOGGS, Secretary

EB/sb

HOUSE OF REPRESENTATIVES

LONG - RANGE PLANNING **SUB-COMMITTEE**

ROLL CALL **DATE** 2/4/93

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	✓		

EXHIBIT 1
DATE 2-4-93
HB

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

WATER DEVELOPMENT AND RENEWABLE RESOURCE DEVELOPMENT PROGRAM

1993 MUNICIPAL GRANT APPLICATIONS

MONTHLY WATER AND SEWER RATES

PROJECT NUMBER	APPLICANT	MONTHLY WATER RATE	MONTHLY SEWER RATE	TOTAL	MEDIAN HOUSEHOLD INCOME (MHI)	% OF MHI SPENT ON WATER AND SEWER CHARGES
4	TOWN OF RYEGATE	16.97	6.00	22.97	17,955	1.5%
11	HUNTLEY WATER & SEWER DIST	28.00		28.00	33,398	1.0%
15	TOWN OF WINNETT	37.00	24.00	61.00	17,875	4.1%
17	TOWN OF DUTTON	28.10	0.00	28.10	20,795	1.6%
20	TOWN OF NASHUA	7.75	5.25	13.00	16,550	0.9%
21	CARBON CO. (ROBERTS)				17,083	
26	CITY OF CIRCLE	21.35	6.48	27.83	20,150	1.7%
31	HILGER CO WTR & SEWER DIST	0.00	0.00	0.00	20,938	0.0%
38	YELLOWSTONE CO. (SHEPHERD)	0.00	0.00	0.00	33,398	0.0%
53	CITY OF POLSON	19.66	8.96	28.62	14,231	2.4%
54	CITY OF SHELBY	39.11	13.64	52.75	25,417	2.5%
	MONTANA STATE AVERAGE	14.62	9.25	23.87	22,988	1.2%

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FOLLOW-UP CAPITAL PROJECTS

1. Department of Family Services - Fire Alarm Systems (LRB Priority # 1) is on hold until additional information is received from the department. Re-schedule time when information is available.
2. Department of State Lands - Various Maintenance Projects (Priority # 2) reduced by 50 percent. Will the funding for this project be reconsidered?
3. Department of Transportation - Both projects are on hold because of the uncertainty of gas tax increase. The General Government Subcommittee may have executive action completed for the Department of Transportation by Friday February 5 and therefore a new cash projection could be completed for the gas tax account. In addition Senate Bill 257 which increases fuels tax has been introduced.
4. Department of Fish, wildlife and Parks - The 6 parks projects are on hold until funding is identified. This includes the unfunded portion as well as the 0.25 cent increase in gas tax for park roads. In addition there is excess authority of $2.4 million from the 1991 session for this account. House Bill 362 (Pop Tax Bill) has been introduced and if enacted may provide the funding for these projects.
6. Department of Fish, wildlife and Parks - Wildlife Habitat Acquisition project (Priority # 43) was not approved. Will this project be reconsidered?.
7. Department of Labor - Expand and Renovate Job Service offices (Priority # 45) as amended for $1.5 million of G.O. bonding was not approved. Will this project be reconsidered?
8. Department of Administration - SRS Commodities Warehouse project (Priority # 21) is on hold until the department finalizes plans. This project may require G.O. bonding with debt

service to be paid from federal funds. The department will need to provide the committee with funding plan along with their final plan for the project.

9. Capital Projects Fund - Need to keep committee informed of status of HB 16 and HB 46 which take 2 cents of the cigarette tax from the Capital Projects Fund. If either is enacted there will have to be a reduction of approximately $2.6 million of projects funded with LRBF funds in HB 5. Both bills have been heard by the Institutions Subcommittee but no action has been taken on them.

10. Possible Committee Bills :

a) Inmate Labor Bill - Department of Corrections and Human Services is currently working on a proposed draft to present to the committee. Sally Johnson is working on it and expects to have a draft bill by Friday February 5, 1993. A&E is working on cost savings figures if the use of inmate labor can be expanded.

b) Change in the $25,000 limit on projects which A&E have to supervise. Representative Wallen has a draft of a bill for this purpose which is being reviewed by A&E.

11. Major Project Review - All projects approved in previous sessions that have a general fund impact will be reviewed with committee. These include:

a) MSU Engineering Project - Reviewed with committee on Jan. 29, 1993. Committee is considering what action to take.

b) UM Business Admin Building - Reviewed with committee Jan. 29, 1993. Committee is considering what action to take.

c) Libby Armory Project - Department of Military Affairs is working out plan to finance additional costs and/or scale back project because the anticipated cost is expected to be approximately $500,000 more than the appropriation for the project.

d) MSP Expansion If Executive plan for community programs is approved by the Institutions Subcommittee then HB 5 will have

to be amended to decrease and/or amend the MSP Expansion project.

e) Women's Correctional Center - If Yellowstone County provides any funding for the soil problem do we need to expand the project appropriation authority or can the costs be paid directly by the county?

If the decision of the Institutions Subcommittee is to leave the program in Montana State Hospital or to move it to the Yellowstone County jail then the appropriation will have to be reduced.

f) Eastern Montana Veterans' Home

g) Montana Developmental Center - The appropriation and bonding for this project needs to be increased. This is being done in a separate bill (LC 1332) which has not been introduced yet. Cost and revenue projections by the department show that the project will still result in a long term savings to the general fund even with additional costs.

12. Machine Shop for Ag. Experiment Station - Amendment presented by Senator Hockett for HB 5 for $400,000 for project. This amendment is on hold until A&E reviews the project. A&E feels the project is the same that was previously approved by the legislature. The committee also wanted the funding verified. This has been done with the help of Jerry Sutton at the Ag Experiment Station in Bozeman.

13. UofM Additional Requests for Authority Only - These were brought up at the hearing but were not approved by the Board of Regents by the time committee executive action was taken. These may still be presented to the committee for consideration. Shelia Sterns said she should know by Friday if the CHE wants them presented.

14. U-System Deferred Maintenance - There may be a Senate Bill introduced to set aside a portion of the Coal Severance Tax in a trust with the interest going to fund maintenance projects for the U-System.

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FOLLOW-UP C & A GRANTS

1. Grant 514 - Murals and Artwork in State Buildings - May have to amend HB 9 to transfer the grant from the Department of Administration to the Historical Society pending enactment of HB 20 (Rep. Menahan).
2. The Arts Council proposed a revised committee bill which the committee has not acted on because Senator Hockett raised the issue it does not make any reference to Native American Tribes which may need to be considered in the language of the bill. Senator Hockett is working on this.
3. Add language appropriating reverted funds for federal matching funds to secure additional federal dollars for rural programs.
4. Grants #532 and #533 (Daly Mansion Preservation Trust) are on hold until Representative Bardanouve receives information from the AG's office.
5. Remaining executive action for HB 9 to be on Friday February 5, 1993 at 7:00 am. (23 grants still to review, 7 of them have no recommended funding)

The Department of Health and Environmental Sciences should be consulted to determine the need for sanitary facilities. DNRC will work with the Darby School District to ensure that any applicable local and state permits or approvals are secured. An environmental assessment may be required for project permit approval.

RECOMMENDATION

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. 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 Soil Conservation Service and, if required, 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.

PROJECT NO. 10

APPLICANT NAME	MONTANA DEPARTMENT OF STATE LANDS, FORESTRY DIVISION
PROJECT NAME	Reforestation Projects on State Lands
AMOUNT REQUESTED	$83,185 GRANT
OTHER FUNDING SOURCES	$ 4,712 (Project Sponsor)
TOTAL PROJECT COST	$87,897
AMOUNT RECOMMENDED	$21,974 GRANT

PROJECT ABSTRACT (Prepared and submitted by applicant)

The Department of State Lands requests a grant for reforestation projects on state school trust lands. These projects would increase forest productivity, improve forest health, and provide environmental benefits on lands that have been harvested for timber.

The Department of State Lands proposes reforestation projects on 463 acres in northwestern Montana. These sites were harvested between 1987 and 1990, have not been reforested, and likely will remain non-stocked or poorly stocked for many years without treatment. Planting would increase long-term financial returns to the state school trust accounts. Each grant dollar spent would yield an estimated $1.79 to $2.05 in discounted financial benefits to the trust. In addition, planting would provide forest conditions less vulnerable to insect and disease loss, provide for the recovery of harvested watersheds, and improve wildlife cover. By doing so, cumulative effects limitations on timber harvest in the affected drainage would be reduced, thereby increasing the potential timber supply from state lands throughout the next few decades. Finally, by helping to provide a sustained timber supply, the projects

would help maintain employment in the forest products industry.

The Department of State Lands' timber stand improvement funds are inadequate to fund these projects and still achieve its other timber stand improvement needs. Therefore, the department will not be able to complete these projects and produce the anticipated benefits without the requested funding.

TECHNICAL ASSESSMENT (Prepared by DNRC)

The Forestry Division manages state school trust lands under the direction of the State Board of Land Commissioners. Reforestation needs and costs are identified when a timber sale is developed, and a timber stand improvement fee is assessed that is used to pay for reforestation and other timber stand improvement work. The Forestry Division determines the fee per thousand board feet based on annual planting, thinning, and other timber stand improvement costs and on the volume of anticipated annual timber sales. Timber stand improvement fee recommendations then are prepared for Board approval. Fees have not been assessed to provide for contingencies; therefore, some areas of state trust land will remain non-stocked or poorly stocked for many years unless additional funding sources are obtained.

Three areas have been identified for re-stocking with project funds: Richards Creek where the Sterling Gulch fire destroyed seed trees; Harris Creek where old growth ponderosa pine was harvested to manage for pine beetle; and Lake Mary Ronan where prior replanting efforts were frustrated by poor root growth in the replacement stock. Apparently, the Forestry Division does not have a contingency fund to pay for reforesting areas when initial replanting efforts fail, or else the contingency fund is not adequate.

Sites will be planted with container seedlings instead of bare-root stock. Trees--primarily ponderosa pine--that can be produced by the Department of State Lands' nursery at a cost of 18¢ per seedling will be used. Planting will take place under contract at a base cost of 25¢ per seedling. Because of the delay in reforesting these sites, dense grass sod exists in some areas and will have to be chemically or manually removed at an additional cost of 12¢ per seedling. For an additional cost of 2¢ per seedling, the Forestry Division inspects all contract planting.

No coordination with other agencies is necessary during the course of reforesting state trust lands. The Forestry Division, however, will need to take steps to comply with the Montana Environmental Policy Act (MEPA) if chemical defoliants are used in preparing sites. In the past, funds collected to replace harvested timber have been inadequate to meet contingencies associated with reforesting efforts. The application fails to address any changes that would be necessary to ensure that no funding will be needed to resolve similar problems in the future. The budget is well-documented based on cost schedules that have been used for similar projects.

FINANCIAL ASSESSMENT

The proposed budget totals $87,897. The $83,185 grant request for tree and planting costs includes $8,182 for inflation and $6,817 for contingencies. No contract administration funds or technical or professional costs are requested. Total grant administrative costs are $1,603, which amount to only 1.8 percent of the project.

BENEFIT ASSESSMENT

As a reforestation project, the project provides limited water development benefits. Replanting trees will reduce runoff levels and associated erosion and river sedimentation. Documentation of Board and/or public support for the proposed project was not provided. The benefits claimed under the project are those that should have been realized through proper school trust management. Those benefits were not provided, however, because timber stock improvement fees collected through timber sales have not been sufficient to provide for re-stocking all harvested areas--especially when initial reforestation efforts are frustrated by unforeseen problems.

Significant benefits will be realized from these reforestation projects, assuming that no additional, unforeseen problems arise. Faster-growing forest stands of healthy species will be produced that, in turn, will be re-harvested to benefit the school trust. Converting these sites to faster-growing and healthier trees also will provide substantially greater financial returns. Intangible benefits include the earlier development of hiding cover for wildlife, along with increased watershed protection.

ENVIRONMENTAL ASSESSMENT

Adverse impacts associated with the "Reforestation Projects on State Lands" would be caused by the disturbance of small sites for planting trees and by any road construction needed for access to the areas to be treated. In some areas, herbicide would be used to clear vegetation from planting sites. Indirect benefits from the planting likely will be realized over time as the planted trees grow. Cumulative effects may prove both adverse and beneficial. Over time, reforestation would help the recovery of affected watersheds. Also expected is the additional harvest of timber in surrounding areas, which may offset the proposed project's benefits. As the project's trees mature, they may be harvested.

In this instance, logging state lands to produce short-term revenue for support of the school trust fund has created cumulative impacts that limit both the ability to produce additional revenue and to remedy created environmental problems. This project raises questions concerning the extent of the conflict between the management of trust lands to maximize revenue and the sound resource management necessary to prevent long-term environmental effects. Some balance should be maintained between the trust objective and the ability to manage these lands without creating hidden environmental costs. Because changes in the management of the trust lands would require legislative action, the subject is beyond the scope of this review.

Before any agreement is made to fund the "Reforestation of Projects on State Lands," to comply with MEPA the Department of State Lands may be required to prepare an environmental document to determine whether the proposed actions will indeed provide the level of remediation believed necessary. Through an environmental assessment, the Department of State Lands should investigate the methods and mitigation that will result in minor environmental effects. The environmental document may result in a change of approach for the grant agreement.

RECOMMENDATION

Since the project sponsor is able to assess timber stand improvement fees to recover the cost of this project, 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 $21,974 grant. Future timber sale contracts shall include a contingency in the timber stand improvement fee to pay for reforestation in areas damaged by fire or otherwise not successfully reclaimed in initial reforestation efforts.

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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.

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TESTIMONY FOR RRD GRANT REQUEST
REFORESTATION PROJECTS ON STATE FOREST LANDS

• • • • • •

The Department of State Lands requests a grant for reforestation projects on State School Trust lands. These projects would increase forest productivity, improve forest health, and provide environmental benefits on lands that have been harvested for timber.

We propose reforestation projects on 463 acres in northwestern Montana. These sites were harvested between 1987 and 1990, primarily to salvage bark-beetle-killed timber. They have not been successfully reforested because initial reforestation efforts failed. These sites are likely to remain non-stocked or poorly stocked for many years without treatment.

These planting projects would benefit the State in several ways:

- Planting would increase long-term financial returns to the State school trust accounts. We estimate that each RRD dollar spent would yield $1.79 to $2.05 in discounted financial benefits to the trust from the planted stands.

- Planting would provide forest conditions that are less vulnerable to insect and disease loss. Species that are best adapted to environmental stresses and to insect and disease conditions on these sites would be planted.

- Planting would provide for recovery of harvested watersheds and improve wildlife cover. This would reduce cumulative-effects limitations on timber harvest in nearby timber stands. This in turn would increase the amount of timber that could be harvested on State lands, without adverse environmental impacts, over the next few decades.

- The projects would help maintain employment in the forest products industry by helping to provide for a sustained supply of timber.

DSL's current timber stand improvement fee ceiling of $22 per thousand board feet of timber sold is inadequate to fund these particular projects and still accomplish its other timber stand improvement needs. At the current fee level, DSL will not be able to do these projects unless we receive our full RRD grant request of $83,185.

DNRC has recommended RRD funding for only 25% of the project costs, with 75% matching funds from DSL. Because of the matching requirement, DSL will only be able to use the RRD funding if TSI fees are increased.

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PROJECT NO. 35

APPLICANT NAME	MISSOULA URBAN TRANSPORTATION DISTRICT
PROJECT NAME	Missoula Alternative Fuels Initiative
AMOUNT REQUESTED	$56,185 GRANT
OTHER FUNDING SOURCES	$ 9,405 (Project Sponsor)
TOTAL PROJECT COST	$65,590
AMOUNT RECOMMENDED	$56,185 GRANT

PROJECT ABSTRACT (Prepared and submitted by applicant)

This project will study the feasibility of converting public-owned transit vehicles from diesel fuel to clean-burning, energy-efficient, alternative fuel. The project addresses two important natural resource issues in Montana: air quality and energy consumption. Air quality in Montana's rapidly growing urban areas is of increasing concern and may limit economic growth during the next decade. Because of this concern, communities throughout the state will begin to rely more on mass transit systems to solve future traffic congestion and vehicle-related air pollution problems.

Missoula is a community well known for its winter air pollution and currently is designated as an air quality "Non-attainment Area" for particulate matter and carbon monoxide pollution. Nearly 74 percent of the city's carbon monoxide and 8 percent of the particulate pollution are caused by motor vehicle emissions.

The Missoula Urban Transportation District operates as the Mountain Line Bus Company in Missoula. This local mass transit system provides transportation for thousands of Missoulians each year.

Using an alternative fuel to operate public-owned, mass transit vehicles will help Missoula and other Montana communities achieve and maintain the air quality attainment status required by the Federal Clean Air Act, reduce the amount of energy consumed, and set an example for Montana citizens in the area of energy savings and air quality management.

TECHNICAL ASSESSMENT (Prepared by DNRC)

The project sponsor indicates that the proposed effort will launch an alternative transportation fuels initiative in Missoula and throughout Montana.

The project sponsor operates a transit system in Missoula that relies on 25 diesel-fueled buses. During the next 18 months, the project sponsor expects to replace 18 of the fleet's buses. Since Missoula currently is designated as an air quality non-attainment area, the project sponsor is requesting funding to determine the best alternative transportation fuel to use in the Missoula area. With that knowledge, buses that will support the fuel may be obtained and operated with clean-burning fuels. The project sponsor also wants to attract additional riders and indicates that potential riders view buses as contributors to Missoula's air quality problem because the diesel fuel that now powers the buses is high in particulate-causing visible exhaust. Using alternative fleet fuel may not contribute significantly toward improving Missoula's air quality, but the project sponsor feels that more riders on the buses will help

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resolve community airshed problems.

Further, if one fleet operator adopts alternative transportation fuel, this will promote its use in other fleets, including school buses and, in the future, trucking companies. Without government initiative, however, the project sponsor predicts that fleet operators will resist the transition to use fuels that are not oil-based.

Although the project proposal considers alternative fuels that would be appropriate for operating a fleet of buses, some consideration should be given to the longer-term transportation needs of the growing Missoula valley. In this light, a transportation study and plan may prove to be a better investment of funds. To respond to this concern, the project sponsor indicates that long-term transportation needs and the potential for alternative transportation modes will be included in the study. The project proposal, however, does not support this claim.

The general study approach is outlined in the proposal, and much of the information is readily available. For example, information on fuel in Missoula and throughout Montana should be available through the Montana Department of Transportation, motor fuels section or DNRC's Energy Division. Other information--e.g., performance of alternative fuels in urban mass transit vehicles--will not be available for Montana and cannot be obtained within the project's scope and funding. Thus, the need for a "Montana-specific" study may be questioned because so much of the information will be gathered from outside Montana.

The technical documentation included with the application does not identify to what extent the 25 buses operated by the project sponsor contribute to Missoula's air quality problem. Nor does the documentation adequately identify the need for the additional proposed research nor support the value of the research as a "Montana-specific" study. According to the project sponsor, developing an in-depth proposal is beyond the Urban Transportation District's capability because of staffing constraints.

No evidence is shown of wide support for this project, although the project is touted as a way to launch an alternative transportation fuels initiative in Missoula and throughout Montana. The Missoula Board of County Commissioners provided a resolution of support but did not offer programmatic, staffing, or financial support. No plan for the alternative transportation fuels initiative beyond the study and the pending purchase of replacement fleet vehicles has been prepared. Basic staff support from the local government may have been useful for developing a better-documented application. Since no permits would be needed for a study, the application is not required to address permits or other compliance issues. The budget submitted was prepared by the consultant that the project sponsor would choose to conduct the study. The budget was not supported by any documentation of costs for similar projects.

FINANCIAL ASSESSMENT

GMT Consultants developed the project costs and generally provides estimates for salaries and expenses. The various study elements and the costs associated with each element were not indicated. Therefore, evaluating the budget to determine whether proposed costs are necessary and justified is not possible.

Costs listed in the $56,185 grant request include $6,880 for contract management; $44,905 for staff and consultant salaries; and $4,400 for technical costs including supplies, copying, and telephone. The project sponsor has offered to provide $2,080 for contract administration, $2,925 for staff salaries, and $4,400 for technical costs as previously outlined.

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.

No Water Development program public benefit is claimed because, as an air quality project, this application does not qualify under the program. Some tangible benefits would be associated with certain project elements. Although the application claims to launch a local and statewide initiative, no evidence is shown in the proposal to support that claim. The tangible benefits would be limited to those associated with selecting clean-burning, replacement fleet vehicles.

ENVIRONMENTAL ASSESSMENT

No reasonably foreseeable adverse or beneficial environmental effects beyond those now present within the Missoula airshed will be caused by the "Missoula Alternative Fuels Initiative." Activities are confined to reviewing published reference materials to develop a compendium of information for future decisions. Later fuel-switching decisions made by using information compiled from this proposed study could produce indirect and cumulative beneficial or adverse effects that cannot be reasonably known at this time.

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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

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PROJECT NO. 28

APPLICANT NAME	MONTANA INSTITUTE OF TOURISM AND RECREATION RESEARCH
PROJECT NAME	Study of Tourism Impacts and Community Quality of Life
AMOUNT REQUESTED	$42,593 GRANT
OTHER FUNDING SOURCES	None
TOTAL PROJECT COST	$42,593
AMOUNT RECOMMENDED	$35,494 GRANT

PROJECT ABSTRACT (Prepared and submitted by applicant)

Montana's tourism industry is steadily growing and serves as an integral component of the state's economic health. Seeing tourism as a means of economic revitalization or development, many communities have attempted to develop and promote tourism in their areas. Communities must consider both the positive and negative effects of tourism, however, before they begin any development. Anticipating impacts so that a community's "quality of life" can be maintained or enhanced also is essential. This type of information allows communities to make more educated choices about the levels and types of tourism they desire.

The project's goals are to (1) determine tourism's positive and negative effects on Montana communities, and (2) examine tourism's influence on objective measures of a community's quality of life. The information gained from this study will help communities consider tourism's probable impacts. Obtaining this information immediately is important so that a community can use it early in its tourism development process. Using the information at an early stage can enhance tourism's positive effects and reduce negative impacts. Without this knowledge at hand, communities may not realize tourism's potential benefits and instead experience its negative, unexpected impacts.

TECHNICAL ASSESSMENT (Prepared by DNRC)

Montana's tourism industry is an integral component of the state's economy. Recent studies show that nonresident tourism is growing steadily while growth in other industries either has stabilized or declined. As more communities look toward tourism for economic revitalization or development, they must consider both the positive and negative effects of tourism and its potential effects on their communities' quality of life.

This study proposes to (1) determine tourism's positive and negative effects on Montana's communities; and (2) examine tourism's influence on objective measures of a community's quality of life. To achieve the first goal, in-depth interviews will be conducted with key tourism informants in six Montana communities. Targeted communities will be selected for their amount of tourism development, and differences between the predicted and actual consequences of tourism development will be determined. To achieve the second goal, differences will be analyzed between objective quality of life indicators--e.g., population characteristics, economic conditions, and crime rates--and levels of tourism development based on accommodation tax revenue.

Two other technical alternatives also were evaluated to achieve the study's first goal: survey techniques and focus group techniques. While both techniques have benefits and drawbacks, the advantages gained by in-depth interviews outweighed any benefits the other approaches would provide. For the study's second goal, analyzing secondary data for quality of life indicators was determined to address research questions adequately and prove much more cost-effective than collecting primary data.

The application does not evaluate how effectively Montana communities will use and incorporate the project results into their individual tourism development plans.

FINANCIAL ASSESSMENT

The project's cost is estimated at $42,592, and grant funds are requested from DNRC for the total amount. The money would be used to pay $31,330 in salaries and benefits, $3,164 in travel costs, $1,000 in other associated costs, and University of Montana-determined overhead of $7,099 (20 percent of $35,494).

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.

While the proposed research study would not provide tangible benefits, it would make information on tourism development's effects available to Montana communities. By enabling communities to better develop and manage tourism growth, this study invests in a renewable resource to help preserve the state's natural heritage. Communities now dependent on declining, nonrenewable resource industries would realize the added benefits of improved economic stability and growth following beneficial tourism development.

ENVIRONMENTAL ASSESSMENT

The proposed research study is not expected to cause any significant, adverse environmental effects.

RECOMMENDATION

University indirect costs of $7,099 and university salaries included in legislatively approved university budgets and authorized in a 1994-95 appropriations bill shall not be reimbursed with grant funds. DNRC recommends funding of $35,494 for this project.

Grant funds will be provided after DNRC approves a scope of work and a budget, and after matching funds have been secured. Any reduction in the scope of work will require a proportional reduction in the grant amount.

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The University of Montana

Institute for Tourism and Recreation Research

STUDY OF TOURISM IMPACTS AND COMMUNITY QUALITY OF LIFE

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STUDY OF TOURISM IMPACTS

AND

COMMUNITY QUALITY OF LIFE

A Proposal Submitted to

Montana Department
of Natural Resources and Conservation

Renewable Resources Development Program

Submitted by

Stephen McCool
Susan Yuan
Michael Yuan

Institute for Tourism and Recreation Research
School of Forestry
University of Montana

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Importance of Study

- The total economic impact of non-resident travel to the State's economy was approximately $2 billion in 1992
- Many communities are attempting to capitalize on their tourism potential because of their need for economic revitalization
- Tourism is the only basic industry in Montana that has had steady growth during the last ten years
- Tourism has grown during the last five years an average of 10% annually and is predicted to follow this trend of growth in the future

Importance of Study (continued)

- No research has been conducted on the impacts of tourism and the relationship between tourism and community quality of life
- Such research is needed so that more informed decisions can be made regarding the type and amount of tourism development most appropriate for the community
  - Enhancing positive effects of development
  - Mitigating negative effects of development

EXHIBIT 7
DATE 2-4-93
SB

Purpose of Study

- To develop a better understanding of how tourism development affects the quality of life in Montana communities

Goals

- Determine the positive and negative impacts of tourism development on Montana communities
- Examine the influence of level of tourism development on a community's quality of life

EXHIBIT 7
DATE 2-4-93
SB

Benefits

- For tourism to be successful the most important issue to consider is the potential impacts of tourism development
- The results will enable communities to better develop and manage tourism and thereby increase quality of life

These Benefits Will Result in a Tangible Return to the State

- The State's well-being will increase
- The character of the State will be preserved
- The quality of life will be enhanced

EXHIBIT 7
DATE 2-4-93
SB

All Residents of the State
Will Benefit from this Study

Conclusion

The increase in tourism in Montana is inevitable: if we properly plan for its growth, by keeping negative impacts to a minimum, we can realize all the positive aspects that tourism can provide.

EXHIBIT 2
DATE 2-4-93
HB

PROJECT NO. 9

APPLICANT NAME	DARBY SCHOOL DISTRICT NO. 9
PROJECT NAME	Darby School Park Project
AMOUNT REQUESTED	$25,300 GRANT
OTHER FUNDING SOURCES	$15,671 (Darby School District) $ 1,800 (Soil Conservation Service) $ 6,100 (Trapper Creek Job Corps)
TOTAL PROJECT COST	$48,871
AMOUNT RECOMMENDED	$25,300 GRANT

PROJECT ABSTRACT

The Darby School District is again requesting funds to assist in creating a community multiple-use park on 6.5 acres of land located on school district property between the existing elementary and high school facilities. The park will be easily accessed and available to the public and tourists, but also will be used by the 560 students enrolled in the school system.

Along with a picnic and day-use area for tourists and southern Ravalli County residents, specific areas will be available for studying natural resource conservation and science education and for playground and recreational use. Total handicap access with adaptive playground and recreational equipment also will be available, along with a physical fitness outdoor exercise area. An underground sprinkler system will be installed to irrigate the grass, trees, and shrubs that make up the landscaping.

With the population boom in Ravalli County, the Darby School District feels that a valid need exists for this type of activity center, especially in the valley's southern end.

TECHNICAL ASSESSMENT (Prepared by DNRC)

The Darby School District is a Class II rural school district that serves 560 students in the southern Bitterroot valley. The school serves a mountainous 1,700-square-mile region of primarily low-income households. As a result, per-student school expenditures are well below (31 percent) the statewide average.

The school district has 6.5 acres of school land between the elementary and high schools that would become a multiple-use, school park area. This new school park would be used for the educational, recreational, and physical development of district students and also would be available for the general public's use. The park would include five distinct sections:

1. an outdoor classroom area for conducting science projects that deal with natural resources and the environment;

2. a general recreation area for a variety of playground activities;

3. a physical education area and playground for handicapped students (Darby has an enrollment of 51 handicapped students);

4. a reconstructed softball field; and

5. a specific outdoor exercise course with a series of exercise stations.

The rest of the park would be landscaped as a large city park with grass, shrubs, and trees. A new irrigation system drawing water from a now lightly used school well would provide water to the park area, thereby reducing demands on an ailing city water system.

The general park design has been prepared by the USDA (U.S. Department of Agriculture) Soil Conservation Service (SCS). The SCS and the Ravalli County Extension Office will provide general vegetative planning and landscaping guidance. The USDA Trapper Creek Job Corps Center has agreed to construct all tables and benches for the park, along with the less-specialized equipment for the handicapped physical education area and the outdoor exercise course. The project will be constructed entirely on school land, and school department and maintenance staff will provide ongoing operation and maintenance.

FINANCIAL ASSESSMENT

The total project cost is estimated at $48,871. A $25,300 grant is being requested for construction and construction contingency. Other project assistance in the amount of $23,571 will be provided by the SCS, the USDA Job Corps Center, and the Darby School District. Because site plans are preliminary, project cost estimates could change. Any contingencies, additional design work, monitoring, and general construction administration would be provided by the school district and other project sponsors.

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, would meet a significant local educational need, and would provide some county-wide economic benefits. It also would expand the scope of city recreation opportunities and increase Darby's desirability as a full-service community. The project has received widespread local support.

ENVIRONMENTAL ASSESSMENT

The project would produce some local impacts because landscaping would disturb the soil and create a certain amount of dust and noise. As new vegetation is established, however, this impact would be reduced and eventually eliminated. Installing water-sprinkling lines probably would improve vegetative cover and reduce soil erosion. Cumulative impacts may be caused by the increased student and public recreation use of the park area. Plans do not indicate the installation of public facilities such as rest rooms, and the lack of these facilities may place greater demands on nearby facilities such as the high school and the grade school.

EXHIBIT 9
DATE 2-4-93
HB

HOUSE OF REPRESENTATIVES

WITNESS STATEMENT

PLEASE PRINT

NAME JACK EGGENSPERGER — AL MELLO BILL NO. _____

ADDRESS 209 SCHOOL DRIVE, DARBY DATE 2/4/93

WHOM DO YOU REPRESENT? DARBY SCHOOLS

SUPPORT _____ OPPOSE _____ AMEND _____

COMMENTS: DARBY SCHOOL PARK PROJECT

HR:1991
CS15

EXHIBIT 10
DATE 2-4-93
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

would be made, but it does state that bacterial and chemical water samples would be collected from wells and analyzed for use as source information for the IMPACT analysis. Aquifer tests, water level measurements, and surveyed well elevations should not be required to conduct the IMPACT analysis.

The proposed study includes a mass balance analysis of the Eightmile Creek area to determine the aquifer's capability of providing sustainable supplies of high quality water and to determine trends in water use and aquifer discharge and recharge. The proposal for this analysis is not developed sufficiently enough to describe the analysis' costs or methodologies. The number, distribution, and spacing of water level measurements are not specified, nor are the frequency of water level measurements and the number and spacing of aquifer tests required. The means to determine water use and aquifer discharge and recharge trends by using water level measurements taken over a period of one year is not described adequately enough to evaluate whether the analysis would produce meaningful results.

The proposed study would not require a great deal of coordination or compliance. The comprehensive database, however, should be coordinated fully with the Montana Bureau of Mines and Geology (MBMG). If the study is funded, this coordination should be pursued. The MBMG will soon initiate a statewide groundwater monitoring network and groundwater assessments. This project's proposed study area is a high priority aquifer for the MBMG groundwater assessment activities. If developed, the comprehensive database should conform to the MBMG's data requirements and should be somewhat interchangeable with the comprehensive database now being developed at the MBMG. The MBMG's current database may even suffice for the proposed study's purpose or at least serve as a starting point for such a database.

The project's budget and schedule are reasonable, with the exception of the aquifer capability analysis for which more details should be provided. Another exception involves the lack of options for generating funds to conduct the study and address the types of problems said to be taking place in the area. Specifically, the county or those parts of the county experiencing these problems should consider forming a water quality district (or districts). Assessed fees could generate funds for supporting this type of program and possibly could fund a staff hydrogeologist to do this work at a substantially lower cost and implement further activities to address future problems. Another alternative would be hiring a part-time or temporary employee–possibly a graduate student–to do many of the tasks under a hydrogeologist's direction to reduce overall costs.

FINANCIAL ASSESSMENT

The project's total cost is $92,940. Adequate funds to complete the DRASTIC and IMPACT studies would be generated, and the work would be funded by the DNRC grant (95 percent) and by Ravalli County (5 percent). DNRC's $88,340 grant would pay for contract administration costs of $7,440; technical salaries of $72,000; and associated technical costs of $6,900 (including supplies, copying, printing, aquifer test materials, and water level data materials). The use of the additional $2,000 was not identified. Whether the study would produce meaningful results on the Eightmile area aquifer's capability to provide sustainable yields of high quality water within the proposed budget and time frame is questionable.

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.

EXHIBIT 1
DATE 2-4-93
HB

PROJECT NO. 29

APPLICANT NAME	TOWN OF HOT SPRINGS
PROJECT NAME	Camas Therapy Center
AMOUNT REQUESTED	$ 100,000 GRANT
OTHER FUNDING SOURCES	$ 50,000 (Hot Springs Swimming Pool Fund) $ 300,000 (Community Development Block Grant) $ 900,000 (Economic Development Administration) $ 700,000 (Federal Home Administration/Small Business Administration)
TOTAL PROJECT COST	$2,050,000
AMOUNT RECOMMENDED	$ 100,000 GRANT

PROJECT ABSTRACT (Prepared and submitted by applicant)

The citizens of Hot Springs, Montana, will rebuild the abandoned Tribal Bathhouse into a modern, hot water therapy center. The Camas Therapy Center will offer physical rehabilitation, therapy programs, and health care through the use of hot mineral water and related, medically approved disciplines.

The center will provide about 100 full-time jobs within the community of Hot Springs located in Sanders County, where unemployment averaged more than 16 percent during 1991. The center also will provide a health care facility greatly needed throughout the region.

More than 50 gallons per minute (gpm) of hot mineral water currently flow down a ditch and serve no purpose. This water will be used to help with healing illnesses and injuries. The water then will be recycled and used for maintaining a 6.78-acre park that surrounds the facility. Modern geothermal and solar technology will be used to heat and cool the building.

This project enjoys support from the town of Hot Springs and county, tribal, state, and federal officials. The community sees the project as its own solution to unemployment and the lack of health care as opposed to a solution imposed upon the town by others.

TECHNICAL ASSESSMENT (Prepared by DNRC)

The town of Hot Springs has sought local economic development avenues since the Tribal Bathhouse closed in 1985, since Bonneville Power Administration personnel were transferred from Hot Springs to Kalispell in 1990, and since the area's lumber mills were closed. CAM Redevelopment Corporation (a nonprofit corporation formed by community leaders) is cooperating with Hot Springs to rebuild the bathhouse facility into a modern therapy center. CAM Redevelopment currently leases the bathhouse and grounds from the Confederated Salish-Kootenai tribes.

Grant money from the Economic Development Administration paid for a feasibility study to help determine whether reviving the resort was the best alternative for revitalizing the area's economy. The study's conclusions indicated that renovating the resort was consistent with community goals and was

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 develop and use Camas Hot Springs. A tangible benefit--renovation of the bathhouse and grounds currently abandoned and in need of repair--would be provided to Montana's citizens and the Confederated Salish-Kootenai tribes. The finished project also would support Hot Springs' economic development activities. An estimated 14 new jobs would be created at the therapy center, and Hot Springs would see from 70 to 100 new jobs. The town of Hot Springs would be the project's primary beneficiary.

ENVIRONMENTAL ASSESSMENT

Renovating the bathhouse and the grounds would not produce significant impacts. Construction-related demolition and disturbances would be confined to the site itself. Any required permits would need to be obtained for underground tank removal, spring renovation, and building renovation and construction. EPA guidelines would have to be followed for asbestos removal and disposal. The town of Hot Springs would enjoy long-term, positive benefits through the creation of new jobs and increased community income. A potential threat to an underground aquifer also would be removed. If the process of acquiring other state or federal approvals requires an additional environmental analysis of the project, DNRC should incorporate mitigation strategies into the scope of work.

RECOMMENDATION

To be eligible for grant funds, the project sponsor shall annex the Tribal Bathhouse grounds and provide written documentation of tribal support for the bathhouse renovation.

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. DNRC shall review and approve a geohydrological investigation that addresses (a) the wells' long-term sustainability following development; (b) impacts on the reservoir's storage volume and temperature from development; and (c) impacts on nearby wells. Only if the investigation produces viable results will grant funding be provided. Any requirements that result from an environmental review undertaken to secure state or federal approvals deemed necessary to keep adverse impacts at low levels 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.

EXHIBIT 12
DATE 2-4-93
HB

CAMAS THERAPY CENTER   TOWN OF HOT SPRINGS

HOUSE BILL # 6

HOUSE BILL # 7

PRESENTATION BY	REPRESENTING
WILLIAM MASSEY, COMMISSIONER CHERIE HOOTEN, COMMISSIONER	SANDERS COUNTY
VIVRAN BALISON, MAYOR	TOWN OF HOT SPRINGS
LAURENCE KENMILLE, COUNCILMAN	CONFEDERATED SALISH AND KOOTENAI TRIBES
MERLE FARRIER, SUPERINTENDENT	HOT SPRINGS SCHOOLS
ELIZABETH FEE	SANDERS COUNTY ECONOMIC DEVELOPMENT NORTHWEST REGIONAL RC AND D
REP. JODY BIRD	HOUSE DISTRICT # 52
SENATOR BARRY STANG	SENATE DISTRICT # 26
SHARON FLESCH	CAM REDEVELOPMENT
REP. JAMES ELLIOT	HOUSE DISTRICT # 51

DOCUMENTATION PROVIDED WITHIN PACKET

ANNEXATION, TOWN OF HOT SPRINGS
TRIBAL SUPPORT
ADJACENT TRIBAL LAND OWNER SUPPORT
EPA LETTER OF EXPLANATION
GEOTHERMAL SPECIFICATIONS
LEASE EXTENSION
WATER PERMIT
TECHNICAL ASSESSMENT UPDATE
F H A CONFIRMATION OF CONTACTS
LOCAL BANK - S B A CONTACTS
CDBG PRE-APPLICATION
E D A LETTER
LETTERS OF SUPPORT (FEDERAL, STATE, REGIONAL, COUNTY, LOCAL)
LOCAL PETITIONS OF SUPPORT

EXHIBIT 13
DATE 2-4-93
HB

CAMAS THERAPY CENTER

TOWN OF HOT SPRINGS

LETTERS AND PETITIONS OF SUPPORT

EXHIBIT 14
DATE 2-4-93
~~HB~~

HOUSE OF REPRESENTATIVES

WITNESS STATEMENT

PLEASE PRINT

NAME Sharon Flosch BILL NO. Grant #6

ADDRESS Hot Springs, MT DATE 2-4-93

WHOM DO YOU REPRESENT? CAM Hot Spring.

SUPPORT ✓ OPPOSE _____ AMEND _____

COMMENTS: _____

HR:1991
CS15

EXHIBIT 15
DATE 2-4-93
HB

HOUSE OF REPRESENTATIVES

WITNESS STATEMENT

PLEASE PRINT

NAME Vivian Balison BILL NO. 6 grant

ADDRESS Box 515 Hot Springs MT. DATE 2/4/93

WHOM DO YOU REPRESENT? Town of Hot Springs

SUPPORT X OPPOSE _____ AMEND _____

COMMENTS: I would urge you to consider this proposal favorable. Thank you

HR:1991
CS15

EXHIBIT 16
DATE 2-4-93
HB

HOUSE OF REPRESENTATIVES

WITNESS STATEMENT

PLEASE PRINT

NAME William E Massie **Grant ~~BILL~~ NO.** 6

ADDRESS Box 60 = Hot Springs **DATE** 2-4 93

WHOM DO YOU REPRESENT? Town of Hot Springs

SUPPORT X **OPPOSE** _____ **AMEND** _____

COMMENTS: I would urge you to please support this proposal

HR:1991
CS15

EXHIBIT 17
DATE 2-4-93
HB

HOUSE OF REPRESENTATIVES

WITNESS STATEMENT

PLEASE PRINT

NAME Cherie Hooten BILL NO. 6 (Grant)

ADDRESS PO Box 519 Thompson Falls DATE 2/4/93

WHOM DO YOU REPRESENT? Cam Redevelopment / Sanders County Board of Commissioners

SUPPORT ✓ OPPOSE _____ AMEND _____

COMMENTS: Sanders County Board of County Commissioners give their full support to this project as we believe that it can only enhance the quality of life in this area as well as provide jobs and economic development for our County.

Thank you!

HR:1991
CS15

measures to reduce adverse environmental effects to acceptable levels 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. 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 $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. 45

APPLICANT NAME	FLATHEAD JOINT BOARD OF CONTROL
PROJECT NAME	Fish-Friendly Irrigation Demonstration Project
AMOUNT REQUESTED	$ 99,000 GRANT
OTHER FUNDING SOURCES	$ 11,500 (Flathead Joint Board of Control) $ 2,500 (Soil Conservation Service) $ 32,500 (Private Individual) $ 32,500 (Flathead Irrigation Project)
TOTAL PROJECT COST	$178,000
AMOUNT RECOMMENDED	$ 44,500 GRANT $ 54,500 LOAN

PROJECT ABSTRACT (Prepared and submitted by applicant)

This project would demonstrate how to solve difficult irrigation system wastewater problems while improving water quality and fish habitat, and the results would be applicable to numerous sites throughout Montana. The project would involve a cooperative effort by private landowners, the Flathead Irrigation Project, the Flathead Joint Board of Control, and the Confederated Salish-Kootenai tribes.

The problem being addressed involves spilling wastewater flows down intermittent stream channels and causing excessive erosion and sedimentation. This practice on Crow Creek contributes to one of the most significant water quality problems documented in the Clark Fork drainage basin. The problem has caused a dramatic negative effect on fishery values in Crow Creek.

This project would eliminate wastewater into Crow Creek by diverting it to an existing small reservoir. The reservoir would be expanded from 40 to 70 acre-feet, a new spillway would be constructed, and two diversion structures would be used to redistribute wastewater flows. A pipeline would be installed to eliminate a large section of inefficient ditch, and more than 2 miles of inefficient irrigation ditch would be eliminated. The results of this project would include:

- improved water quality in a stream with documented problems
- reduced soil erosion, land loss, and stream sedimentation
- improved fish habitat through eliminating a major sediment source
- increased irrigation water storage capacity
- improved irrigation water management through the more effective use of two pivot systems
- increased waterfowl habitat through increased reservoir area
- decreased water loss through elimination of leaky ditch systems
- demonstration of cooperation among diverse ownership and groups
- decreased water loss through elimination of operational spills

TECHNICAL ASSESSMENT (Prepared by DNRC)

The Flathead Joint Board of Control represents private water users in the Flathead Irrigation Project (FIP). The FIP is comprised of nearly 127,000 acres located in northwestern Montana within the Flathead Indian Reservation's boundaries. The federal government owns the FIP facilities, and they are administered by the Bureau of Indian Affairs (BIA).

The proposed project would eliminate wastewater releases to Crow Creek by eliminating the wasteway and replacing a portion of the FIP canal with a pipeline. The wastewater would be released to Maughn Creek through two new wasteway structures. An existing reservoir on Maughn Creek would be enlarged, and the wastewater would be stored and reused for FIP irrigation. Both creeks flow into the Flathead River.

No design or specification information was provided concerning the two proposed wasteway structures, the pipeline, or the pipeline structures. The severity of the erosion problem at the Crow Creek wasteway and its contribution toward the creek's water quality problem is not documented, and no provision or plan is offered for measuring the project's effect on Crow Creek after the project is implemented.

The Department of Fish, Wildlife and Parks' reviewer indicated the existence of other nonpoint pollution sources above the Crow Creek site, such as a livestock feed lot that may be contributing more significantly to Crow Creek's water quality problems. The reviewer was concerned that the wastewater released to Maughn Creek could exacerbate the sloughing of the Flathead River banks into the river at existing bank seep sites near the mouth of Maughn Creek, thereby increasing the river's sediment load.

The Confederated Salish-Kootenai tribal hydrologist indicates several concerns about the proposed project. One is that the proposed enlarged Maughn Reservoir would not be large enough to control wastewater flows into Flathead River.

The major concern about feasibility is the Bureau of Indian Affairs' lack of support or participation in the proposed project, which is indicated in a June 10, 1992 letter to DNRC. The letter also states that the proposed project is the subject of a federal lawsuit and that no BIA action will be considered on this proposed project until the lawsuit is settled. In a June 11, 1992 letter to DNRC, the Confederated Salish-Kootenai tribes--named in the proposal as key participants in the proposed project--state their opposition to the project.

FINANCIAL ASSESSMENT

The proposed project's total cost is $178,000. The Flathead Joint Board of Control's $99,000 grant request includes $10,000 for design costs and $89,000 for construction costs. The Flathead Joint Board of Control (including Soil Conservation Service funding of $2,500) will contribute $2,000 for reservoir operating plan costs, $7,000 for design costs, and $5,000 for administration costs. The Flathead Irrigation Project will contribute $1,500 for reservoir operating plan costs, $2,000 for design costs, and $29,000 for construction costs. Private landowner contributions include $1,500 for reservoir operating plan costs, $1,000 for design costs, and $30,000 for construction costs. Most non-DNRC contributions are stated as in-kind services.

A more specific construction cost breakdown should be provided that indicates the cost of materials, labor, and equipment. The 24-inch PVC 80 psi pipe costs stated are low--$8.75 per foot installed. Quotes from local suppliers indicate that the pipe alone costs $14.60 per foot, and the installed cost would range from $21 to $29 per foot. If the cost of an environmental assessment will be contracted, this cost should be included in the project's budget.

The Flathead Irrigation Project has indicated that no expenditures of personnel time, money, machinery, or services are committed to the proposed 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 proposed project, if feasible, would indirectly support State Water Plan objectives through increased water storage in Maughn Reservoir and improved water conveyance by replacing a canal section with a pipeline. The objectives supported include consideration of feasible water storage, improved water use and conveyance efficiencies, and water conservation. The project involves family-owned farms and could protect some area farm land from seepage damage.

The project does not initiate the use of reserved water or help resolve Indian or federal reserved water rights, as the Confederated Salish-Kootenai tribes oppose the project.

According to the application, an additional 200 to 500 acre-feet of water would be available for FIP irrigation as a result of the project. This water conservation would come from wastewater storage in Maughn Reservoir and the pipeline replacement of a canal section.

Letters of commitment from two FIP water users are documented in the application. The BIA declines any commitment of support or participation in the project, and the Confederated Salish-Kootenai tribes oppose the project.

The project would provide measurable, ongoing benefits that would most directly affect the FIP water users. The project is named as a demonstration project, but no plan or provisions for disseminating information is indicated.

ENVIRONMENTAL ASSESSMENT

The proposed project may produce some environmental benefits but may also may create adverse effects where significance is not fully known. An environmental assessment may be required to determine whether a more detailed environmental review is needed to address the project's beneficial effects on Crow Creek versus its potential adverse effects on Maughn Creek and the Flathead River. In issuing necessary permits, an environmental assessment should be prepared.

RECOMMENDATION

Since the project sponsor is able to assess fees or collect tax revenue to recover this 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 $44,500 grant.

The project sponsor may obtain additional funding through a DNRC loan up to $54,500. 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 only after DNRC approves the following documentation from the project sponsor indicating (1) that the federal lawsuit involving the project is resolved; (2) that commitments of support and participation have been offered by the Flathead Irrigation Project, the Bureau of Indian Affairs, and the Confederated Salish-Kootenai tribes; and (3) that indicated wastewater flow to Crow Creek (wasteway #293) from the FIP is contributing significantly to water quality problems in Crow Creek.

A grant agreement will be developed after DNRC approves a scope of work and a budget, and after matching funds have been secured. Through an environmental review, DNRC would determine whether the proposed project would cause significant adverse environmental effects. Following the review, any measures required to reduce adverse impacts to acceptable levels would be stipulated in the project agreement and incorporated as part of the project's scope of work. The scope of work and the budget shall contain a specific breakdown of construction costs, including (1) documentation of installed pipe costs and costs for work in the waterway below Maughn Dam; (2) a cost estimate for the environmental review referred to in the application; and (3) a detailed plan of how water quality in Crow Creek will be monitored and how information on the project's results will be disseminated.

The initial task should involve completing a joint environmental assessment by DNRC, the Department of Fish, Wildlife and Parks, the Department of Health and Environmental Sciences, the Bureau of Indian Affairs, and the Corps of Engineers. At a minimum, the review process shall determine whether a more detailed environmental study is needed to address the project's beneficial effects on Crow Creek versus its potential adverse effects on Maughn Creek and the Flathead River.

EXHIBIT 1
DATE 2-4-93
HB

Original specifications, designs, and respective revisions shall be submitted to and approved by the U.S. Army Corps of Engineers and the Bureau of Indian Affairs before any bids are solicited; by reference, these also shall be included in the project agreement. Specific design and specification information for the two wasteway structures, the pipeline, and the pipeline structures also shall be included.

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 $99,000. 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. 46

APPLICANT NAME	WHITEFISH WATER AND SEWER DISTRICT
PROJECT NAME	Protection of Swift Creek Pilot Project
AMOUNT REQUESTED	$51,406 GRANT
OTHER FUNDING SOURCES	$ 4,280 (Project Sponsor)
TOTAL PROJECT COST	$55,686
AMOUNT RECOMMENDED	$13,921 GRANT $37,485 LOAN

PROJECT ABSTRACT (Prepared and submitted by applicant)

The 1989 Montana Legislature approved a substantial grant ($73,440) for the Swift Creek Claybank Pilot Project. The project was proposed to test methodology and materials for stabilizing large (upward to 250 feet) claybanks along an 8-mile stretch of the primary stream feeding Whitefish Lake. Although the pilot project was designed to work on only three of about 40 large claybanks that contribute toward rapid degradation of Whitefish Lake, a popular recreational attraction, the project's results would serve as a prototype for eventually approaching the much-larger problem.

The pilot project's design focused on stabilizing the claybanks by draining runoff water concentrated on top of the bank; placing several barrier structures on the face of each bank to impede soil erosion; and planting riparian vegetation to hold and eventually stabilize the banks. Rock-filled gabions, large logs, and natural boulders were placed along the stream to protect the toes of the three project claybanks.

EXHIBIT 19
DATE 2-4-93
HB

HOUSE OF REPRESENTATIVES

WITNESS STATEMENT

PLEASE PRINT

NAME Alan McKelsen BILL NO. _____

ADDRESS P.O. Box 639 DATE 2-4-93

WHOM DO YOU REPRESENT? Flathead Joint Board of Contrl

SUPPORT ✓ OPPOSE _____ AMEND _____

COMMENTS: Water quality - irrigation enhancement
(Fish friendly irrigation.

HR:1991
CS15

EXHIBIT
DATE 2-21-93

FLATHEAD JOINT BOARD OF CONTROL

P.O. BOX 639
ST. IGNATIUS, MT 59865-0639
PH (406) 745-2090
FAX (406) 745-3090

SOLVING ENVIRONMENTAL AND EROSION PROBLEMS BY PROMOTING WATER CONSERVATION

PROJECT NO. 45

APPLICANT: FLATHEAD JOINT BOARD OF CONTROL

PROJECT NAME: IRRIGATION ENHANCEMENT/WATER QUALITY: A DEMONSTRATION PROJECT (FORMERLY NAMED FISH-FRIENDLY IRRIGATION DEMONSTRATION PROJECT)

This proposal addresses long-standing and well known environmental problems caused by use of an irrigation wasteway that dumps return flows into Crow Creek, in Lake County, on the Flathead Reservation. Use of this wasteway (No. 293; see Figures 1, 4, & 5 of Grant Proposal) has been increased by operational limitations placed on the use of a similar nearby wasteway at the request of the Confederated Salish and Kootenai Tribes (CSKT). This has resulted in more erosion of the landowner's land surrounding Wasteway 293 and more siltation carried by flows through the wasteway to Crow Creek. The negative impacts on water quality and fish populations are well-known. (Ingman 1991; BIA Environmental Assessment 12/7/84 enclosed as attachment 1.)

The Flathead Joint Board of Control (JBC) is an umbrella organization for three state-chartered Irrigation Districts which are served by the Flathead Irrigation and Power Project (FIPP). Under state law the JBC, and the Irrigation Districts, have the authority to receive funding such as that administered through the DNRC's Water Development program and to construct such projects and administer the use of water controlled by the projects.

To address the erosion and siltation problems created by wasteway 293, rather than simply dump it onto another landowner, the JBC and directly affected landowners submitted a grant proposal last spring to the DNRC seeking funding to eliminate the wasteway and enlarge an existing reservoir downstream of the wasteway to control return flows. Return flows would then be reapplied for irrigation use. Since Maughan Farms would be irrigating most of the season with return flows, normal irrigation deliveries to them could be greatly curtailed, increasing the available water supply for upstream landowners. This results in water conservation and reduces the need for water deliveries, as well as eliminating negative impacts on Crow Creek and cleaner contributions to the Flathead River (which both Crow Creek and the reservoir outlet flow into) should releases from the reservoir occur.

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Because of the complex nature of relationships between the JBC, the FIPP and the Confederated Salish and Kootenai Tribes (CSKT) this proposal, which clearly has very positive environmental and water conservation impacts, has received more critical review and opposition than warranted. In June of last year, the CSKT and the BIA, sent letters criticizing the proposal and stating they would not participate cooperatively in the project.

The JBC submitted a revised proposal January 15, 1993. This proposal eliminated active participation by third parties and places a larger burden on the directly affected landowners. In speaking with representatives of DNRC, we believe we have now addressed all the technical concerns raised by the review process and comments from third parties.

Let's be perfectly plain about opposition to this project from BIA and the CSKT: it is a question of authority, of control, of jurisdictional power. The JBC, a state-chartered governmental entity, and the landowners (who are not tribal members) on whose land the project is located want to solve this problem and believe they can do so with the assistance of the State of Montana. The CSKT deny the state's irrigation laws, under which the Districts have operated and collected assessments for 60 years, have any application on the Reservation. They deny the JBC and the Districts have the authority afforded other such entities under Montana law.

There is an environmental and water use problem here that can be fixed. The JBC asks you to set aside the peripheral issues of authority and control which are at the root of opposition to this project and provide funding for what is clearly a beneficial use of the State's resources.

Below we have listed the more substantive criticisms made and the number of the attached document which addresses them:

1. Need for project - attachment 1.

2. Engineer's report on Maughan Creek and erosion from Tobol and Maughan wasteways - attachment 2.

3. Communications of FIP and SCS regarding project - attachment 3.

4. Acquisition of Permits - attachment 4.

5. Specifications for wasteway structures, pipeline, and pipeline structures - attachment 5.

6. Landowner support - attachment 6.

CLARK FORK RIVER BASIN
NUTRIENT POLLUTION SOURCE ASSESSMENT

THIRD INTERIM REPORT

SECTION 525 OF THE
1987 CLEAN WATER ACT AMENDMENTS

Prepared by:

Gary L. Ingman

State of Montana
Department of Health and Environmental Sciences
Water Quality Bureau
Cogswell Building
Helena, Montana 59620

June 1991

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SUMMARY - FYI

In 1988, The Montana Department of Health and Environmental Sciences initiated an intensive monitoring program to identify and rank the major point and nonpoint sources of nutrients in the Clark Fork River. The monitoring network during the second year of the three year project included 19 stations on the Clark Fork River, 27 stations on tributary streams and five municipal or industrial wastewater discharges. Samples were collected 15 times and analyzed for total and soluble forms of phosphorus and nitrogen. Nutrient concentrations were compared to criteria for the control of nuisance algae. Nutrient loads were used to evaluate the relative importance of each tributary or effluent source.

The Clark Fork, many of its tributaries and several wastewater discharges exhibited lower mean nutrient concentrations in the second year of the study. Causes were higher streamflows and a reduction in wastewater nutrient loading resulting from phosphorus detergent bans and nutrient control measures at the Stone Container Corporation kraft mill. Despite the marked improvements, two reaches of the Clark Fork, Silver Bow Creek and several other tributaries continued to show nutrient concentrations in excess of recommended levels.

The Missoula, Deer Lodge and Butte wastewater treatment plant (WWTP) discharges were the sources most responsible for high nutrient concentrations in the Clark Fork River. Inflows from tributaries with low nutrient concentrations were important in diluting nutrient concentrations in the river.

When averaged over the year, soluble phosphorus loading from tributaries was about equal to that contributed by effluents. About three-fourths of the soluble nitrogen loading came from tributaries. During the summer low streamflow period, wastewaters discharged the majority of the soluble phosphorus and nitrogen loading to the river.

Tributary sources of soluble nutrient loading were dominated by the Flathead, Bitterroot and Blackfoot rivers. Flint and Rock creeks and the Thompson and Little Blackfoot rivers were smaller but important sources of soluble phosphorus. The Bull River and Fish Creek were significant sources of soluble nitrogen. Mission and Crow creeks and the Little Bitterroot River contributed a large share of the soluble nutrient loading in the lower Flathead River.

The Missoula, Butte and Deer Lodge WWTP discharges were responsible for most of the soluble nutrient loading from effluents.

Preliminary recommendations are given for curbing nutrient pollution in the Clark Fork River Basin.

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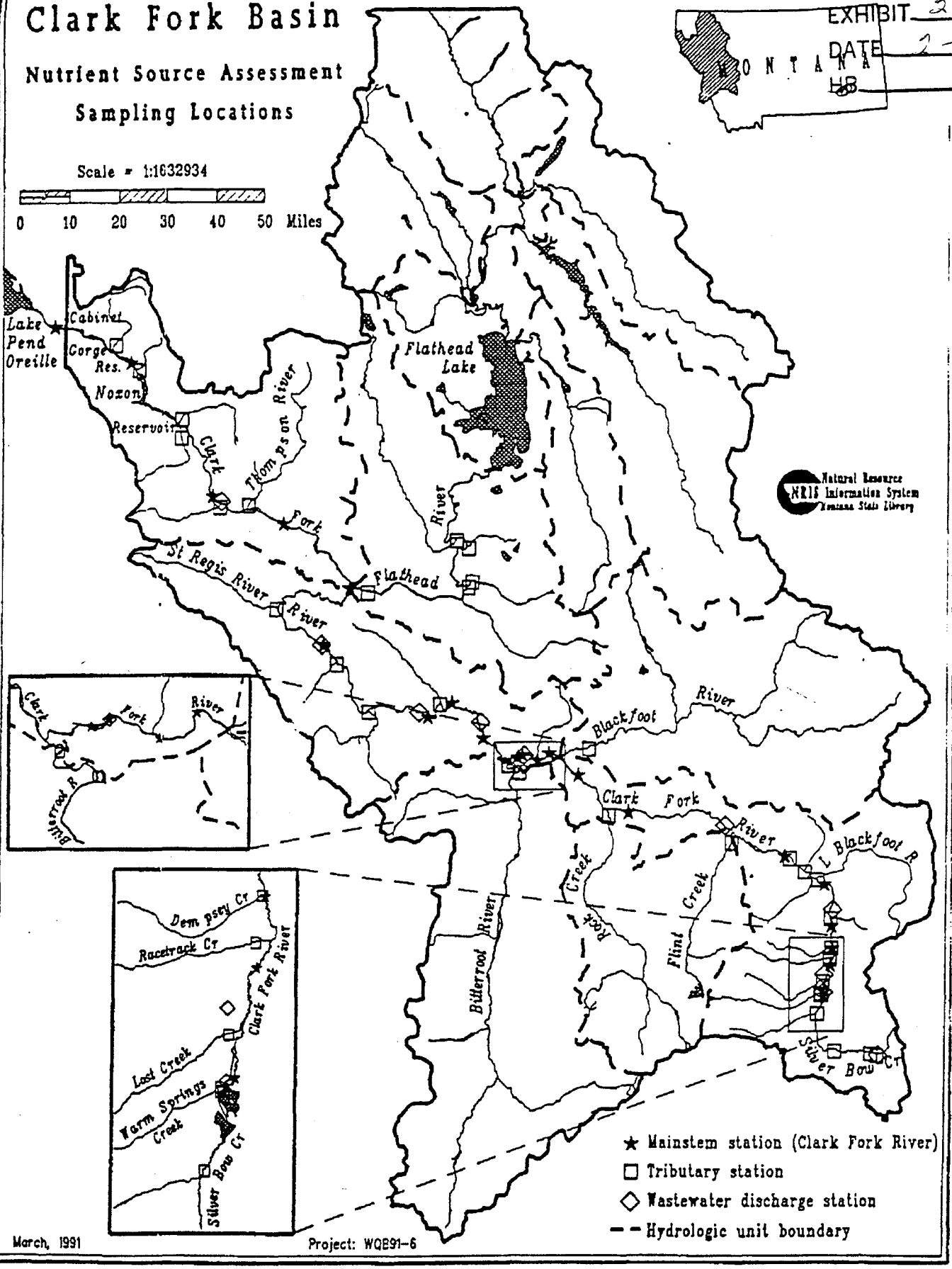
Figure 1.

Clark Fork Basin

Nutrient Source Assessment

Sampling Locations



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reaches of the Clark Fork immediately above Deer Lodge and Missoula (stations 9 and 15.5, respectively) and in the lower Clark Fork from just above the Flathead River confluence to the Idaho border (stations 25-30). Lowest N concentrations were measured above Missoula (station 15.5) and below the Flathead River (stations 27-30). Tributary inflows from Rock Creek (entering the river between station 12 and 13), and the Little Blackfoot (bracketed by stations 10 and 11), Blackfoot (stations 13 to 15.5), Bitterroot (stations 18 to 20), and Flathead rivers (stations 25 to 27) caused notable decreases in mean Clark Fork nutrient concentrations.

The EPA total P criterion of 50 µg/l, which is a general guideline recommended to control excessive developments of attached algae and to prevent accelerated eutrophication of lakes (U.S. EPA, 1986) was commonly exceeded in FY90 in the reach of river from above the Little Blackfoot River to Bonita (stations 10-12) (Figure 3B) This is in sharp contrast to the greater length of river in which the criterion was surpassed in FY89 (Figure 3A).

The EPA criterion for TSIN of 1000 µg/l (water quality criteria matrix in MDHES, 1986), which has been recommended to prevent nuisance instream levels of algae, was never exceeded in the Clark Fork during either FY89 or FY90.

Nutrient criteria for the control of diatom algae in the Clark Fork River have recently been developed (Watson, 1990). These criteria address saturation concentrations of soluble P and N above which increases in maximum standing crops of diatom algae would not be expected. In other words, where instream nutrient concentrations fall short of the criteria, diatom standing crops are probably limited by nutrients. These values are 30 µg/l and 250 µg/l for SRP and TSIN, respectively. During July through September, 1989 (the summer period when algal standing crops generally reach peak proportions) mean SRP concentrations surpassed the criterion only at station 10, below the Deer Lodge WWTP. Again, this is in contrast to the previous summer when the P criterion was exceeded in many more miles of the river and by a larger margin (Figure 5A). Summer 1988 and 1989 mean TSIN concentrations in the Clark Fork were generally well below the TSIN criterion (Figure 5B). These recent monitoring results would suggest that summer diatom standing crops in the Clark Fork during summer 1989 were more limited in growth potential than during summer 1988. More importantly, the reaches of the river that were essentially saturated with nutrients in 1988 (and the reaches which typically experience the worst algae and related problems) saw decreases in 1989 to the point where any additional decreases would be expected to produce a direct response in terms of reduced algal standing crops.

Concentrations of P and N in Clark Fork tributaries revealed some previously unconfirmed nutrient sources (Table 3 and Figure 6). The Little Bitterroot River (LBI), and to a lesser extent Crow *

and Mission creeks (CR and MI) exhibited elevated ~~soluble P~~ concentrations. These tributaries to the lower Flathead River were added to the monitoring network in FY90. These tributaries drain areas with highly erodible soils (glacial Lake Missoula lakebed sediments) and suffer impacts from irrigation and other agricultural practices. Crow and Mission creeks also contained among the highest soluble N concentrations of the 22 tributaries that were monitored. Fish Creek (FI) and the Bull River (BU), two other new tributaries in FY90, showed somewhat elevated soluble N concentrations relative to other middle or lower Clark Fork tributaries. Fish Creek drains a timbered basin with a small human population, but with extensive logging and roading. The Bull River valley is more developed, although its major tributaries originate in the Cabinet Mountains Wilderness. Subirrigated hay meadows and livestock grazing along the main river and septic systems may be contributing to the elevated nitrogen concentrations. The remaining four other new tributaries--Ninemile and Beaver creeks and the St. Regis and Vermilion rivers (9M, BC, ST, VR, respectively) generally contained very low concentrations of soluble nutrients.

Most of the tributaries monitored in each of FY's 89 and 90 showed similar quality in each year although, like the main Clark Fork, nutrient concentrations were generally down somewhat in the second year. Nutrient concentrations in Silver Bow Creek below Butte (stations 01-03, not shown on Figure 6) continued to be an order of magnitude larger than at all other monitoring stations in the Clark Fork Basin. The source of those nutrients was the Butte WWTP discharge and the problem was inadequate dilution. On average, the Butte WWTP discharge nearly doubled the volume of flow in Silver Bow Creek. Silver Bow Creek does not support nuisance growths of algae because of the presence of toxic levels of heavy metals (Greene, et al., 1986; Ingman and Kerr, 1990). Nutrient concentrations in lower Silver Bow Creek (station 03, shown as PD2 in Figure 6) were greatly reduced as a result of treatment provided by the Warm Springs Ponds before discharging to the Clark Fork headwaters. However, they remained noticeably higher than in most other Clark Fork tributaries.

Gold Creek (GC) and Flint Creek (FC) continued to show elevated soluble P concentrations relative to other tributaries. Gold Creek bisects the geological Phosphoria and Cabbage Patch formations (Carey, 1989; Ingman and Bahls, 1979) and P sources are, at least in part, natural. Lower P concentrations in FY90 may have resulted from improved streamflows and more dilution of geologic P sources. Additionally, the occurrence of a short term, but large scale flood event in FY89 and its associated large P concentrations tended to skew the FY89 mean P concentration upwards. Flint Creek receives the Phillipsburg WWTP discharge and is a heavily irrigated agricultural subbasin (Johnson and Schmidt, 1988).

Lost Creek and the Mill-Willow creeks bypass continued to show

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4.2 Nutrient Loads

Nutrient loads define the quantity of nutrients discharged by the river, its tributaries, and effluents per unit of time. Nutrient loads were used to identify and rank the most important sources of nutrients in the Clark Fork Basin from the standpoint of controlling nuisance algae. They are also an important consideration in assessing the trophic status, or state of enrichment, of lakes. Because lakes such as Pend Oreille have considerably long hydraulic retention times, the overall rate of nutrient loading has a strong influence on a lake's ability to grow algae.

On a year-round basis, nutrient loading to the Clark Fork River is dominated by a handful of tributaries and wastewater discharges (Table 4 and Figure 8). This trend was apparent in each of FY's 89 and 90. Tributary nutrient loading was generally somewhat less in the second year, presumably as a result of the scouring flows in late FY89 and a generally cleaner river and tributaries in FY90. Of the Clark Fork tributaries, the Flathead (FH), Bitterroot (BI), and Blackfoot (BL) rivers contributed most of the soluble nutrient load. Nutrient concentrations in these rivers were low, but because they are the largest tributaries to the Clark Fork, their cumulative loadings were sizable. Increases in nitrogen loading in the Bitterroot River from above to below Missoula were not as readily apparent in FY90 as they were in the previous year. Higher streamflows may have reduced the rate of nitrogen-rich groundwater inputs or masked it through dilution. Mission and Crow creeks and the Little Bitterroot River were large sources of soluble nutrient loading to the lower Flathead River (not shown on Figure 13 because their loads contribute to that of the Flathead River). Together, these three tributaries discharged up to half as much soluble P and a sixth as much soluble N as the entire Flathead River. Gold Creek discharged a substantial soluble P load compared to many of the other Clark Fork tributaries despite its small volume (annual mean discharge was 26.3 cubic feet per second for the two-year period). This was particularly evident in FY89. The soluble N loads contributed by the Bull River (BU), Fish (FI) and Flint (FC) creeks and Silver Bow Creek via the Pond Two discharge (PD2) were also noteworthy. Contributions from other small tributaries were collectively important but individually rather insignificant.

Nutrient loading from effluents was dominated by the Missoula (MSLA) and Butte (BUT) WWTP discharges in each of the two years. The Deer Lodge (DLG) WWTP and Stone (STONE) kraft mill discharge contributed smaller loads of soluble nutrients, while the Superior (SUP) wastewater discharge was a relatively unimportant nutrient source. Decreased P loading from Missoula reflected the phosphorus detergent ban. Decreased P and N loading from the Stone mill was primarily a result of the continuing in-plant nutrient control

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The apparent differences (increases or decreases) in soluble nutrient loading between stations below the Flathead River confluence (stations 27 to 30) may not be real. The Clark Fork in that reach is so large and nutrient concentrations so low (frequently at or below analytical detection limits) that precision and accuracy for loading estimates there are poorer than for elsewhere in the river.

Nutrient loading throughout the Clark Fork Basin in FY90 was on average slightly less than in the previous year (see Second Interim Report, Table 3 and Figure 12). Soluble P loading in the river from below the Missoula WWTP to the Flathead River confluence was noticeably less as a result of the P bans and the progress at Stone Container Corporation. Soluble nutrient loading from the Clark Fork to Lake Pend Oreille appeared to be about the same in both years for P and somewhat less for N in the second year. But again the precision of the loading estimates at the lower-most Clark Fork monitoring stations makes it difficult to conclude with any certainty.

Figure 11 shows the soluble nutrient yield of the various Clark Fork Basin tributaries per unit area of drainage. Tributary nutrient loads were transformed in this manner in an attempt to 1) standardize the data for a wide range of tributary sizes, and 2) identify those watersheds which tended to produce large nutrient loads per unit area of drainage, possibly as a result of poor land use practices. The exercise produced some interesting results. In the upper Clark Fork, Gold Creek (GC) and Lost Creek (LC) were confirmed as major nutrient producers. Gold Creek's yield of soluble P is thought to result primarily from natural sources, whereas Lost Creek's soluble N yield almost certainly originates from agricultural activities.

For the middle and lower Clark Fork tributaries, conclusions were less easy to draw. The influence of precipitation rates on streamflows and nutrient loads in the tributaries was the primary reason. Annual precipitation generally increases in a downstream direction in the Clark Fork Basin. Greater precipitation results in higher streamflows per unit of watershed area. As a result, many of the middle to lower Clark Fork tributaries had higher rates of streamflow per unit area of drainage than those in drier portions of the basin. This made across-the-board comparisons of Clark Fork tributary nutrient loading per unit area of drainage invalid.

Fish Creek (FI), a tributary to the middle Clark Fork, had a relatively high rate of yield for soluble N per unit area of drainage. At this time, sources or land use practices which may have contributed are unknown. Crow Creek (CR) and Mission Creek (MI), tributaries to the lower Flathead River stood out as major producers of soluble P and N. Extensive water development and use, naturally erosive soils and agricultural land use practices are

likely factors contributing to the problems in these tributary drainages. Surprisingly, the Little Bitterroot River (LBI) did not stand out as a large producer of P, despite its highly elevated soluble P concentrations. Extensive upstream water storage and consumptive water use and arid portions of its 1606 square kilometer drainage area presumably resulted in a relatively low rate of water yield and nutrient loading per unit area of drainage at our monitoring station near its mouth.

Tributaries to the lower Clark Fork, such as Prospect Creek (PC), Beaver Creek (BC), Vermilion River (VR), and Bull River (BU) had relatively high rates of soluble nutrient yield despite their generally good quality. For these streams, high precipitation rates were likely an important factor in their high rankings.

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5.0 CONCLUSIONS

Tables 5, 6 and 7 give summary rankings to the Clark Fork tributaries and wastewater discharges on the basis of quality (nutrient concentrations) and quantity (mean nutrient loads and loads per unit area) of nutrients discharged to the Clark Fork River.

The Clark Fork River and many of its tributaries showed markedly improved quality over the previous year with regard to nutrient concentrations. Causes were improved streamflow conditions, phosphorus detergent bans, and efforts by the Stone Container Corporation to curb wastewater nutrient loading.

All of the wastewater discharges, Silver Bow Creek, and several other tributaries to the Clark Fork or Flathead rivers contained elevated concentrations of nutrients. While nutrient loading from some of the smaller Clark Fork tributaries may have been relatively insignificant, their nutrient-rich inflows probably helped support localized developments of nuisance algae in their mixing zones. These tributaries included Gold, Flint, and Lost creeks and the Mill-Willow Bypass.

The Missoula, Deer Lodge and Butte WWTP discharges were the sources most responsible for elevated soluble nutrient concentrations in the Clark Fork River. They also provided the largest share of soluble nutrient loading to the reaches where, and during the times of the year when, algae and related problems are most prevalent. This conclusion has not changed despite the highly effective phosphorus detergent bans and reductions in nutrient loading from the Stone Container Corporation kraft mill.

Inflows from tributaries with low nutrient concentrations were important in diluting soluble nutrient concentrations in the river.

Overall, soluble P loading from tributaries was roughly equal to that contributed by effluents (Figure 12). About three-fourths of the soluble N loading came from tributaries, with the remaining quarter originating from wastewater discharges. This reflected a slight increase in the importance of tributaries as N sources, as a larger percentage of the total tributary watershed area was monitored in FY90. During the low flow summer period, wastewater discharges were responsible for the majority of the soluble nutrient loading to the river.

Tributary sources of soluble nutrient loading were dominated by the Flathead, Bitterroot, and Blackfoot rivers (Figure 13). Mission and Crow creeks and the Little Bitterroot River (not shown in Figure 13) were very large sources of soluble nutrient loading to the lower Flathead River. Gold Creek appeared to be a less important source of soluble P than in the previous year. The Bull River and Fish Creek were significant sources of soluble N loading.

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Table 5. Ranking of Clark Fork Basin Nutrient Sources by Mean Concentrations of Phosphorus and Nitrogen *

Source	Rank and Mean Concentration (µg/l)							
	SRP		Total P		TSIN		Total N	
I. Tributaries								
26.6 Little Bitterroot River	1	(92)	1	(152)	18	(14)	2	(743)
10.7 Gold Creek	2	(67)	2	(86)	14	(22)	8	(276)
11.5 Flint Creek	3	(33)	4	(60)	9	(65)	7	(415)
26.7 Crow Creek	4	(25)	5	(56)	2	(291)	3	(682)
04 Discharge from AMC Pond 2 (Silver Bow Creek)	5	(25)	3	(77)	3	(273)	1	(789)
10.2 Little Blackfoot River	6	(17)	7	(36)	17	(15)	12	(248)
26.9 Mission Creek	7	(16)	6	(40)	4	(186)	6	(434)
05 Mill-Willow Bypass	8	(10)	8	(34)	5	(169)	5	(532)
28.3 Beaver Creek	9	(6)	14	(14)	21	(10)	21	(<100)
18.5 Bitterroot River (at HWY 93)	10	(6)	11	(19)	7	(89)	13	(247)
12.5 Rock Creek	11	(6)	13	(16)	22	(10)	14	(193)
19 Bitterroot River (near mouth)	12	(6)	10	(19)	6	(91)	10	(254)
27.5 Thompson River	13	(5)	15	(13)	15	(18)	16	(125)
07.3 Lost Creek	14	(5)	9	(24)	1	(301)	4	(605)
28.5 Vermilion River	15	(5)	18	(8)	23	(<10)	23	(<100)
27.7 Prospect Creek	16	(5)	19	(8)	16	(15)	22	(<100)
06 Warm Springs Creek	17	(4)	17	(13)	8	(76)	9	(272)
22.5 Ninemile Creek	18	(4)	16	(13)	20	(13)	20	(<100)
14 Blackfoot River	19	(4)	12	(19)	12	(29)	11	(254)
24.7 St. Regis River	20	(2)	22	(5)	19	(14)	15	(126)
23.7 Fish Creek	21	(1)	23	(5)	10	(48)	17	(109)
29.5 Bull River	22	(1)	20	(7)	11	(40)	19	(<100)
26 Flathead River	23	(1)	21	(7)	13	(22)	18	(100)
II. Wastewater Discharges								
24.5 Superior lagoon	1	(4645)	1	(5243)	2	(15870)	1	(22384)
17 Missoula WWTP	2	(3134)	2	(3304)	1	(16128)	2	(17966)
00.5 Butte Metro WWTP	3	(2699)	3	(3123)	3	(8019)	3	(9674)
09.5 Deer Lodge lagoon	4	(1943)	4	(2158)	4	(5912)	4	(8531)
21 Stone Container Corporation	5	(151)	5	(395)	5	(918)	5	(4541)

* Based on an average of 15 measurements made from July 1989 through June 1990.

developments of nuisance algae in the river. Voluntary efforts by wastewater treatment plant managers to curb nutrient discharges, either through in-plant controls, imposing pre-treatment requirements on certain facilities, additional treatment measures, or land application of effluent would be expected to have major effects and postpone the eventual need for expensive nutrient removal facilities. The feasibility of land application of wastewater from the Missoula WWTP is currently being evaluated by a contractor. There may also be opportunities at Deer Lodge. An irrigation canal is located in proximity to the Deer Lodge wastewater treatment facility. Summer irrigation usage of 50 percent of the wastewater volume could result in 14 and 18 percent reductions in summer soluble P and N loading, respectively, to the upper Clark Fork River, and decrease instream nutrient concentrations by a large amount. Summer irrigation usage of all of the effluent would double these percentages. In effect, the river's gain would be the land's gain because the wastewater is rich in nutrients which could reduce the need for fertilizer applications. Decreased reliance on irrigation diversions would also result in more water in the river to dilute nutrient inputs from the other sources.

Federal assistance for studies and implementation of innovative wastewater treatment and disposal technologies in the basin should be secured.

4) Recommendation: Encourage and cooperate with the Confederated Salish and Kootenai Tribes and Lake County Soil Conservation Service (SCS) to identify and control the sources of nutrient loading to lower Flathead River tributaries.

Rationale: Mission and Crow creeks and the Little Bitterroot River have been identified as contributing up to half as much soluble P and a sixth as much soluble N loading as the entire lower Flathead River. These tributaries represent only 12 percent of the Flathead River drainage area. Nutrient loading from the Flathead drainage is responsible for about half the soluble P and N loading in the Clark Fork below the Flathead River (averages for last two years) and a significant portion of the soluble nutrient loading to Lake Pend Oreille. Efforts to curtail nutrients in lower Flathead River tributaries would be addressing a major source of nutrient loading to the Clark Fork.

Lake County SCS has begun a water quality project on Coleman Coulee, a major source of nutrients in Mission Creek. This work should continue and funding secured to expand the project in the other tributary drainages.

5) Recommendation: Evaluate nonpoint sources of nitrogen in the Lost Creek drainage and other upper Clark Fork tributaries and implement controls.

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9.0 ACKNOWLEDGEMENTS

Lee Shanklin, formerly with the U.S. EPA Montana Operations Office, served as steering committee chairperson in FY90 and coordinated the administration of EPA grant funds. Diane Ertman of the MDHES Chemistry Laboratory Bureau performed all chemical analyses and graciously accommodated our variable sample collection schedules and short sample holding times. Mark Kerr and Robert Bukantis assisted with field monitoring activities and prepared field filtration gear. Mel White, Ron Shields, Ray Wineberg, and Stewart Guttenberger of the U.S. Geological Survey provided streamflow data. The Montana Power Company provided streamflow data for the Clark Fork below Thompson Falls Dam. John Jarvie of the Montana State Library prepared the GIS maps of the Clark Fork Basin. Pamela Brewster and Debbie Walker performed all computer data entry. Patty Rowsey assisted with graphics and typed the report. The author also wishes to thank the Confederated Salish and Kootenai Tribes, especially Diane Cline and Bill Foust, for facilitating access to lower Flathead River tributary monitoring stations. A draft of this report was reviewed by Mark Kerr, Chris Levine, Vicki Watson, Peter Nielsen and staff of the Natural Resources Department of the Confederated Salish and Kootenai Tribes.

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DATE 2-4-93
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UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS

Environmental Assessment
December 7, 1984

Temporary Repair of Crow Dam Outlet Structure
Emergency Spillway
Flathead Indian Reservation
Lake County, Montana

Lead Agency: U.S.D.I. Bureau of Indian Affairs
Flathead Irrigation & Power Project
P.O. Box G
St. Ignatius, Montana 59865

Cooperating Agency: U.S.D.I. Bureau of Indian Affairs
Flathead Agency, P.O. Box A
Pablo, Montana 59855

Responsible Official: E. Murl Axtell, Project Engineer
Flathead Irrigation & Power Projoject

For Further Information Contact: Dennis Scalf, Civil Engineer
Flathead Irrigation & Power Project
P.O. Box G
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(406) 745-2661

ABSTRACT:

The Flathead Irrigation and Power Project, Irrigation Division proposes to temporarily repair the outlet works and the emergency spillway structure of Crow Dam located on the Flathead Indian Reservation, Lake County, Montana, in order to make the dam safer and more reliable, to restore Irrigation Project management flexibility, and to assure sufficient storage capacity. Implementing Alternative C, the preferred alternative, would result in adequate storage capacity to meet agricultural, wildlife, and recreation concerns. The "no action" alternative Alternative A, would put the dam at risk for falling and would result in adverse impacts to agricultural, wildlife and recreation concerns. Implementation of Alternative B would accomplish structure repair, but would reduce reservoir capacity and would result in adverse impacts to agricultural, wildlife, and recreation.

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The Crow Dam constructed in 1933 and modified in 1940 is located in the floodplain of Lower Crw Dam and forms Crow Reservoir. The creek channel resumes at the dam outlet works and flows in a southwestly direction approximately four miles to the confluence of Lower Crow Creek with the Flathead River. The probable floodplain is depicted in Figure 3. There are no homes, one irrigation canal headwork structure, a county road, and a bridge located in the floodplain.

Wetlands occur in the dam stilling basin and on the basin's concrete apron due to sedimentation buildup in the basin and absence of natural drainage. Wetlands occur near the creek channel. Appendix B contains a list of vegetation common to the project area as determined by a range vegetation survey conducted in 1979 -1980 by Prairie Winds Consultant Servic in Wyoming.

E. Fisheries

The construction and operation of Crow reservoir has resulted in a severely degraded trout fishery in Crow creek from the dam to the mouth of Crow Creek on the flathead river. Project operations and design have negitively impacted both the fish and their habitat. The stream supports rainbow and brown trout. Below the Moiese A Canal diversion ostimates of trout numbers have ranged from 15 to 58 per 500 feet. Analysis of their age indicate that the 1982 year class was lost; this has not been observed in other tributaries to to the Flathead. Irrigation returns below the diversion are a source of serious sediemtn input effecting both trout and aquatic invertabrates.

The reach of stream between Crow Dam and the Moiese diversion has been scoured of spawning gravel due to project oprations. What gravels were present have been flushed down the A Canal and the dam prevents any gravel recruitment. The diversion structure itself diverts the entire stream down the canal leaving only seepage for the remaining four miles of stream. the diversion is unscreened and thus the canal is a constant source of fish loss.

Section III Affected Environment

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August 5, 1992

Mr. Bill Slack
Administrative Assistant
Flathead Joint Board of Control
P.O. Box 639
St. Ignatius, Mt. 59865

Re: Preliminary Sedimentation Mitigation Report - Maughan Creek

Dear Bill:

At your request, the following information and recommendations are provided as a result of our July 27, 1992 inspection of the Maughan Dam downstream drainage-way.

Based on the general downstream channel configuration and on a 25 cfs assumed worse case flow, through the existing reservoir glory hole and the diverted flow over the proposed emergency spillway, the depth of the water in the downstream drainage-way channel (width varied between 6 feet and 30 feet) may reach a height of 2 to 3 feet.

The soils in the drainage-way consist of a lean clay with sand, glacial till, hard to very stiff, fissured, with some gravels and brown in color. The Unified Soil Classification would be "CL".

Extensive native vegetation in the form of grasses and trees exists throughout the drainage-way.

Based on USGS contour maps, the slope of the upper 700 feet (20%) of the drainage-way is approximately 6%, the next 2,000 feet (55%) of the drainage-way is at a slope of 8%, the next 450 feet (12%) of the drainage-way is at a slope of 4.5% and the lower 450 feet (12%) of the drainage-way is at a slope of 8%.

The observed bank conditions consisted of: 1) established and establishing vegetation, 2) several near vertical cliff conditions consisting of exposed clays sands and gravels and 3) several cobble accumulation areas (rock sizes from 3 inches to 10 inches) in the middle reaches of the drainage.

EXHIBIT 20
DATE 2-4-93
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The near vertical cliff conditions will continue to slough material into the drainage channel as natural erosion and weathering of the surface materials continue. Undermining of the banks, due to creek meandering, appears to be a problem in only a few locations. The natural angle-of-repose and the shear potential of the bank materials all but eliminates the feasibility of cutting the banks back to minimize sloughing.

It is quite likely that any excavation or cutting work, using heavy construction equipment, to the cliffs or the bottom of the drainage-way will be more detrimental to the stability of the drainage-way and increase the potential adverse environmental impacts to the Flathead River.

A more appropriate mitigation method, to minimize the bank sloughing, may be to promote/provide additional vegetative cover on the exposed banks as well as in the bottom of the drainage. This in combination with some minor rip-rapping may prove to be more beneficial and impact the drainage-way banks less.

The use of a single layer of gabions or a 2 to 3 foot high rock wall may prove to be effective in minimizing the undercutting effects due to creek meandering and will provide a "shelf" to assist in the promotion of a vegetative cover of the exposed banks. A minimal height structure is required due to the estimated 2 to 3 foot flood depth potential.

Minimizing cattle and horse grazing of the drainage-way will not only serve to stabilize the banks but will also minimize the potential sediments that could reach the Flathead River.

In conclusion, the instability of the drainage-way vertical bank soils when exposed to the effects of wind and water erosion is what would be expected of a fine grained sandy silty clay soil mixture.

The recommended mediation scenario would include: 1) maintaining the existing banks with minimal disturbance, 2) promoting the establishment of a vegetative cover on the drainage-way banks, 3) placing gabions (or appropriate rip-rap) adjacent to the existing 4 or 5 bank undercut areas, 4) the installation of 6 to 8 rip-rap energy dissipaters in the drainage-way and 5) minimizing the vegetation and bank soil disturbances caused by grazing animals, through appropriate stock management practices. The recommended mediation measures would have a low cost vs benefit ratio.

It must be remembered that the natural susceptibility of the area soils to erode and be transmitted down gradient is a natural phenomenon and total containment is impossible.

The Tobol Draw between the irrigation ditch and Crow Creek was also inspected. The soil characteristics in the Tobol Draw are very similar to those found in the Maughan

EXHIBIT 20
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Creek drainage-way. The physical features of the Tobol Draw are steeper, shorter and narrower than those observed in the Maughan Creek drainage-way. The potential for bank erosion and the eventual transmission of sediments down the Draw and into Crow Creek is high.

If the Tobol Draw is to continue to be utilized as an irrigation water diversion, the recommended mediation measures would be similar to those recommended above for the Maughan Creek drainage-way. It is anticipated that the establishment of bank vegetation would be much harder due to the steep gradient of the Draw. It would be critical to minimize the grazing in the Draw, maintain the existing bottom vegetation growth, and promote additional bank growth.

I have completed my reassessment of possible preliminary construction work that could be done in the next few weeks. All work downstream of the dam requires preliminary engineering work to establish the least cost acceptable option. I have reviewed the survey data we did last year. The crew did not take any shots near the existing buildings. I am afraid that an estimate or the use of a hand-level would not provide the accuracy to establish the proposed high water line and may end up being a waste of construction effort. Therefore, I can suggest no preliminary work that could be done prior to at least some additional surveying work.

If we completed the mapping near and just east of the buildings to the County road, we could establish a topographic break-line, thus establishing the proposed (preliminary) high water line. Preliminary dredging and/or filling at the east end of the project could then be completed.

If you have any questions regarding the enclosed information, do not hesitate to call.

We would be happy to provide any additional engineering and surveying support that the Joint Board of Control may require.

Sincerely,

Terry L. Forest, P.E.

mc/2162

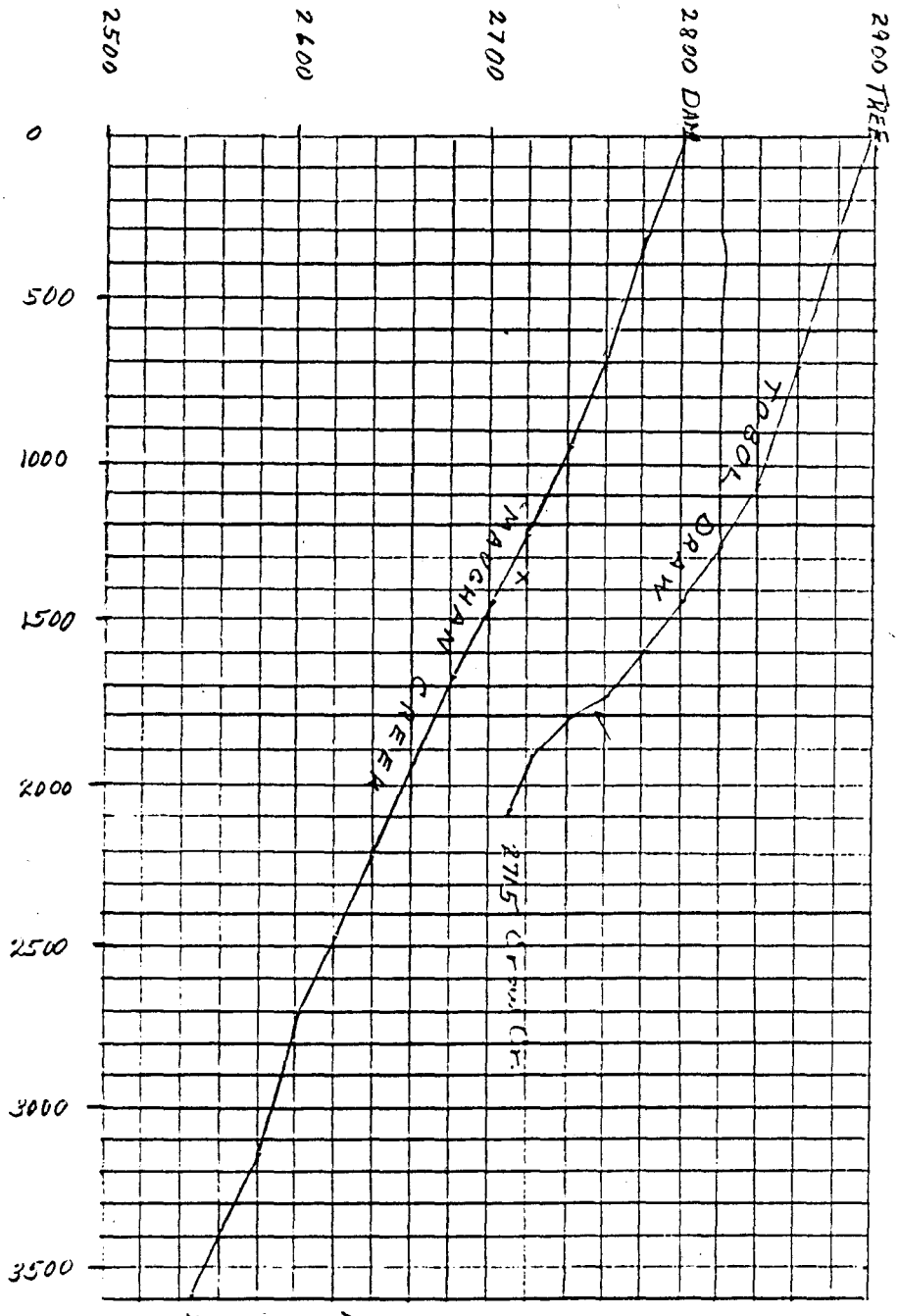
Enclosure

EXHIBIT

DATE 2-4-93

FLATHEAD JOINT BOARD OF CONTROL

BY [illegible]	DATE 6/13/91	PROJECT Irrigation Enhancement	SHEET 1 OF 1
CHKD BY	DATE	FEATURE Spillway Profile - 71A Canal	
DETAILS Compare:- Big Tree-Tobal Draw and Maughan Creek			



Slope

Max. 20'/230' = 0.0869

2800 / 2545 / 255'/3600' = 0.0708 Average

Max. 20'/140' = 0.1427

2895 / 2715 / 180'/2100' = 0.0857 Average

II-4

EXHIBIT 20
DATE 2-4-93
HB

United States Department of Agriculture
Soil Conservation Service
5115 Hwy 93 South
Missoula, MT 59801

JUNE 23,1992

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
5 NORTH PRAIRIE
P.O. BOX 276
MILES CITY, MONTANA

DEAR DUANE:

I REVIEWED THE GRANT PROPOSAL "FISH-FRIENDLY IRRIGATION" SUBMITTED BY FLATHEAD JOINT BOARD OF CONTROL. THIS IS A WORTH WHILE PROJECT AND ONE WHICH CAN BE IMPLEMENTED ON MOST IRRIGATION PROJECTS IN MONTANA. I SUPPORT THE GRANT PROPOSAL.

THE RESULTS OF THE MONITORING ON CROW CREEK SHOULD BE MADE PUBLIC AFTER THE PROJECT IS COMPLETED. BEFORE AND AFTER TESTING SHOULD BE DONE EITHER BY THE PROJECT DEVELOPERS OR THE STATE WATER QUALITY BUREAU. THIS WOULD DEMONSTRATE THE EFFECT FOR OTHER PROJECTS OF THIS TYPE.

SINCERELY,

Harold Cottet

HAROLD COTTET
ACTING AREA CONSERVATIONIST

III.-1

EXHIBIT 20
DATE 2-4-93
HB

United States Department of Agriculture
Soil Conservation Service

P. O. Box 766
Polson, Montana 59860

January 27, 1993

Dave Tobel
7273 Loscheider Road
Ronan, Montana 59864

Dear Dave;

Listed below is a chronology of dates and action we have been involved with on the Crow Creek Project.

8/8/88 At the request of Paul Gregory and Ed McCay, Bureau of Indian Affairs; looked over area of waste water entering Crow Creek to develop alternative solutions to prevent waste water from entering Crow Creek.
8/17/88 Trip report on 8/8/88 sent to BIA.
9/20/89 Surveyed out proposed canal location
10/2/89 Letter to John Moody, Bureau of Reclamation, requesting specifications as to canal size, flows for design purposes.

From 10/2/89 to 1/10/91 - Discussed with John Moody , sizes and alternatives for wastewater on project. Unsure of exact dates.

1/10/91 Meeting at Dave Tobel's - involving BIA, BOR, FIP, SCS and CS&KT on alternatives to waste water entering Crow Creek.
1/16/91 Letter REceived from Bill Brooks as to canal specifications.
2/1/91 Letter received from Bill Brooks in regards to a meeting held 1/10/91.
10/17/91 Looked at site where FIP to install pipe at present spill site.

Preliminary design on pipeline to replace canal: On going from 1/90 to present time.

Sincerely,

David L. Wolf

David L. Wolf
Soil Conservation Technician

The Soil Conservation Service is an agency of the Department of Agriculture

III-2

IN REPLY REFER TO:

EXHIBIT 20
DATE 2-4-93
HB

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS
FLATHEAD AGENCY - IRRIGATION DIVISION
BUREAU OF RECLAMATION
MANAGEMENT TEAM
P.O. BOX G
ST. IGNATIUS, MONTANA 59865

JAN 16 91
JAN 16, 1991

Mr. Dave Wolfe
USDA Soil Conservation Service
P.O. Box 766
Polson, Montana 59860

Dear Mr. Wolfe:

The following design parameters are required for the relocation of Lateral 71 A at the Dave Tobol farm:

1. Q = 25 cfs
2. Freeboard = 1.2 feet
3. 12' wide O&M road on one side of the canal

Any canal section constructed in fill should be lined with concrete or 20 mil PVC. A section which would require a fill of greater than 3 feet should be designed as an inverted siphon pipeline rather than an open channel.

The final design of the relocation must be approved by the Flathead Irrigation Project prior to construction.

If there are any questions, please call Rick Wells at 745-2661.

Sincerely,

Bill H. Brooks, P.E.
Irrigation Division Manager

III-3

IN REPLY REFER TO:

EXHIBIT 20
DATE 2-4-93
HB

UNITED STATES
DEPARTMENT OF THE INTERIOR

BUREAU OF INDIAN AFFAIRS
FLATHEAD AGENCY - IRRIGATION DIVISION
BUREAU OF RECLAMATION
MANAGEMENT TEAM
P.O. BOX G
ST. IGNATIUS, MONTANA 59865

FEB 13 1992

Mr. David F. Tobol
7273 Loscheider Road
Ronan, Montana 59864

Subject: Pipe costs on Willow Tree Wasteway

Dear Mr. Tobol:

The Flathead Joint Board has confirmed our policy in regards to cost sharing with individuals who desire to construct projects where there are mutual benefits in the completed project. The cost sharing approved for your project is that you pay for the pipe and the Irrigation Division will install the pipe. The estimate for your share is listed below:

1. 540 feet x 15 inch diameter ADS single-wall plastic pipe with water tight couplers at $5.50/ft. and $32.00 each couplers.
Q=7.5 c.f.s.

540 x $550.00	= $2,970.00
540/20 =27 couplers x $32.00	= $ 864.00
pipe cost	= $3,834.00

Our pipe distributor is now quoting $5.00 more per coupler than a week ago.

Please be aware pipe distributors are telling us now that pipe supplies are subject to change without notice. Since this is an estimate, final costs may vary. You will be either refunded should the cost go down or billed for the extra costs upon final completion of this project.

Payment can be made at the Flathead Irrigation Office in St. Ignatius, during normal working hours. Upon receipt of your payment, we will purchase the pipe and schedule construction.

If there are any questions, please call Chris Balstad or John Moody at 745-2661.

Sincerely,

John Robert Moody

FOR Bill H. Brooks, P.E.
Irrigation Division Manager

cc: Flathead Joint Board of Control, St. Ignatius, Montana
Ben Johnson, 818 Round Butte Road, Ronan, Montana

III-4

IN REPLY REFER TO:

EXHIBIT 20
DATE 2-4-93
HB

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS
FLATHEAD AGENCY - IRRIGATION DIVISION
BUREAU OF RECLAMATION
MANAGEMENT TEAM
P.O. BOX G
ST. IGNATIUS, MONTANA 59865

FEB 1, 1991

Mr. Dave Tobol
7273 Loscheider Road
Ronan, Montana 59864

Dear Mr. Tobel:

This is in response to your query about relocating the Pablo "71A" Canal which crosses your farm. Following the field review and meeting at your house on January 10, our Irrigation Division staff has reviewed and discussed the situation. We have concluded the following:

1. The Irrigation Division budget does not include funding for rehabilitation and betterment. Funding for the relocation of the "71A" Canal will have to come from sources other than annual O&M funds.

2. Relocation of the "71A" Canal will require alternative spillway locations to provide for the safety of the canal in case of storms and/or power outages. This requires further study and planning together with funding from other than annual O&M funds.

3. Until funding for this relocation is obtained, the present delivery system and spillway must remain in place. This means that the "Willow Tree Spillway" at station 294+00 must remain as a functional part of the delivery system to safeguard the canal.

4. Funding is not available for improving this spillway at this time.

We understand your desire to install a center pivot system this Spring on your 160 acres that will effectively and efficiently apply your irrigation water. Therefore, we are preparing Special-Use-Permits for the crossings that will be required over the "71A" Canal and the spillway channel. We are preparing and reviewing several designs that allow the spillway to function through the area you intend to fill. However, as noted above, there is no funding in our budget to construct any major feature, such as a pipeline and appurtenant structure.

Should you have any questions regarding this, please contact your Watermaster, Gary Baertsch, at 675-2320/883-2020 or John Moody at 745-2661.

Sincerely,

Bill H. Brooks, P.E.
Irrigation Division Manager

cc: Dave Wolfe, SCS, Polson, MT
Alan Mikkelsen, JBC, St. Ignatius, MT

III-5

EXHIBIT 20
DATE 2-4-93
HB

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

STAN STEPHENS, GOVERNOR

LEE METCALF BUILDIN
1520 EAST SIXTH AVENU

STATE OF MONTANA

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

HELENA, MONTANA 59620-23

April 4, 1991

RECEIVED APR 8 1991

Mr. Bill Slack
Flathead Joint Board of Control
P.O. Box 639
St. Ignatius, MT 59865

Dear Mr. Slack:

We have completed the analysis of Maughan dam on Maughan Creek, in Section 16, T20N, R21W, based on the information you supplied in the attached application. It is our determination that this dam does not constitute a high-hazard dam. Therefore, you are not required to obtain either a construction permit or an operating permit from this department.

Our analysis is based on a determination of loss of life due to flooding if a failure of the dam should occur under "clear weather" conditions. Failure under "clear weather" conditions could be the result of piping, seepage, slope instability and such, but would not include a dam failure that might result from floods due to heavy rains or snowmelt.

In the future, if an occupied house, established campground, paved road, or other structure is constructed in the downstream area, it could change the hazard classification or require reconsideration.

If you have any questions, please write or call me at 444-6664.

Sincerely,

Mark M. Peterson

Mark M. Peterson
Dam Safety Engineer
Dam Safety Section

MMP:dmk
Encl.

cc: Missoula Field Office
Terry Forest, Stensatter Druyvestein
3201 Russell Street
Missoula, MT 59801

IK-1

EXHIBIT 20
DATE 2-4-93
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

May 14, 1991

RECEIVED MAY 15 19

Mr. Alan Mikkelsen
Flathead Joint Board of Control
P.O. Box 639
St. Ignatius, MT 59865

Dear Alan:

In response to your letter dated April 19, 1991 referring to the proposed construction of a storage reservoir on Maughan Creek, I have the following information.

According to the current FIRM Map, Panel 350B dated December 17, 1987 for Lake County, the 100 year floodplain has not been determined for the area of the proposed reservoir, NW¼, NW¼, Sec. 16, T20N, R21W. Due to the fact that the floodplain has not been designated, the floodplain management section is unable to regulate development in these areas and a floodplain development permit is not required in this instance. For information on Lake County floodplain regulations, please contact Jerry Sorenson who is the Lake County Planner as well as the floodplain administrator. His phone number is 883-6211 ext. 260.

I advise you to check with the Kalispell Water Rights Office to see if they require any permits for this type of construction. Their phone number is 752-2288 or 752-2843.

If you have any further questions, please contact me at 444-6646.

Respectfully,

Karl Christians

Karl Christians
Floodplain Community Assistance Coordinator
Engineering Bureau

cc: Chuck Brasen, Kalispell Field Office, WRB
Mike Oelrich, DNRC Dam Safety Section

II-2

EXHIBIT 20
DATE 2-4-93
HB

Lake County Conservation District

P.O. Box 766 Polson, Montana 59860 Telephone 406-883-5875

JULY 16, 1991

FLATHEAD JOINT BOARD OF CONTROL
P. O. BOX 639
ST. IGNATIUS, MONTANA 59865

7/19/91

FOLLOWING UP AS PER PHONE CALL THIS LETTER IS TO INFORM YOU THAT YOUR APPLICATION FOR PERMIT TO CONSTRUCT AN EARTH AND ROCK FILL DAM AND SPILLWAY ON MAUGHAN CREEK DOES NOT REQUIRE A PERMIT AS THE STREAM IS CONSIDERED INTERMITTANT.

YOU MAY PROCEED WITH YOUR PROJECT.

THANK YOU.

SINCERELY,
Dennis DeVries
DENNIS DEVRIES
CHAIRMAN

DD/CM

EXHIBIT 20
DATE 2-4-93
HB

DEPARTMENT OF THE ARMY
CORPS OF ENGINEERS, OMAHA DISTRICT
215 NORTH 17TH STREET
OMAHA, NEBRASKA 68102-4978

REPLY TO ATTENTION OF

July 23, 1991

RECEIVED FEB 4 1991

U.S. Army Corps of Engineers
c/o DNRC/CDD
1520 East 6th Avenue
Helena, MT 59620-2301
(406)444-6670

Bill Slack
Flathead Joint Board of Control
P.O. Box 639
St. Ignatius, MT 59865

Dear Mr. Slack:

Reference is made to your application for a Department of the Army permit to enlarge the dam on Maughan Creek in Lake County, Montana.

As Maughan Creek appears to be a minor stream there is a possibility that your work is authorized under a Nationwide permit.

Enclosed are fact sheets explaining the conditions associated with the Nationwide permits that may apply to your proposed work.

As we discussed on the telephone, in order for Nationwide permits to be valid on reservation lands condition #10 must be addressed.

If you have further questions please let me know.

Sincerely,

Robert E. McInerney

Robert E. McInerney
Regulatory Branch
Operations Division

Enclosures

II-4

EXHIBIT
DATE 2-4-93
HB

Form No. 600 R 12/87

APPLICATION FOR BENEFICIAL WATER USE PERMIT

(for groundwater of 100 gpm or more, and all surface water)

INSTRUCTIONS

Use one application for each source of supply or each development. Check all appropriate boxes and fill in each blank. If in your case any question is not applicable, enter NA (not applicable). If more space is needed, attach additional sheets.

A map must accompany this application as instructed under Item 12.

Complete the application and submit it with the appropriate filing fee to the Water Rights Bureau field office nearest you. Their locations are listed on the last page. The form will be returned if any of the pertinent information is incomplete.

FOR DEPARTMENT USE ONLY

Application No. _____
Date Rec'd. _____, 19____
Time _____ am/pm
Rec'd. By _____
Fee Rec'd. _____
Check No. _____
Transmittal No. _____
Refund _____

(Please type or print in ink)

1. **NAME OF APPLICANT** Flathead Joint Board of Control

Mailing Address 213 North Main Street, P.O. Box 639

City or Town St. Ignatius State Montana Zip 59865

Home Phone (406) 745-2090 Other Phone FAX (406) 745-3090

2. **Source of Water Supply:** Check and/or complete one source below.

☐ Well

☒ Lake Name Maughan Pond & Flathead Project Reservoirs Tributary to Maughan Creek and Flathead River

☒ Stream Name Maughan Creek and Others ☒ Unnamed Source Irrigation Return Flows and operational spills
Tributary to Maughan Creek and Flathead River

☐ Spring Name, if any Maughan Springs and Rinke Springs
Tributary to Maughan Creek and Flathead River

☐ Closed Basin (A closed basin results when water drains into a depression, lake, etc. from which water escapes only by evaporation.)

3. **Point of Diversion** (Describe the location down to the nearest 10 acres):

NW ¼ NW ¼ NW ¼ Section 16, Township 20 N/S, Range 21 E/W, Lake County.
(and when applicable)
Government Lot ____, or Lot ____, Block ____, Subdivision Name N/A

Additional Point of Diversion: (Also use Item 13, Remarks, for additional points of diversion):

NW ¼ NE ¼ NW ¼ Section 16, Township 20 N/S, Range 21 E/W, Lake County
(and when applicable)
Government Lot ____, or Lot ____, Block ____, Subdivision Name N/A

EXHIBIT 20
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The water will be discharged to same source, if not consumed.

☒ Yes ☐ No If no, explain and give the complete land description at the point of discharge.

Allowed to flow through the control works of the dam and continue down Maughan Creek to Flathead River.

NW ¼ NW ¼ NW ¼ Section 16, Township 20 N/S, Range 21 E/W, Lake County,

(and when applicable)

Government Lot ____, or Lot ____, Block ____, Subdivision Name N/A

4. Means of Diversion

☒ 2 Pumps ☐ Well: ____ Depth (in feet)

5cfs Rated Capacity (gpm, ghp, cfs) ☐ Developed Spring

2x50=100 Horsepower ☐ Dikes

____ Lift (in feet)

☐ Headgate/Ditch or Pipeline

If other, describe: ____

5. Reservoir (impoundment by dam or pit). See formulas below for computing volume.

a. Capacity of existing (old) reservoir 40 acre-feet.
b. Capacity of proposed (new) reservoir or enlarged reservoir 76 acre-feet.
c. Would a permanent drainage device be installed? x Yes ____ No
d. Reservoir will be located off-stream (away from source) ____ Yes ____ No
If yes, give location: ____ ¼ ____ ¼ ____ ¼ Section ____, Township ____ N/S, Range ____ E/W, N/A County

Total volume of pit N/A Compute as follows:

Surface area ____ (acres) × maximum depth ____ (feet) × 0.5 = ____ (volume) acre-feet.

Total volume of reservoir 76 Compute as follows:

Surface area 7 ac. (acres) × 0.4 × maximum depth in feet at dam 27 = 76 (volume) acre feet.

6. Period of Appropriation: April 1 (month/day) to October 31 (month/day) inclusive each year.

(The period during the year when the water will be diverted, impounded or withdrawn from the source of supply.)

7. Description of Proposed Beneficial Uses:

Stock: Estimated maximum number and type of livestock ____

Domestic: Number of families to be supplied N/A

Other (Describe) ____

Irrigation

a. Method of Irrigation

☒ Sprinkler ☐ Spreader Dike ☐ Border Dike

☐ Contour Ditch Other (Describe) ____

II

EXHIBIT 20
DATE 2-4-93
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b. Type of crops to be grown: Hay, Grain, Potatoes, and others

c. Number of irrigations per season: up to 15

d. If the purpose of this appropriation is to provide additional water to lands which are already irrigated, then the acreage that receives the additional water is considered **supplemental**. If this application involves supplemental irrigation indicate the basis of the **existing water** right that is being supplemented.
Claim No. 76LW153994-00IR Permit No. _____ Certificate No. _____
Other 76LW166595-00IR Through 76LW166745-00IR

8. **Place of Use**

Irrigation: List the acreages to be irrigated and their location by legal land desription. Also indicate in the extreme right-hand column the number of acres to be receiving additional water with an "S" for supplemental, and the acres to be irrigated for the first time with an "N" for new.

County Lake Subdivision Name _____ New (N) or Supplemental (S)

21.30	Acres, Lot	Block	¼ NW ¼ NW ¼	Section 16	T 20 N/S	R 21 E/W	
40.55	Acres, Lot	Block	¼ SW ¼ NW ¼	Section 16	T 20 N/S	R 21 E/W	
38.45	Acres, Lot	Block	¼ SE ¼ NW ¼	Section 16	T 20 N/S	R 21 E/W	
22.80	Acres, Lot	Block	¼ NE ¼ NW ¼	Section 16	T 20 N/S	R 21 E/W	
10.10	Acres, Lot	Block	¼ NE ¼ NE ¼	Section 17	T 20 N/S	R 21 E/W	
24.30	Acres, Lot	Block	¼ SE ¼ SE ¼	Section 8	T 20 N/S	R 21 E/W	
28.90	Acres, Lot	Block	¼ SW ¼ SW ¼	Section 9	T 20 N/S	R 21 E/W	
34.40	Acres, Lot	Block	¼ SE ¼ SW ¼	Section 9	T 20 N/S	R 21 E/W	
15.40	Acres, Lot	Block	¼ NE ¼ SW ¼	Section 9	T 20 N/S	R 21 E/W	
_____	Acres, Lot	Block	¼ ¼ ¼	Section	T N/S	R E/W	

Nonirrigation: If the place of use of the water will be the same as point of diversion (Item 3), check ☐. If not, give the location of use:

¼ ¼ ¼ Section _____, Township _____ N/S, Range _____ E/W, _____ County,
(and when applicable)
Government Lot _____, or Lot _____, Block _____, Subdivision Name _____

9. **Amount of water, use to which it will be applied** (irrigation, stock, domestic, other) **and period of use:**

5.0 cfs
2244 gpm up to 1182 acre-feet for Irrigation use from April 1 (mo./day) to October 31 (mo./day)

cfs
_____ gpm up to 4.48 acre-feet for Stock use from January 1 (mo./day) to December 31 (mo./day)

cfs
_____ gpm up to _____ acre-feet for _____ use from _____ (mo./day) to _____ (mo./day)

Total amount requested 2244 5.0 cfs gpm up to 1187 acre-feet per year.

10. **Proposed Construction:**

What is the amount of time needed to complete the development after permit is received? (Note: Construction should not begin until permit is received.)
up to 2 years

11. **Ownership:**

a. Property owner at the point of diversion Wayne Maughan Family Farms

b. Property owner at the place of use Wayne Maughan Family Farms in Flathead Irrigation Distric

c. If you are not the owner at (a) or (b) above, it is your responsibility to obtain the necessary easements and right-of-way. If state or federal lands are involved, contact the appropriate agency since the water right may need to be applied for by them.

IL-2

EXHIBIT 20
DATE 2-4-93
HB

12. **Location Map:**

A map showing the following items **must** accompany this application. Failure to supply an accurate map constitutes an incomplete application and the appliction will be returned for completion. An ASCS aerial photo or USGS topographic map may be used.

Items to be shown on the map:

a. Township and range numbers
b. Section corners and number.
c. Point of diversion
d. Location of conveyance ditch, pipeline etc.
e. Place of use (irrigated acres: new and supplemental, location of stock tanks)
f. Applicant's signature or name of person preparing map

13. **Remarks:** Provide any additional information that would help in explaining the proposed appropriation.

The water being appropriated under this application is recovered from operational spills and return flows from water diverted upstream by the Flathead Irrigation Project from any of many sources that are tributory to the Flathead River. The impoundment is intended to store water for re-use in irrigation and to reduce the suspended material in that part that must be released to the river.

14. **The applicant certifies that the statements appearing here are to the best of his/her knowledge true and correct.**

Signature	Date
Signature	Date

SUBMIT THE COMPLETED APPLICATION AND PROPER FILING FEE TO THE APPROPRIATE FIELD OFFICE NEAREST YOU. FIELD OFFICES ARE LOCATED IN: HELENA, MISSOULA, KALISPELL, HAVRE, GLASGOW, MILES CITY, BILLINGS, LEWISTOWN AND BOZEMAN. (Check your local telephone directory for addresses and telephone numbers.)

FEE SCHEDULE

A) Fee charge based on the following rate schedule: For consumptive uses:

0 - less than 25 acre-feet per year	$ 50
25 - less than 100 acre-feet per year	$100
100 - less than 500 acre-feet per year	$150
500 - less than 1,000 acre-feet per year	$200
1,000 - or more acre-feet per year	$250

B) For Applications for non-consumptive uses: Fee charge based on following rate schedule:

0 - less than 1,000 acre-feet per year	$ 50
1,000 - less than 10,000 acre-feet per year	$100
10,000 - or more acre-feet per year	$200

For any Application with a combination of consumptive and non-consumptive uses the rate schedule shown in (A) above shall apply.

C) For any request for an Interim Permit to drill and test only; there shall be a fee of $10.00 in addition to the rate schedules shown in (A) or (B) above.

IV-

EXHIBIT 20

DATE 2-4-93

HB

FORM NO. 600A R5/89

FOR DEPARTMENT USE ONLY

Application No. _____

Applicant's Name: _____

SUPPLEMENT TO APPLICATION FOR BENEFICIAL WATER USE PERMIT

Criteria for Issuance of Permit

Section 85-2-311(1), MCA, provides the Department shall approve a water use permit for an appropriation of less than 4,000 acre-feet and 5.5 cubic feet per second of water if the applicant proves by substantial credible evidence that the following criteria are met.
To meet the substantial credible evidence standard in this section, the Applicant shall submit independent hydrologic or other evidence, including water supply data, field reports, and other information developed by the Department, the United States Geological Survey, or the United States Soil Conservation Service and other specific field studies, demonstrating that the criteria are met.

a) **What substantial credible evidence do you have to prove there is unappropriated water at the proposed point of diversion at the times and in the amount you seek to appropriate and that, during the period you intend to use it, the amount requested is reasonably available?**

The Flathead Project routinly spills variable quantities of water at 2 or more spillways in operating canals #71A and #70A. Only that water that is necessarily spilled is to be appropriated under this application. These flows are variable in nature and must be stored to sustain a consistant flow for irrigation.

b) **What substantial credible evidence do you have to prove the water rights of prior water users will not be adversely affected if your permit is granted?**

The regular allocation of water from the Flathead Project will be delivered to all water users under the Project including Maughan Farms. Maughan Farms has an active appropriat for the normal run-off and flows of Maughan Creek which will not be affected by this application. All other flows in Maughan Creek and the Project system spillways are presently going either directly or indirectly into the Flathead River which is now open for appropriation under DNRC rules.

c) **Describe the proposed means of diversion, construction, and operation of the diversion works you intend to use and describe what substantial credible evidence you have to prove the proposed means of diversion, construction and operation are adequate.**

The water will be diverted by either of 2 pumps owned by Maughan to provide supplemental water for his district land. The reservoir will be created by altering and increasing a dam built by Maughan. The operation of the system will be as is up to present high wat elevation. The increased capacity of the reservoir to the new high water elevation will be operated as a catchment for the operational spills and return flows from the Irrigatic Project canals.

d) **What substantial credible evidence do you have to prove the proposed use of water is a beneficial use?**

Maughan Farms are producing hay, grain, and potatoes under the proposed irrigation system at present. Water shortages are common.

(CONTINUED)

JL-4

EXHIBIT 20
DATE 2-4-93

e) What substantial credible evidence do you have to prove the proposed use will not interfere unreasonably with other planned uses or developments for which a permit has been issued or for which water has been reserved?

The water is being spilled into Flathead River because no storage reservoir can hold it until it is needed. The Flathead River is open for appropriation.

f) Do you have possessory interest or the written consent of the person with possessory interest in the proposed place of use?

x YES ___ NO **NOTE:** Attach a copy of the written consent when applicable.

PROJECT PLAN

A general project plan is required (Section 85-2-310(4)) for appropriations of less than 4,000 AF and 5.5 CFS of water a year. The plan must include the following information: starting date of construction, a general time line for purchasing and installing equipment, the anticipated completion date, and a description of when and how much water will be put to a beneficial use. The completion date is the date by which the diversion works will be operating and the permitted water will be in use to the extent planned. In the space provided below, describe your project plan. Attach additional sheets if necessary.

Site surveys and investigations were completed on July 24, 1991. Specific engineering plans will be made to allow construction to begin at the end of the 1992 irrigation season. Materials will be purchased and dirt will be moved during the winter months of 1992-93 and possibly 1993-94. The diversion pumps are now in operation. Operational spills may be directed to the reservoir as soon as the dam construction has progressed sufficiently but by 1994 irrigaton season at latest. Supplemental water for irrigating Maughan's Project lands will be used as needed and as available to provide up to 5 af/ac

The applicant hereby affirms that the statements appearing herein, on the application and on any attachments, are to the best of his/her knowledge true and correct.

Applicant's Signature: _____ Date: _____

_____ Date: _____

Subscribed and sworn before me this _____ day of _____, 19___

NOTARY'S SIGNATURE _____

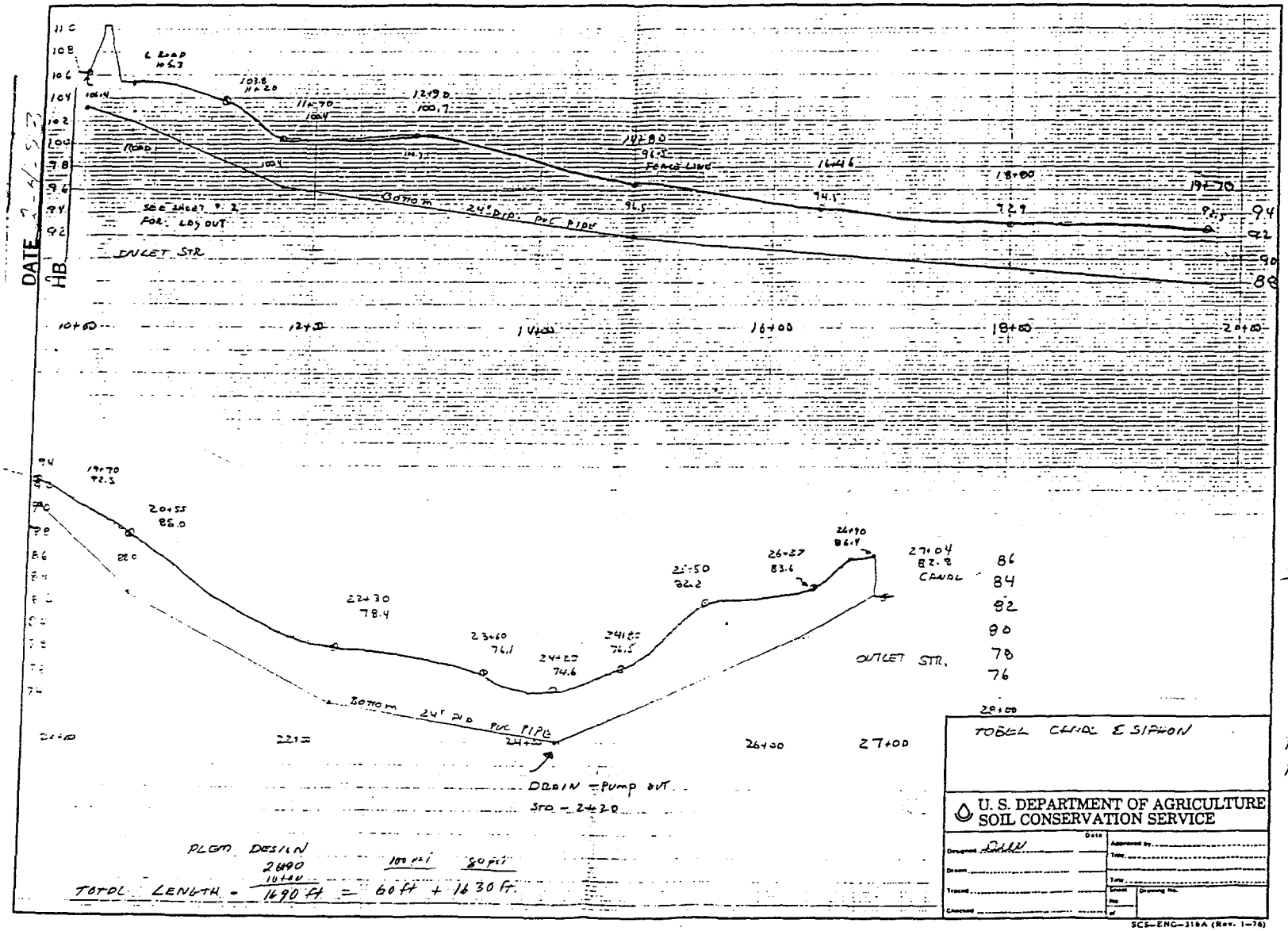
Notary for the State of _____

Residing at _____

My commission expires _____

NOTICE

Additional information is required (Section 85-2-310(4) and 85-2-311) if the proposed appropriation exceeds 4,000 acre-feet or more and 5.5 cubic feet per second or more of water or if the appropriation of water is for withdrawal and transportation for use outside the state.



PLOT DESIGN — 100 psi — 80 psi

2690 − 1000 = 1690 ft

TOTAL LENGTH = 1690 ft = 60 ft + 1630 ft.

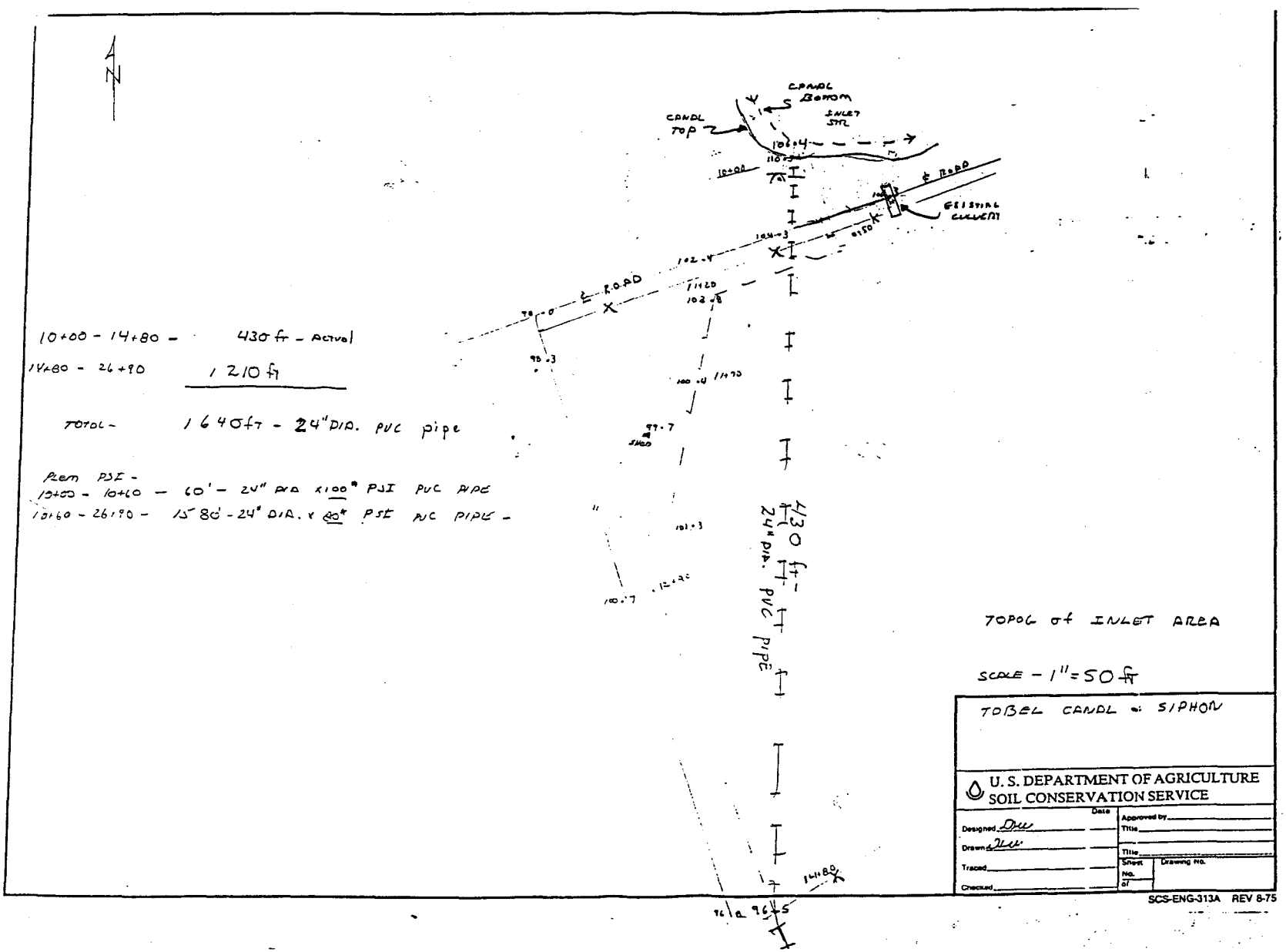
1690
@ $14.79
$24,995.10

1690
@ 20.50
$34,645 ea

PVC Quotes 2-1-93
80 psi @ $13.75 – Diamond (Mangles)

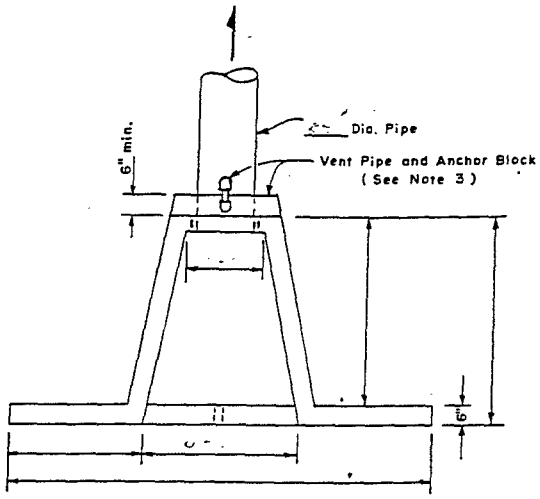
80 psi @ $14.76
100 psi @ 18.53
125 psi @ 22.80
} Northwest (Tobol)

EXHIBIT 20
DATE 3-4-83
HB

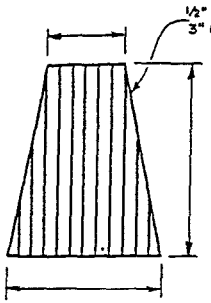


V-

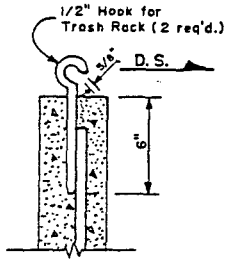
EXHIBIT 2 & 3
DATE 2-4-93
HB



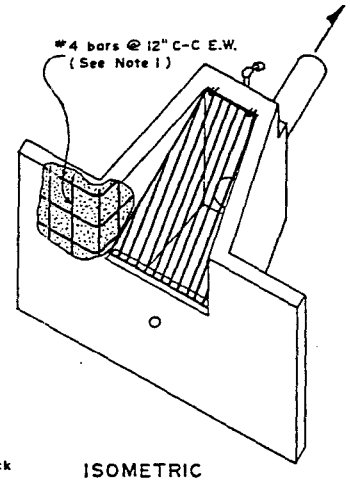
PLAN



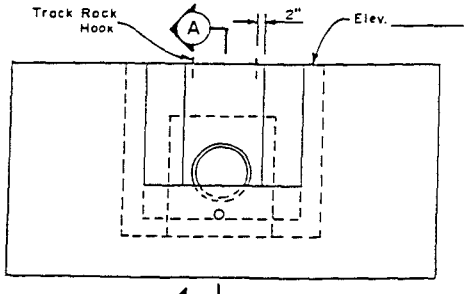
TRASH RACK



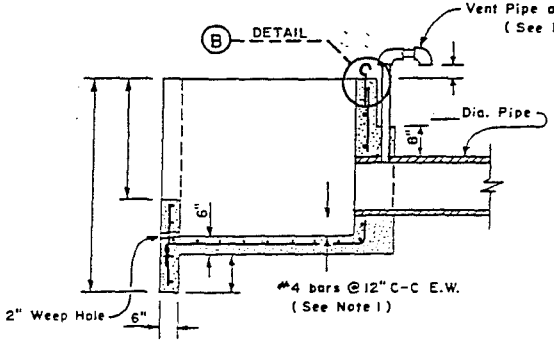
DETAIL (B)



ISOMETRIC



ELEVATION (A)



SECTION (A)

NOTES:

1. Reinforcing steel shall be #4 bars 12" C-C, each way or welded wire mesh 66-22. Centered in all walls & slabs.
2. Bend floor steel into sidewalls with 15" minimum splice.
3. Vent Pipe and Anchor Block required on inlets only under certain conditions; check with Area or Field Engineer.

I have reviewed the plans and specifications, and agree to construct this project to the best of my ability in accordance with them.

_____ Date _____
Cooperator

This sheet not to scale Revised 6-82

Job Class _____ II-3

PIPE INLET OR OUTLET

COOPERATOR _____

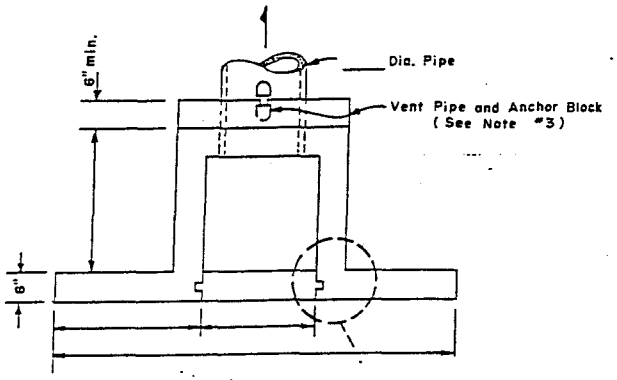
_____ SCD _____ COUNTY

U. S. DEPARTMENT OF AGRICULTURE
SOIL CONSERVATION SERVICE

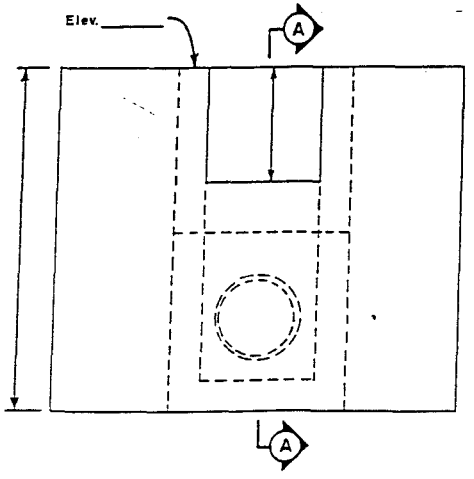
Designed _____ Date _____ Approved by _____
Drawn _____ Title _____
Traced _____ Title _____
Checked _____ Sheet No. ____ of ____ Drawing No. MT-SD-587.00

SCS-ENG-313A REV

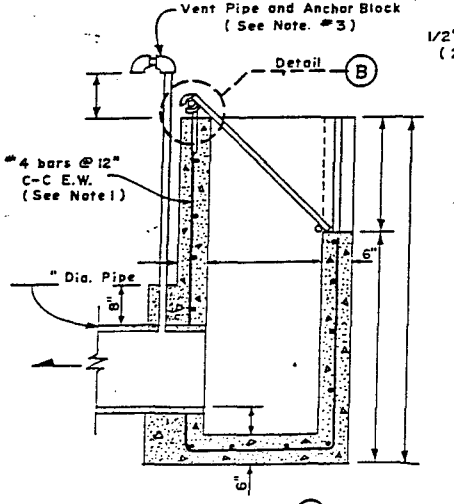
EXHIBIT 30
DATE 2-4-93
HB



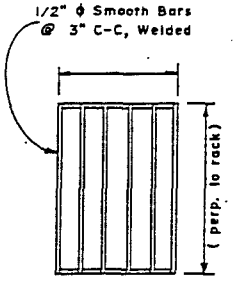
PLAN



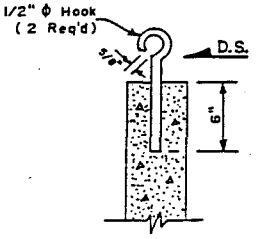
ELEVATION



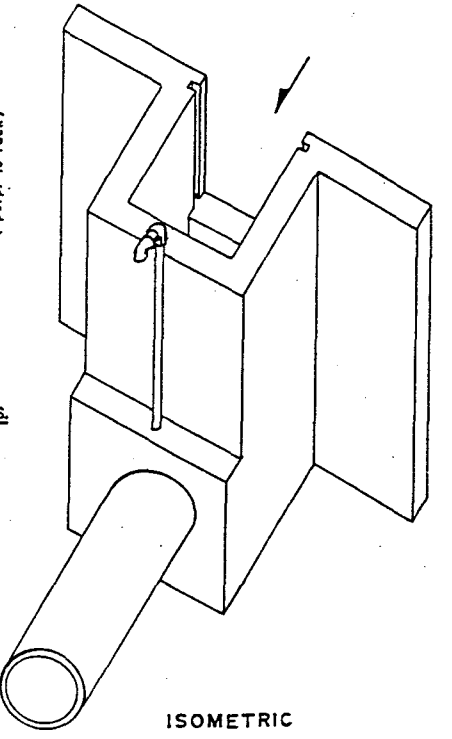
SECTION (A)



TRASH RACK
DETAIL



DETAIL (B)



ISOMETRIC

NOTES:

1. Reinforcing steel shall be #4 bars 12" c-c, each way or welded wire mesh 66-22. Centered in all walls & slabs.
2. Bend floor steel into sidewalls 15" minimum splice.
3. Vent pipe and anchor block required on inlets only under certain conditions; check with Area or Field Engineer.

I have reviewed the plans and specifications, and agree to construct this project to the best of my ability in accordance with them.

_____ Date: _____
Cooperator

This sheet not to scale Revised 6-82

Job Class _____

PIPE INLET OR OUTLET

COOPERATOR _____

_____ SCD _____ COUNTY

U. S. DEPARTMENT OF AGRICULTURE
SOIL CONSERVATION SERVICE

Designed	Date	Approved by	
Drawn		Title	
Traced		Title	
Checked		Scale	Drawing No. MT-SD-587.010
		Sheet No.	of

SCS-ENG-313A REV 8-75

V-4

EXHIBIT
DATE 2-4-93
HB

MAUGHAN FARMS INC
2062 Moiese Valley Rd.
Ronan, MT
59864

January 21. 1993

Department of Natural Resources

Dear Sirs:

Re: Concerning Crow Creek Grant Project

We intend to contribute in kind, services to the project in the approximate amount of $35,000.

This work will include: Reclaiming the abandoned canal. setting new road crossing, culverts etc., moving and resetting pumping stations, helping to develop designs and operating agreements, also the land for any increase in reservoir size. This project will have great benefit in that it will save a lot of water that is wasted now.

Thank you,

Wayne Maughan, President
Maughan Farms, Inc.

Wayne Maughan

VI-1

EXHIBIT 20
DATE 2-4-93
~~HB~~

DAVE TOBOL FARMS
7273 Loscheider Rd.
Ronan, Montana. 59864

January 27, 1993

Montana DNRC

Sirs:

In regard to the Crow Creek Project we at Tobol Farms are in total support of the work. At the completion of the work we will contribute in kind services of approximately $19,500.00 to the filling of the old ditch and spillway. We will contribute land for the emergency spill and help to design a management plan, finish work on all construction and rehabilitation.

Dave Tobol, Tobol Farms

Dave Tobol

EXHIBIT 21
DATE 2-4-93
HB

February 3, 1993

Members of the Long-Range
Planning Committee
Montana Legislature
Helena, MT 59601

RE: JBC Proposal: Irrigation Enhancement/Water Quality

Dear Members of the Committee:

I am a landowner upstream from the proposed JBC Maughn/Tobol project. I recommend this project and hope you fund it. As an upstream water user I will see direct benefits from this project.

Thank you for your consideration.

Sincerely,

Chase Hibbard

/slb

FLATHEAD
SALISH
KOOTENAI
NATION

THE CONFEDERATED SALISH AND KOOTENAI TRIBES
OF THE FLATHEAD NATION
P.O. Box 278
Pablo, Montana 59855
(406) 675-2700
FAX (406) 675-2806

EXHIBIT 22
DATE 2-4-93
HB

February 5, 1993

Sandra Boggs, Secretary
Long Range Planning Subcommittee
Room No. 202
Capitol Building
Helena, MT 59620

Dear Ms. Boggs:

At the Long Range Planning Sub-Committee hearing on Thursday, February 4, 1993, Senator Harding requested a copy of testimony presented by Rhonda Swaney, Confederated Salish and Kootenai Tribes, Natural Resources Department Head on House Bill 006, Project No. 45. The testimony is enclosed.

If you have need of further information, please feel free to call.

Sincerely,

Rhonda Swaney

Rhonda R. Swaney
Natural Resources Department Head

Enclosure

ref: RS.TESTIMONY

EXHIBIT 22
DATE 2-4-93
HB

Testimony Presented to the Long Range Planning Sub-Committee
February 4, 1993
by Rhonda Swaney, Natural Resources Department Head
for the Confederated Salish and Kootenai Tribes

Mr. Chairman and Committee Members, my name is Rhonda Swaney. I am the Natural Resources Department Head for the Confederated Salish and Kootenai Tribes. I would like to present comments on the Flathead Joint Board of Control's water development grant proposal, "Fish Friendly Irrigation: A Demonstration Project." However, my comments were prepared after review of the Joint Board's original proposal. They did notify the Tribes' that they intended to supplement that proposal, nor did they provide us copies of their supplemental information. This seems par for the course. The Joint Board consistently refuses to acknowledge either the Tribes' jurisdiction or existence on the Flathead Indian Reservation. Through the course of my comments you will hear about problems that are symptomatic of this attitude.

The proposed project contains many provisions which are of concern to the Confederated Salish and Kootenai Tribes.

1. The proposed demonstration project is the basis for federal litigation filed by the Joint Board of Control against the Tribes and the United States (Joint Board of Control v. United States and Confederated Salish and Kootenai Tribes, CV-91-155-M-CCL (Missoula District)). That suit is a live suit. In the action, the Joint Board of Control claims harm and states they cannot proceed with this project because of the existence of a

requirement that a Tribal permit be obtained for construction occurring in aquatic lands on the Reservation. They have not applied for the required permit and they filed their suit before applying for this grant.

2. Even though the Joint Board of Control filed this suit against the Tribes, they list us as "cooperator" in their original proposal. The Tribes were not asked, nor did they agree to be a part of the proposed demonstration project.

3. The Joint Board of Control states in the proposal that several miles of "inefficient ditch" would be abandoned. However, the ditch identified is a part of the federal irrigation project serving the reservation. The Joint Board of Control is neither the owner, nor operator, of the irrigation project and has no authority to abandon or otherwise alter the operation of a federal facility.

4. Numerous technical flaws and deficiencies permeate the proposal as well. They include:

   - The failure to include installation of water measurement devices to insure proper distribution of the water quota.
   - The proposal repeatedly suggests that operational spills will be eliminated. Operational spills will not be eliminated, they will be rerouted from an ephermal drainage flowing into Crow Creek, to an ephermal drainage flowing into the Flathead River.

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HB

Erosion and sediment load will not be eliminated, only rerouted.

- Increasing the reservoir capacity to 70-ac ft will be insufficient storage to provide substantial buffering to control wastewater.
- The proposal underemphasizes the degree of instability in both the 293 wasteway and the ephermal drainage flowing into the Flathead River. The proposal allocation of $10,000 to armour the drainage is insufficient to address existing problems aside from those anticipated form expanded use of the channel.
- The proposal indicates that a 25 cfs spillway will be installed, however there is no mention of any maximum probable flood analysis used. Additionally, the site is a poor reservoir location because the banks are unstable, the fill material for the dam is prone to failure when saturated and the dam would fail directly into the Flathead River.
- The proposal de-emphasizes the possible need for National Environmental Act compliance and does not incorporate environmental analysis into the budget. This would be a requirement due to the federal status of the project.
- The proposal suggests that water savings will be substantial but it fails to address the terminus of 71A canal, which flows over loose sands, and has the

EXHIBIT 22
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greatest tendency to loose water to leakage of canals in the area.

This concludes my comments. Thank you for the opportunity to make them.

Note: These comments were previously provided to the Department of Natural Resources and Conservation in correspondence dated June 11, 1992. However, they were not detailed to DNRC's assessment of the project. A copy of that correspondence is attached for your information.

THE CONFEDERATED SALISH AND KOOTENAI TRIBES
OF THE FLATHEAD NATION
P.O. Box 278
Pablo, Montana 59855
(406) 675-2700
FAX (406) 675-2806

EXHIBIT 23
DATE 2-4-93
HB

June 11,1992

RECEIVED
JUN 12 1992
C. S. & K
Natural Resources Dept.

Ms. Jeanne Doney
Program Manager
Montana Department of Natural
Resources and Conversation
2530 East 6th Avenue
Helena, Montana 59620

RE: Joint Board of Control: Water Development Grant Proposal "Fish Friendly Irrigation, A Demonstration Project"

Dear Ms. Doney:

I write this letter to discuss some of the misrepresentations and outright falsehoods perpetrated by the JBC in the above-referenced proposal, commencing with its name. In light of the (unsuccessful) federal litigation and federal administrative appeals instituted by the JBC with the express goal of diminishing fish, fish habitat and fish protection calling the grant proposal, "fish-friendly" is ironic. In fact, the proposal benefits directly two private water users of the federal irrigation project on the Reservation, and may tangentially diminish to an unknown degree one point source of pollution to Crow Creek. Unnoted in the proposal is the probability of creating another waste way directly into the Flathead River.

The following issues constitute the primary points upon which the Tribes strongly oppose the proposal.in its present form.

1. The project constituting the focus of the proposal is an undertaking used by the JBC as the basis for Joint Board of Control v. United States and Confederated Salish and Kootenai Tribes, CV-91-155-M-CCL (Missoula District), a live federal litigation. At a minimum, this proposal represents: (a) a bad faith effort to alter or amend the litigative posture of the JBC in a live lawsuit; and, (b) a bad faith failure to disclose the existence of such litigation to the

EXHIBIT 23
DATE 2-4-93
KB

Department of Natural Resources ("DNRC").

2. The grant proposal contains a signed statement that all contents are known to be true, complete and accurate to the best knowledge of the applicant.

3. The applicant lists the Confederated Salish and Kootenai Tribes as a proposal"cooperator" (p. 1). The Tribes first became aware of this fact on May 19, 1992, the date we received a copy of the proposal from DNRC. That was our first review of the proposal. At no time have the Tribes agreed to this proposal or agreed to be involved in it. Any JBC statement to the contrary is false, as is the sworn affiance of the truth of the proposal.

4. The proposal recommends abandonment of several miles of "inefficient ditch." The JBC neglected to inform DNRC that the ditch is a federal ditch. The JBC has absolutely no authority to abandon or otherwise alter the operation of a federal facility.

5. As the attached memorandum of Tribal Hydrologist Seth Makepeace (dated 6/5/92), demonstrates there are numerous technical flaws and deficiencies with the proposal. The site of the proposed dam expansion appears to be unstable. The proposed undertaking poses an increased threat to downstream Tribal lands and waters for which no analysis has been provided by the JBC.

6. The proposal evidences, at best, minimal compliance with the National Environmental Policy Act and other federal law, such as the Archaeological Resource Protection Act.

7. The proposal states that "All components of the project would be documented and formalized in an agreement between all parties." (p. 7). It goes on to say "Construction would begin after approval by all parties." (p. 9), and concludes by stating that "All landowners would have to agree to an overall plan of water movement and storages as well as the related easements for new structures." (p. 13).

Under the terms of the proposal, the Tribes are both a party and a landowner. Even if all landowners, including the Tribes, agreed, any such decision is beyond their power. Within the Flathead Irrigation Project, such decisions are exclusively assigned to the federal officer in-charge.

Until such time as the fundamental deficiencies, inaccuracies and untruths of this proposal are remedied, the Tribes will not agree to this proposal.

Please include this letter and attachment in the record

EXHIBIT 23
DATE 2-4-93
HB

of this proposal for all future purposes.

Sincerely,

Michael T. Pablo
Chairman of the Tribal Council

MTP:cm

cc: Bud Moran, Superintendent, Flathead Agency

THE CONFEDERATED SALISH AND KOOTENAI TRIBES
OF THE FLATHEAD NATION
P. O. Box 278
Pablo, Montana 59855
(406) 675-2700
Fax (406) 675-2806

EXHIBIT 23
DATE 2-4-93
HB

M E M O R A N D U M

Date: June 5, 1992

To: John Carter, Tribal Legal Department

From: Seth Makepeace, Hydrologist

Subject: Water Development Grant Proposal

My comments are based upon two field reviews of the site, analysis of aerial photography, FAID O&M maps and review of the proposal. The initial field review occurred on 1-10-1991 and included John Moody and Bill Slack of the FAID, Dave Tobol, Wayne Maughn and myself. The next field trip which occurred on April 8, 1991 included the above and Bill Foust and Les Everts of the Tribes and Bernard Burnham of the BIA. During the field trips we reviewed the total situation including Maughns private irrigation reservoir and the 293 wasteway.

The area addressed by the proposal is underlain by either sandy soils or silt clay soils and occurs at the terminus of 70A and 71A canal systems. The closest effective upstream control point for these canals is Pablo Reservoir, over 10 miles upstream.

Comments:

1) No reference is made concerning installation of water measurement devices to insure proper distribution of quota water. Currently measurement devices are either lacking or in decay on the 70A and 71A canals. In particular, no reference is made relative to the balancing of storage water in the Maughn reservoir against that land owners' allowable quota. It should be noted that water in the Maughn reservoir can only be used on Maughns land with the current pump configuration.

2) The proposal repeatedly suggests that operational spills will be eliminated. Operational spills will not be eliminated, they will be routed from an ephemeral drainage flowing into Crow Creek into an ephemeral drainage flowing into the Flathead River; this drainage will then de facto become a "managed" wasteway for the irrigation division. The proposal indicates reservoir capacity will be increased to 70 acre-feet. This is insufficient storage to provide substantial buffering to control wastewater;

EXHIBIT 23
DATE 2-4-93
HB

particularily considering that, at any one time, the total storage will not be available to buffer wastewater. As a case in point, Hillside Reservoir (a FAID facility) has a 95 acre-foot capacity and is used to buffer wasteways in the Post Irrigation Division. The reservoir capcity is so limited that the reservoir basically functions as a "flow through" system and the reservoir has very limited effect on controlling waste into Coleman Coulee, a large irrigation wasteway.

3) The proposal underemphasizes the degree of instability in both the 293 wasteway and the ephemeral drainage flowing into the Flathead River. The 293 wasteway has been used for several years and there are large areas of bare silty clay. Adjacent denuded drainages in similar soils have not shown any recovery, and in fact are continuing to head cut. The proposal has no money allocated to restabilize the 293 wasteway. The ephemeral drainage below Maughn reservoir is highly unstable. This is evidenced by the delta of sediment protruding into the Flathead River from this drainage. The instability was caused by overgrazing (this is very evident onsite) and routing of onfarm runoff through the drainage. When flood irrigation was more prevelant, water was routed down this drainage throughout the irrigation season (W. Maughn, personal communication 1-10-1991). The proposal allocates 10,000 dollars to armour the drainage. This is insufficient to address existing problems, aside from those anticipated from expanded use of the channel.

4) The proposal indicates that a 25 cfs spillway will be installed, however there is no mention of any maximum probable flood analysis used, or proposed, to formulate spillway design. In light of the fact that the reservoir failed the first year after installation (W. Maughn, personal communication 1-10-1991), suggesting the site and reservoir materials are less than optimal, it appears a flood analysis would be appropriate. Additionally, the site is a poor reservoir location because the banks are unstable, the fill material for the dam is prone to failure when saturated and the dam would fail directly into Flathead River. There is water in the drainage during winter months suggesting that there is leakage through the dam face.

5) The proposal de-emphasizes the possible need for a NEPA analysis and does not incorporate environmental analysis into the proposed budget. However, with a proposed 32,500 $ commitment by the FAID which is a Bureau of Indian Affairs irrigation division, it appears a NEPA process must be completed prior to construction work.

6) The proposal suggests that water savings will be substantial but it fails to address the terminus of the 71A canal which, since it flows over loose eolian sands, has the greatest tendency to loose water to leakage of canals in this area.

EXHIBIT 23
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7) The proposal will expand usage of an intermittent natural stream ("Maughn Creek"), but there is no reference to possible permitting requirements through Tribal Ordinance 87A (ALCO).

The proposal is very cavalier about the benefits without substantiating, or quantifying those benefits. For example, the proposal repeatedly indicates that Crow Creek fisheries will benefit but does provide detail concerning benefits. As another example, the proposal suggests that soils will be improved but does not provide and substantiation of this comment. Additionally, the proposal budget indicates the FAID will cooperate to develop a reservoir operating agreement. This brings to light the inability of the irrigation division to develop a reservoir operating plan for one of the 17 existing storage facilities.

EXHIBIT 24
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HB

HOUSE OF REPRESENTATIVES

WITNESS STATEMENT

PLEASE PRINT

NAME Rhonda Swaney BILL NO. _____

ADDRESS 14265 Hillside Rd DATE 2/4/93
St Ignatius MT 59865

WHOM DO YOU REPRESENT? Salish & Kootenai Tribes Box 278, Pablo, MT 5985

SUPPORT _____ OPPOSE X AMEND _____

COMMENTS: _____

Commenting on the Fish-Friendly Irrigation. - Demo Proj

Flt. Joint Board of Control

HR:1991
CS15

effects to minor levels. Information gathered would provide additional data to be used in determining long-term water quality changes in the state's groundwater. The study results alone are not expected to cause any indirect or cumulative effects. The objectives of this study and those of the study to be conducted under the Montana Groundwater Assessment Act should be clarified.

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 the potential for adverse impacts beyond those already identified. A checklist also would be prepared to reconsider impacts before any change of approach is undertaken.

RECOMMENDATION

Grant funds for the research project will be provided after DNRC approves a scope of work, staffing, and a budget, and after matching funds have been secured. If the proposed scope of work changes, and if those changes create impacts beyond those now expected, measures will be required to keep any impacts at low levels. Those measures 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.

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 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. 34

APPLICANT NAME	DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION, KALISPELL WATER RESOURCES REGIONAL OFFICE
PROJECT NAME	Flathead Valley Cooperative Groundwater Study
AMOUNT REQUESTED	$100,000 GRANT
OTHER FUNDING SOURCES	$ 51,410 (Project Sponsor) $ 20,000 (U.S. Geological Survey) $135,500 (Unsecured)
TOTAL PROJECT COST	$306,910
AMOUNT RECOMMENDED	$100,000 GRANT

PROJECT ABSTRACT (Prepared and submitted by applicant)

The goal of this proposed project is to provide the detailed technical framework needed for responsible groundwater management. This framework will help ensure the consistency of groundwater development with the production capability of available aquifers without adverse effects on water quality or quantity.

The Flathead Valley shows one of the state's highest growth rates. Hard data on aquifers in use throughout the valley are either unavailable, sparse, or discontinued. Several agencies have management (quantity and quality) responsibilities that generally are implemented independently.

The proposed project divides the Flathead Valley into three transects (north, middle, and south) from which data are to be gathered and conclusions drawn about remaining aquifers. This represents an innovative, proactive approach toward basinwide hydrologic management rather than a reactive management scheme. The project's initial phase is an integral part of an extensive groundwater study proposed for the Flathead Valley.

The scope of work proposed with grant funds includes:

(1) Installing a dedicated monitoring well in the north transect with multi-level sampling and head measurement capabilities.

(2) Selecting existing wells to be included in a monitoring network. Existing wells would be analyzed to determine their fitness and acceptability for use in the network.

(3) In-hole Electromagnetic and natural gamma logging of the boreholes of the dedicated well and existing wells chosen for the monitoring network.

(4) Performing aquifer tests in the dedicated well and other appropriately selected wells.

(5) Initial groundwater flow modeling based on existing and newly collected data.

(6) Geophysical profiling (time-domain electro magnetic soundings) along the north transect's route.

TECHNICAL ASSESSMENT (Prepared by DNRC)

The 1990 census indicated that the Kalispell area would see a 14 percent growth rate within 10 years and a 50 percent rate within 20 years. The valley's north end is experiencing a faster population increase than the rest of the area. Forest and agricultural practices also have intensified, with major shifts toward greater water use and impact. Years of drought and near-drought conditions are taking their toll on domestic wells because of regional lowering of water tables. Flowing water wells add to the problem and create major avenues for aquifer contamination.

The Water Resources Division's Helena staff has noticed recent increases in the number of water use permits, groundwater complaints, and requests from the public related to groundwater concerns in the Flathead basin. The division decentralized its technical staff in 1991 and, because of increased activity in the Flathead basin, placed a staff person in that area. To provide data that could be used for sound water management decisions, area DNRC staff propose developing a water balance model for the valley that will provide a framework for resolving future water quality/quantity issues.

Funding is requested for this project through the grant program rather than the agency's standard appropriation process to ensure that the project's need can be assessed and the opportunity for local support is fully exercised before any state funds are appropriated.

The planned approach--in general, a groundwater assessment and creation of a database--will provide the information needed for future water management decisions. Details of the approach deserve additional, expert technical review and revision before the project begins. Questions need to be answered concerning the siting and specifications for monitoring wells in particular. Also, a commitment

to maintain and support the database would be required to ensure users effective data access and use. The merit of conducting any of the project's three phases before funding for the comprehensive valley study is secured also needs to be addressed. Another option would involve using DNRC grant funds to attract funding commitments from other local, state, and federal funding sources.

This project represents a sincere effort to head off future problems. The projected cost of resolving problems likely to result from uncontrolled valley development justify investing in a precision water management tool. The project would benefit from further coordination and will need significant outside funding to complete the project's first phase. Through the Montana Groundwater Assessment Act, the Montana Bureau of Mines and Geology (MBMG) is responsible for coordinating groundwater data collection activities. As a result, this proposed project will need to be closely coordinated with the MBMG staff.

Also required will be easements for access to monitoring wells along with permits for well-drilling and seismic testing.

FINANCIAL ASSESSMENT

Costs associated with another groundwater assessment project in Beaverhead County are estimated at $458,000 for a study that covers an area of about 4 square miles. Project costs for Phase I of the Flathead Valley study are $306,910. The total area to be addressed by the Flathead Valley study's three phases measures approximately 14 square miles, which would perhaps justify costs 3½ times those of the Beaverhead County study, or $1,603,000. Phase I costs, therefore, represent about 20 percent of the total of all three phases of the project.

A question has been raised concerning the specified monitoring well to be drilled and concern has been expressed that associated costs are higher than necessary. An additional review of the proposed project, along with detailed specifications for any monitoring wells to be installed, will be required before the project receives any funding.

Funding sources for the proposed budget total of $306,910 have not been secured, and a funding shortfall of $135,500 for Phase I currently exists. Costs listed in the $100,000 grant request include $46,000 for technical costs such as laboratory, communications, equipment lease and purchase, aquifer tests, geophysical logs, and geophysical profiling; and $54,000 for construction costs for monitoring wells, including $7,500 for 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 State Water Plan currently identifies protection of groundwater quality and quantity as a priority, and the study that will be produced by this project supports that priority. The study will provide a useful water resource management tool for an area faced with rapid, unplanned growth. Assuming that the database will be produced within the time frame needed to dovetail with critical growth and area water development, the study will provide significant tangible benefits.

EXHIBIT 25
DATE 2-4-93
HB

ENVIRONMENTAL ASSESSMENT

Some adverse environmental effects will be caused from constructing a new test well and from the proposed geophysical profiling. The study's beneficial effects would be indirect and cumulative if the information developed is used to guide future land use and management decisions within the Flathead Valley. In developing any grant agreement for this project, DNRC would review the location for the new well, the methods proposed for geophysical profiling, and mitigation measures--including those at sites disturbed as a result of project activities--to ensure that any resulting adverse effects would be minor. Public notice shall be given before the project is implemented to address comments on selection of the well site and the preferred geophysical profiling technique. Siting of and specifications for the new well shall comply with Board of Water Well Contractors rules.

If the proposed project's scope is amended in any way, the potential for adverse impacts shall be reconsidered before any change of approach is undertaken.

RECOMMENDATION

DNRC recommends a $100,000 grant contingent on the project sponsor's ability to obtain additional funding for Phase I of the project that amounts to $306,910, future commitments for a dollar-for-dollar match of Phase I funding from local public entities, and other state or federal funding commitments for the project's next phases.

DNRC funding will be provided only after an additional technical review of the project's scope is made, and after any necessary arrangements for coordination with the Montana Bureau of Mines and Geology have been met. Because ongoing database management will be necessary, an entity willing to manage the database and incur associated costs shall be identified and a written agreement negotiated before the project is implemented.

Steps to comply with the Montana Environmental Policy Act (MEPA) in conjunction with drilling any monitoring wells and with seismic testing must be taken, and the project sponsor must pay the associated costs. Any measures identified through an environmental review that will keep impacts at acceptable levels 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.

Steve Herbourly

EXHIBIT 26
DATE 2-4-93
HB

FLATHEAD COUNTY TOTAL LAND DIVISION FOR YEARS 1973-1992

CERTIFICATE OF SURVEYS SUBDIVISIONS

TOTAL LOTS CREATED	TOTAL ACREAGE DIVIDED
7,783	104,843.26

FINAL PLATS SUBDIVISIONS

TOTAL LOTS CREATED	TOTAL ACREAGE DIVIDED
6,358	8,575.29

TOTAL LANDDIVISIONS FOR YEARS 1973-1992

TOTAL LOTS CREATED	TOTAL ACREAGE DIVIDED
14,141	113,418.56

FLATHEAD COUNTY TOTAL LAND DIVISION FOR 1961-1973

METES AND BOUNDS SUBDIVISIONS

TOTAL LOTS CREATED	TOTAL ACREAGE DIVIDED
3,998	41,315

FINAL PLAT SUBDIVISIONS

TOTAL LOTS CREATED	TOTAL ACREAGE DIVIDED
2,655	2,139.6

FLATHEAD COUNTY TOTAL LAND DIVISIONS FOR 1961-1973

TOTAL LOTS CREATED	TOTAL ACREAGE DIVIDED
6,653	43,454.60

FLATHEAD COUNTY TOTAL LAND DIVISIONS FOR 1891-1973

FILED AND RECORDED SUBDIVISIONS

TOTAL LOTS CREATED	TOTAL ACREAGE DIVIDED
14,258	8,236.9

EXHIBIT 26
DATE 2-4-93
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FINAL PLATS

YEAR	LOTS CREATED	TOTAL ACRES
1973	269	745.56
1974	667	875.58
1975	243	336.04
1976	375	528.62
1977	315	656.25
1978	957	937.00
1979	1055	1103.73
1980	311	507.76
1981	425	497.76
1982	199	191.55
1983	97	81.14
1984	81	70.02
1985	158	152.85
1986	214	333.10
1987	64	75.52
1988	184	281.84
1989	51	197.57
1990	89	201.85
1991	132	175.48
1992	472	626.08
TOTAL	6,358	8,575.29

CITIES FINAL PLATS
LAND DIVISION TOTALS FOR YEARS 1973-1992

CITY	LOTS CREATED	TOTAL ACRES
KALISPELL	727	377.33
WHITEFISH	442	307.97
COL. FALLS	208	79.28
TOTAL	1,377	764.58

EXHIBIT 26
DATE 2-4-93
HB

FLATHEAD LAND DIVISIONS

CERTIFICATE OF SURVEYS

YEAR	TOTAL LOTS CREATED	TOTAL ACRES
1973	236	2,614.06
1974	560	7,528.22
1975	272	3,776.98
1976	352	7,082.95
1977	755	16,871.03
1978	881	13,266.16
1979	839	12,643.16
1980	476	6,684.72
1981	365	6,305.15
1982	519	*
1983	362	*
1984	343	*
1985	272	*
1986	247	4,089.50
1987	221	3,336.88
1988	161	3,074.95
1989	170	2,922.51
1990	153	2,915.23
1991	215	3,820.32
1992	384	7,911.44
TOTAL	**7,783	104,843.26

*TOTAL ACREAGE NOT AVAILABLE.

**THE TOTAL NUMBER DOES NOT INCLUDE OVER 20 ACRE EXEMPTIONS, COURT ORDER AND AGRICULTURAL EXEMPTIONS IN THE YEARS OF 1982 THRU 1985.

EXHIBIT 27
DATE 2-4-93
HB

LINDA VISTA CONTAMINATED GROUNDWATER REMEDIATION PROJECT

A PROPOSAL TO MODIFY A PREVIOUS "WATER DEVELOOPMENT GRANT" APPLICATION

PROPOSAL ABSTRACT

Date: December 8, 1992
Applicant: Missoula City-County Health Department
Project Title: Linda Vista Public Sewer Project

The purpose of this document is to modify a previous Water Development grant proposal. The original proposal was to construct a sewer interceptor into the Linda Vista area in Missoula County. The requested grant funds will be used to defray the estimated $10,000 per house homeowner cost of connecting to public sewer. There are two major reasons for a modification of the original request:

1) In August 1992, the Montana Department of Health issued an administrative order to the Missoula County Commissioners and the Missoula Board of Health to "clean up" the nitrate contamination in the Linda Vista area (see appendix A). Because of the urgency that is created by the issuance of an administrative order, the applicants request a re-priortization of the project in order to secure grant funding.

2) This proposal amendment will alter the scope-of-work to include the use of grant funds to connect homes to public sewer. During 1991-1992 Missoula County and a private developer in the area have worked together to install a sewer main from the Cold Springs Area through the contaminated ground water area into a new subdivision area where ground water quality is not a problem. However, the homes in the nitrate problem area are still not connected to public sewer. The previous proposal was ranked fairly low for funding because it did not provide for connecting homes to sewer. This modified proposal will result in the connection of homes in the problem area to public sewer, which in turn will remediate the violation of groundwater standards.

EXHIBIT 28
DATE 2-4-93
HB

TESTIMONY BEFORE THE LONG RANGE PLANNING COMMITTEE
Thursday, February 4, 1993
Emergency Request to Amend House Bill 6
Montana Water Development Grants Program

Chairman Bergsagel, Members of the Committee

On August 12, 1992, the Montana State Department of Health and Environmental Sciences ordered the Missoula Board of County Commissioners and the City-County Board of Health to "Clean-Up" Groundwater Contamination underlying the Linda Vista Subdivision located on the southwest edges of the Missoula urban area. This area has been plagued with violations of state groundwater standards for nitrates. It is our understanding that this contamination is the result of septic systems.

The Missoula County Commission agrees that this water quality problem needs to be cleaned up. Based on current engineering estimates, the cost of this project will be approximately $12,000 per home. This is a very large expense for home owners to assume.

We are asking for funding for this project because the subdivisions in the Linda Vista area went through State of Montana subdivision review. They were approved by the State of Montana and the septic systems in these subdivisions were installed to the specifications approved by the State.

We feel that the State of Montana should participate financially to assist the homeowners in this area install sewer so that they can be assured of having clean potable water to drink. We therefore request that House Bill 6 be amended to give high priority to the funding of this project as a grant to help offset the costs of sewering this area.

Respectfully submitted,

MISSOULA COUNTY BOARD OF COMMISSIONERS

Barbara Evans

EXHIBIT 29
DATE 2-4-93
HB

LINDA VISTA AREA HOMEOWNERS ASSOCIATION

To Whom It May Concern:

As President of the Linda Vista Homeowners Association I am asking you to amend House Bill 6 to assist us with funding for the State Mandated Sewer Project we are being forced to comply with.

This Sewer R.S.I.D. effects about 200-250 homes in the Lower Miler Creek area. The estimated costs would be approximately $10,000 per household. This is a working class and retired area and these costs will impose a real hardship on everyone.

Since this is a State Mandated Project in an area that was originally approved by the State Subdivision Rules and Statutes we feel you should approve the amendment to House Bill 6.

Thank you for your time and consideration.

John P. Thomas

John P. Thomas
Linda Vista Homeowners Association

EXHIBIT 30
DATE 2-4-93
HB

PROJECT NO. 22

APPLICANT NAME	CHINOOK DIVISION IRRIGATION ASSOCIATION
PROJECT NAME	Repair of Lohman Dam
AMOUNT REQUESTED	$100,000 GRANT
OTHER FUNDING SOURCES	$ 36,866 (Fort Belknap Irrigation District, Alfalfa Valley Irrigation District, and Zurich Irrigation District)
TOTAL PROJECT COST	$136,866
AMOUNT RECOMMENDED	$ 34,217 GRANT $ 65,783 LOAN

PROJECT ABSTRACT (Prepared and submitted by applicant)

The purpose of this project is to rehabilitate Lohman Dam on the Milk River to ensure the dam's future reliability and eliminate excessive sand and silt diverted into Fort Belknap Canal during irrigation season. The Chinook Division Irrigation Association proposes to replace the dam's spillway crest with a concrete ogee spillway. A gated sluiceway also will be constructed to help remove silt buildup behind the dam. An integral part of this project is the construction of a riprap jetty just upstream from the Fort Belknap Canal headworks.

The dam's new crest will be at an elevation that will eliminate the use of stop-logs now used on the existing crest. The new crest also will eliminate the need to check up the river's surface in order to divert water in the main canal. The canal's elevation can be controlled by changing the sluiceway gate position.

A portion of the work required to rehabilitate the dam will involve excavating a keyway for the base of the crest and for the upstream and downstream cutoffs. The Chinook Division Irrigation Association proposes contracting the dam repair or purchasing excavation equipment for the dam repair by force account.

TECHNICAL ASSESSMENT (Prepared by DNRC)

The proposed project is part of an overall plan to rehabilitate the entire Chinook Division Irrigation Association system. According to the application, the system was constructed in 1911 and many of its facilities need rehabilitation. The irrigation association has worked with the U.S. Bureau of Reclamation to develop the system-wide rehabilitation plan.

The Chinook Division Irrigation Association is comprised of five irrigation districts located in northcentral Montana. Three of these districts encompass 17,810 acres and receive Milk River water from the Lohman diversion dam. Rehabilitating the diversion dam would involve raising it about 4 feet to improve control of diversions from the river. Manually placing stop-logs to divert the water will give way to a higher, permanent concrete dam with flows controlled by a gated sluiceway operated by remote equipment. Properly installing the sluiceway in the dam and the jetty should decrease canal siltation. Constructing the jetty out of large rocks is being proposed.

To identify or prevent downstream adverse effects, further study and design should be made of the jetty structure before construction to consider the river's hydrology, channel formation, and bank erosion potential.

The Chinook Division Irrigation Association previously received two DNRC grants that funded other portions of the overall system rehabilitation: a $100,000 Water Development grant and a $300,000 Reclamation and Development grant. The applicant has submitted another grant application this year requesting $100,000 to install headworks measuring devices in the irrigation association canals.

FINANCIAL ASSESSMENT

The proposed project's total cost is $136,866. The Chinook Division Irrigation Association's $100,000 grant request includes $34,000 for equipment, $9,859 for labor, $38,891 for materials, $12,250 for contractor costs, and $5,000 for contingencies. Another three irrigation districts will contribute $2,350 for engineering, $2,400 for construction supervision, $500 for travel, $8,140 for materials, $12,255 for contractor costs, $5,600 for excavation and cleanup, and $5,621 for contingencies.

More specific costs are needed on installation and materials for the jetty.

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 indirectly support State Water Plan objectives through more efficient water diversion and less canal siltation that, in turn, should provide more efficient water conveyance. Among the objectives supported are improved water use and conveyance efficiency. The project also involves family-owned farms.

Although the project would not initiate the use of reserved water, the application does not indicate whether the project would help resolve Indian or federal reserved water rights through additional available water for these rights.

If the system is managed properly, water should be conserved from the dam's rehabilitation through more efficient water diversion and conveyance, which provides more reliable water for the user.

No public support is documented in the application, but the project is part of a major Rehabilitation and Betterment project that may involve federal funds. The project primarily will provide tangible, ongoing benefits to the three irrigation districts' water users.

ENVIRONMENTAL ASSESSMENT

Agencies responsible for providing permits and enforcing environmental standards should conduct an environmental assessment to determine the project's environmental impacts. The Blaine County Conservation District also should be consulted. Areas of concern that should be addressed include flushing silt from the dam, the jetty's downstream effects, and constructing a concrete apron below the dam for fishery purposes.

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 $34,217 grant.

The project sponsor may obtain additional funding through a DNRC loan up to $65,783. DNRC will provide loan funding 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 any adverse environmental effects caused by the project would not be significant. Silt-flushing, the jetty's downstream effects, and the need to construct a concrete apron on the dam for fishery purposes are issues that should be considered in an environmental review. Any additional requirements identified through such a 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 U.S. Soil Conservation Service before any bids are solicited; by reference, these shall be included in the project agreement. Specific designs and cost estimates for the rock jetty also shall be included.

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. 23

APPLICANT NAME	CHINOOK DIVISION IRRIGATION ASSOCIATION
PROJECT NAME	Headworks Measuring Devices
AMOUNT REQUESTED	$100,000 GRANT
OTHER FUNDING SOURCES	$ 44,693 (Chinook Division Irrigation Association))
TOTAL PROJECT COST	$144,693
AMOUNT RECOMMENDED	$ 36,173 GRANT $ 63,827 LOAN

PROJECT ABSTRACT (Prepared and submitted by applicant)

The purpose of this project is to install measuring devices at the headworks of each of the main canals of five irrigation districts to quantify the diversions into each system and provide a means of recordkeeping. The measuring devices will allow water to be distributed equitably within the Chinook Division Irrigation Association and will reduce the amount of water diverted from the Milk River. Recording the diversions will enable the association to keep records from which it can more easily plan

diversions for entire irrigation seasons. By using the measuring devices and controlling the diversions only to the amounts necessary, all distribution systems within the association will require less maintenance because they will not experience the degradation associated with excessive diversions.

The initial measuring devices will form the nucleus for the complete monitoring system planned by Montana's U.S. Bureau of Reclamation office as part of a long-range program. This system will ensure that all water users use water in accordance with the adjudication set by the courts. The measuring devices also will provide the control needed not only within individual districts but in the entire Milk River basin. River control from the Fresno Reservoir to Nashua will be provided by the measuring devices, which will permit reassurance that diversions become records for court use if necessary.

TECHNICAL ASSESSMENT (Prepared by DNRC)

The proposed installation of measuring devices is part of an overall plan to rehabilitate and provide water use monitoring of the entire Chinook Division Irrigation Association and Milk River basin irrigation system. The irrigation association has worked with the Bureau of Reclamation to develop rehabilitation and monitoring plans for the irrigation association system.

The Chinook Division Irrigation Association is comprised of five irrigation districts located in northcentral Montana. Water from the Milk River is diverted to irrigate 37,273 acres. At two of the association's headwork sites, acoustic velocity flow measurement equipment will be installed on existing siphons. At one site, a parshall flume will be constructed in a main canal and acoustic velocity flow measurement equipment will be installed. At a second site, a parshall flume will be constructed in a smaller canal, and shaft encoder and float device flow measurement equipment will be installed. At four of the sites, telemetry equipment will be installed in conjunction with the flow measurement devices.

At the last site, which involves two pump sites that divert to one irrigation district, telemetry equipment will be installed on the pump motors to monitor the operation time. Flow measurements will be calculated in conjunction with the pump rating. From all the sites, flow measurement data will be recorded at a remote recording site. According to the application, these records will be used to manage the irrigation system operation to provide efficient water use and water right verification. The Bureau of Reclamation will coordinate efforts with the irrigation association to retrieve and compile the flow measurement data, which will be available to all Milk River basin irrigation districts for their management use.

The Chinook Division Irrigation Association submitted another grant application this year for $100,000 to repair a diversion dam in its water system. DNRC previously awarded two grants to the association to fund other portions of the overall system rehabilitation: a $100,000 Water Development grant and a $300,000 Reclamation and Development grant.

FINANCIAL ASSESSMENT

The proposed project's total cost is $144,693. The Chinook Division Irrigation Association's $100,000 grant request includes $56,380 for equipment, $14,520 for labor, $12,114 for materials, $500 for travel, $2,653 for materials transportation and for excavation, and $13,833 for contingencies. The association will contribute $10,900 for salaries and benefits, $2,300 for travel, $700 for supplies, $30,446 for contracting costs, and $347 for materials transportation and for excavation. The price of the shaft encoder and float device equipment ($1,045) for one headworks site inadvertently was omitted, but can be paid from the contingency amount.

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 indirectly support State Water Plan objectives by providing water use data to help with more efficient water use management. The project will promote improved water use and increased water conservation. The project also involves family-owned farms.

According to the application, the project will cause less water to be diverted from the river, which could help resolve Indian or federal reserved water rights in the basin. No quantity is indicated, however, to help determine whether this amount will be significant. Decreased diversions will depend on the data's use in system management.

Some water also should be conserved through proper use of the data for system management.

No public support is documented in the application, but the project is part of a major Rehabilitation and Betterment program that may involve federal funding. The project will provide measurable, ongoing benefits that could affect all water users in the Milk River basin.

ENVIRONMENTAL ASSESSMENT

No major disturbances to the environment are likely to be caused by this project. The project will produce only local disturbances, mostly at the two sites where parshall flumes will be constructed. Unless a change in the project plans indicates any additional disturbances, no further review is required. If additional disturbances are indicated, however, an environmental checklist would be required.

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 $36,173 grant.

The project sponsor may obtain additional funding through a DNRC loan up to $63,827. 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. The scope of work must include a detailed plan of how the measurement data will be used in the system's operation to provide more efficient water use. Original specifications, designs, and respective revisions shall be submitted to and approved by the U.S. Soil Conservation Service 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.

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. 24

APPLICANT NAME	LIBERTY COUNTY CONSERVATION DISTRICT
PROJECT NAME	Sweetgrass Hills - East Butte Groundwater Evaluation
AMOUNT REQUESTED	$100,000 GRANT
OTHER FUNDING SOURCES	$ 3,900 (Liberty County Conservation District) $ 38,347 (Montana Bureau of Mines and Geology)
TOTAL PROJECT COST	$142,247
AMOUNT RECOMMENDED	$100,000 GRANT

PROJECT ABSTRACT (Prepared and submitted by applicant)

The Sweetgrass Hills in northwestern Montana are Tertiary intrusive geologic structures that have domed up the surrounding sedimentary formations, thereby exposing many of Montana's predominant aquifers. This ground surface exposure causes the area to be used as a major recharge area for aquifers in the Judith River, Eagle, Kootenai, Morrison, and Madison formations. In addition, the Sweetgrass Hills blocked the southern migration of glacial ice that produced a number of glacial outwash deposits in and around the hills. These outwash deposits are relatively shallow, surficial aquifers that supply drinking water to many private and community water systems.

Numerous complaints have been made that water quality in the shallow glacial outwash deposits that serve as a domestic water supply is steadily degrading. Shallow aquifer salinization is the most noticeable problem. Numerous saline seeps have been detected, and ground surface contamination with brine has been noted because of infrastructure failures associated with oil-field activities.

The project proposed by the Liberty County Conservation District will identify and map existing wells, springs, and streams located in the study area. Inorganic water samples also will be collected and analyzed for selected wells and springs in the East Butte area and approximately 10 sites within a mile of the Sweetgrass Hills' western portion. A professional hydrogeologist will direct the data collection and interpretation to assess the extent of shallow groundwater contamination in the study area and to provide information necessary for resource planning, development, and focus for future needs. The Analytical Division of the Montana Bureau of Mines and Geology (MBMG) will perform the chemical water analyses.

The project will last 24 months and begin during the fall of 1993, or at whatever point funds become available.

EXHIBIT 31
DATE 2-4-93
HB

HOUSE OF REPRESENTATIVES

WITNESS STATEMENT

PLEASE PRINT

NAME Max Maddox BILL NO. Grant #22

ADDRESS RR1 Box 4 DATE

WHOM DO YOU REPRESENT? Chinook Division Irrigation Association

SUPPORT X OPPOSE AMEND

COMMENTS:

HR:1991
CS15

EXHIBIT 32
DATE 2-4-93

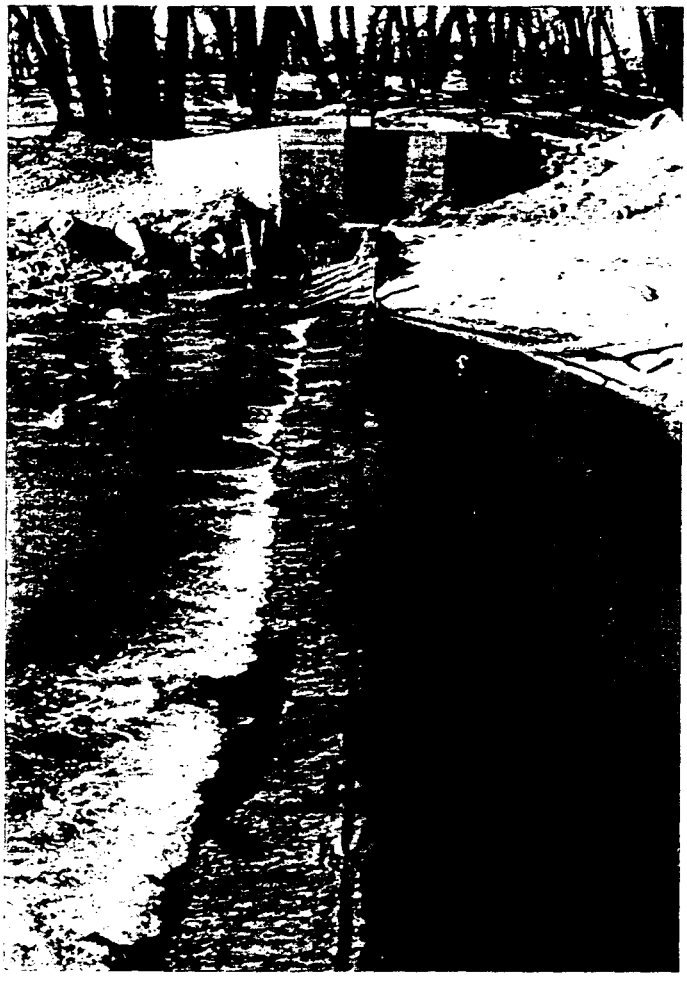
REHABILITATION OF LOHMAN DAM HB

Purpose of this project is to rehabilitate Lohman Dam on the MIlk River to assure its reliability in the future and eliminate excessive sand and silt which is diverted into Ft. Belknap canal during the irrigation season. The Association proposes to replace existing spillway crest on the dam with a concrete ogee spillway. In addition, a gated sluiceway will be constructed to help remove silt build-up behind the dam. An integral part of this project is the construction of a rip-rap jetty just upstream from the headworks of the Fort Belknap canal.

The new crest elevation of the dam will be at an elevation which will eliminate use of stop-logs as now used on existing crest. With the new crest, it will eliminate need to check up the water surface of the river in order to divert water in the main canal. The elevation of the canal can be controlled by changing the sluiceway gate position.

A portion of the work towards rehabilitating the dam will consist of excavating a keyway for the base of the crest and for the upstream and downstream cut-offs. The Association proposes either to contract the dam repair or purchase excavation equipment for repair of dam by force account.

EXHIBIT 32
DATE 2-4-93
KBB



View of the steel crest of Lohman Dam from the left abutment.

Close-up view of a portion of the steel crest.

← Bracket

View of Lohman Dam looking upstream.

EXHIBIT 32
DATE 2-11-93
HB

Page 32-e

EXHIBIT 33
DATE 2-4-93
~~HB~~

HOUSE OF REPRESENTATIVES

WITNESS STATEMENT

PLEASE PRINT

NAME Jack Gist ~~BILL~~ Grant NO. # 23

ADDRESS RR 1 Box 7 DATE

WHOM DO YOU REPRESENT? Chinook Div IRR

SUPPORT X OPPOSE AMEND

COMMENTS:

HR:1991
CS15

Sun River Valley School District 55F

P.O. Box 38
Simms, Mt. 59477
(406) 264-5110 Fax 264-5189

EXHIBIT 34
DATE 2-4-93
~~HB~~

Penny Bertelsen, Superintendent
Richard Walker, H.S. Principal
Carl Roy, Elem./M.S. Principal
Charla Merja, Clerk

SUN RIVER MIDDLE SCHOOL WATER PROJECT

WATER TREATMENT COSTS AS OF 2/3/93

Culligan - bottled water/cooler rentals 11/18/92 - 2-3-93	$ 1160.50
Hatch Co. - Chlorine	$ 26.35
Repair/maintenance	
Weissman & Sons - parts	$ 37.95
K.C. Leonard - travel	11.00
Hours - replumb/monitor	1439.13
TOTAL as of 2/3/93	$ 2674.93
MONTHLY COST PROJECTION : 3 mo. @ $600	$ 1800.00

PROJECTED AMOUNT TO INSTALL CHLORINATION UNITS

BID on units - Culligan	2 @ $2700 ea.	$ 5400.00
Plumbing, parts, labor		$ 1000.00
		$ 6400.00

TOTAL COST OF PROJECT AS OF 5/31 (Install date) *$10,874.93*

EXHIBIT 35
DATE 3-4-93
HB

MEMORANDUM

TO: *Karen Barclay Fagg, Director*

FROM: *Jeanne Doney*
Resource Development Bureau

DATE: *December 13, 1992*

RE: *Emergency grant request/Sun River Schools*

On September 23, 1992 a letter with your signature was sent to Cascade County Conservation District in response to their request that DNRC provide emergency assistance to the Sun River School District. That letter denied emergency funding based on information provided by the conservation district and DHES.

We received another letter from the district on October 23, requesting that we reconsider Sun River School District for emergency funding. In her letter, Dixie Nugent claims that "They [the school] did not realize the severity of the problem until the order arrived [September 1992] at the school to do something within the time limits set." She also claims that the school's water tests have been coming back to them "good." Ms. Nugent said, "I really believe this situation might need more looking into." She asked us to get a copy of the original letter and the results of the monthly testing.

I sent a copy of the October 23rd letter by FAX to Luella Schultz at the DHES and asked that she provide me with more information supporting their original recommendation. In September Luella indicated that the occurrence of coliforms in water systems is not uncommon and she felt that the emergency Sun River School District would like to claim is not valid. According to Ms. Schultz, other communities have more serious problems to contend with and would more deserve assistance if it were available. She felt emergency funding for Sun River School District would only encourage other small communities to take no action until the final hour and then request "emergency" aid from DNRC.

DHES did not respond to my request for additional information right away. On November 16, 1992, Penny Bertelsen, Superintendent and Carl Roy, Middle School Principal of the Sun River School District dropped into my office to find out about the status of the request for emergency funding. They had been at a meeting scheduled with DHES. We were not informed of the meeting. The meeting was scheduled to discuss the options that the school district had in complying with the order they received in September.

Ms. Bertelsen was quite frustrated with her meeting with DHES and complained to me that DHES not providing them with guidance in solving their problem and that they showed no sympathy for the financial constraints that were imposed on this small school district. I told her that I was waiting to have a reply from DHES and since this meeting was apparently designed to gather additional information in generating that reply, I could not provide them with any additional information concerning DNRC's position regarding their emergency request.

I asked the superintendent to provide me with more information concerning their budget constraints. She provide a copy of a letter sent to Dennis Iverson on November 19, 1992. It explains that she took over as superintendent July 1, 1991. She inherited "problems and an already overspent and obligated budget." As a first order of business they applied for an emergency budget to repair the floor of the boiler room. Then on October 4, 1991 they received a letter from DHES advising them that continuous chlorination facilities should be installed before the next fall (1992).

The superintendent explains that she went about the process of determining the cost of continuous chlorination. They were frustrated in attempts to obtain assistance from DHES in determining the cost or the specifications. Only one private vendor, Culligan, responded. Apparently, since DHES did not follow-up, efforts were dropped. I am not sure why they thought DHES would follow-up, no plans were submitted to DHES and no review was required. The school district seems to be unclear of the role DHES plays in enforcing water quality standards.

She goes on to convey that when the legislature revamped payment schedules in July 1992, the school had to pull back on plans to complete other needed renovation and repair in the district -- their spending structure was revised. She claims that now, reserves have been spent trying to meet expenses so far and the school district sees no way to meet any other expenses except payroll and operating expenses.

Since the November meeting with DHES the school has started using bottled drinking water and a borrowed chlorinator provided by DHES to disinfect water for showers. They hope to have an application for a budget amendment filed and accepted by OPI next May.

After my meeting with the school's officials, I contacted DHES and requested that they give me a reply. I asked Ms. Schultz again if she felt that there would be a lot of requests for emergency aid from other schools. When she re-affirmed her concern that this was the case, I asked her what a lot of schools meant to her. She indicated that more than two or three would be a lot. I asked her to provide me with a written reply including the status of schools under enforcement action.

EXHIBIT 35
DATE 2-4-93
HB

I received information from DHES explaining in more detail the situation at Sun River and the need for chlorination. A copy of DHES's October 1991 letter was included; this letter said, "We understand the budgetary limits of a small school such as yours, but we also believe that you can install a continuous chlorination system for far less than the $5000 figure you mentioned. Therefore, we request that you install continuous chlorination facilities before the beginning of the school next fall (September 1992)."

Although I did not get a copy of the test results, I was assured by DHES that recent unsatisfactory samples have been taken by the Cascade County Health Department, by DHES and by the school. There seems to be no doubt that continuous chlorination is necessary. I cannot agree with Dixie Nugent's letter where it indicates the school received correspondence from DHES's stating only that the school may have a problem and may have to do something. It would have been better for DHES to use a word stronger than "request" in their letter and to convey that an order would be the consequence of no action. Still, the school cannot really claim that they had no forewarning.

The list of schools under enforcement action shows only eleven schools. Four of these are listed for future action. Three need to monitor their water quality; further action could be required based on samples. One school must abandon a well and conduct additional monitoring. Two apparently have installed full time chlorination and two have yet to do so. The two schools that must install full time chlorination now include Sun River School and the elementary school in Arlee.

A letter dated November 12, to the school district from Montana Rural Water System's, Inc. outlines steps the school needs to take to come into compliance. Montana Rural Water Systems', Inc. is a non-profit group that provides technical assistance to rural water systems, partially funded with a water development grant funded by DNRC. In his letter, Ray Wadsworth indicates the cost of engineering and installing continuous chlorination are difficult to estimate. He guessed the costs to be not less then $6 - 8,000. Wadsworth's estimate supports the school district's claim that continuous chlorination will be costly and disputes DHES's claim that the a continuous chlorination system could be installed for far less than the school's $5,000 figure.

I expect that given his experience and on site review, Mr. Wadsworth's estimate is not inaccurate. My impression, in summary is that Sun River is one of two very small school districts facing a continuous chlorination problem now. Because they have had to make other major repairs and because the legislature revamped payment schedules, the school district will have to make salary or operating cuts to meet the expense of chlorination unless they have time to build their reserves. DHES was clear that this repair would be necessary but this information came after the other major repair had been done and the reserves were depleted. The school district chose to interpret the word "request" as less than requirement and did not become aware of a specific deadline until the order came this September. An

engineer will need to prepare designs and cost estimates. These are more costly than DHES estimates.

Therefore I conclude, with the schools budgetary constraints and the small number of schools facing the dilemma this project may merit reconsideration, except for one fact. The problem did exist during the normal application period for water development grants. This is a project that could have submitted an application and competed for funding along with the other 54 applicants.

Would the project have been successful in obtaining funding? In recollecting the ranking of applicants submitted, I don't think this project would have been particularly competitive because the key issue in Sun River's case is public health, not the development, management, conservation or preservation of a water source. Since our program seeks to provide the resources needed for the future, projects that simply ask for funds to pay for operation and maintenance type projects fall lower on the priority list. It would be unlikely that the school district would get funds until FY95 if the project were considered under our regular grant program.

Our statute says that an emergency project is one that if delayed until legislative approval can be obtained, will cause substantial damages or legal liability to the project sponsor. Given that this problem has been around for some time and a temporary solution has been implemented, I recommend that we provide the legislature with the opportunity to review the project, either as an emergency or as a "late" application. If they choose to grant emergency funding we can use this biennium's appropriation and provide the funds immediately. If the project is accepted and approved as a "late" application the school district will have to wait for funding until after the fiscal year end. Funds would become available depending on the priority given in the appropriations bill.

Please advise me of your position and I will get another letter off to the applicant.

Thank you.

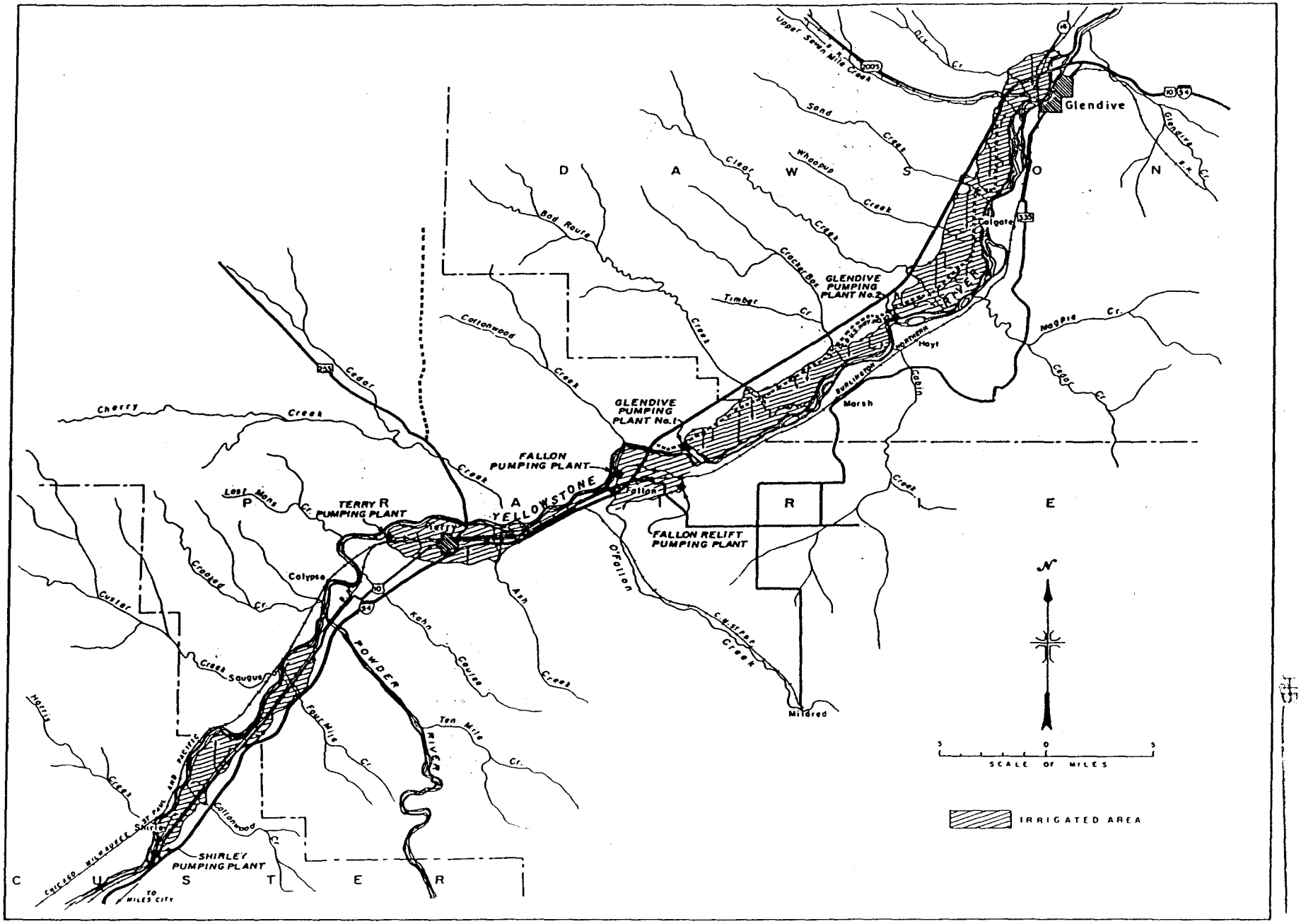
EXHIBIT 36
DATE 2-4-93
HB

BUFFALO RAPIDS PROJECT

JUSTIFICATION for

EMERGENCY GRANT

February 4, 1993



Buffalo Rapids Project

EXHIBIT 36
DATE 2-11-93
HB

BUFFALO RAPIDS PROJECT

Crop Production in Repayment Acres

Cereals

Barley	1,050
Corn	1,001
Oats	325
Wheat	1,026
Total Cereals	3,402

Forage

Alfalfa	4,670
Other Hay	75
Irrigated Pasture	150
Silage or Ensilage	4,970
Total Forage	9,865

Misc. Field Crops

Dry Beans	1,495
Sugar Beets	5,571
Total Misc.	7,066

EXHIBIT 3
DATE 2-4-93
HB

COMPARISON OF IRRIGATION PROJECTS

	Length (miles)	Acres	Canal	O & M Cost
East Bench	50	49,800	44	$ 8.00
Huntley	29	27,333	32	$17.30
Lower Yellowstone	55	52,133	72	$19.50
Buffalo Rapids	60	25,380	63	$20.36

EXHIBIT 36
DATE 1-21-93
HB

BUFFALO RAPIDS PROJECT
Assessment

Operation and Maintenance.....	$20.36
Equipment Reserve.....	2.74
Emergency Reserve.....	.40
Repayment A.....	1.00
Repayment B.....	4.50
Total	$29.00

EXHIBIT 3b
DATE 2-4-93
HB

FISCAL YEAR 1992

Operating and Maintenance Expenditures

Beginning Balance-1992.....	$ 66,897.32
Income-1992.....	169,160.61
Expenses-1992.....	262,158.28
Total Year End Balance	($26,100.35)

DATE 2-10-93

HB

TOTAL PUMP REPAIRS FOR FISCAL 1992

Operation and Maintenance	$30,071.96
Equipment Reserve	24,485.44
System Rehabilitation	24,250.86
Total	$78,808.26

EXHIBIT 36
DATE 2-4-93
HB

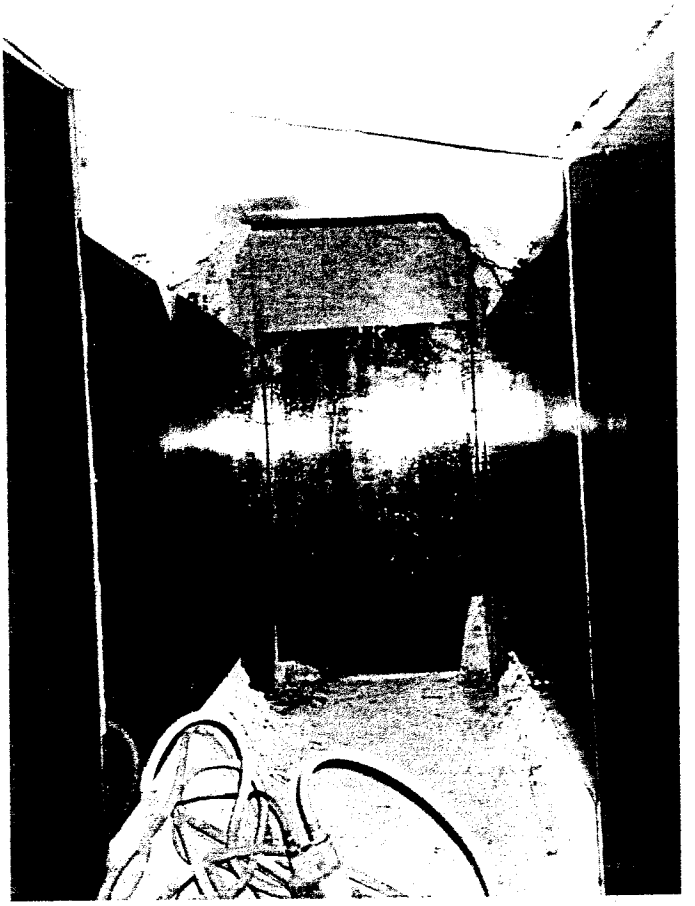
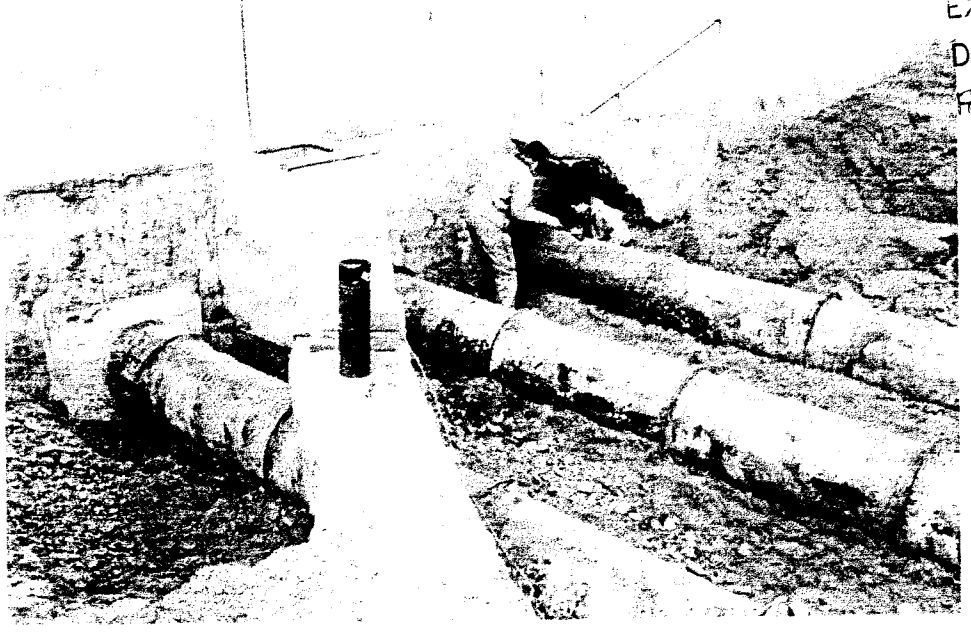
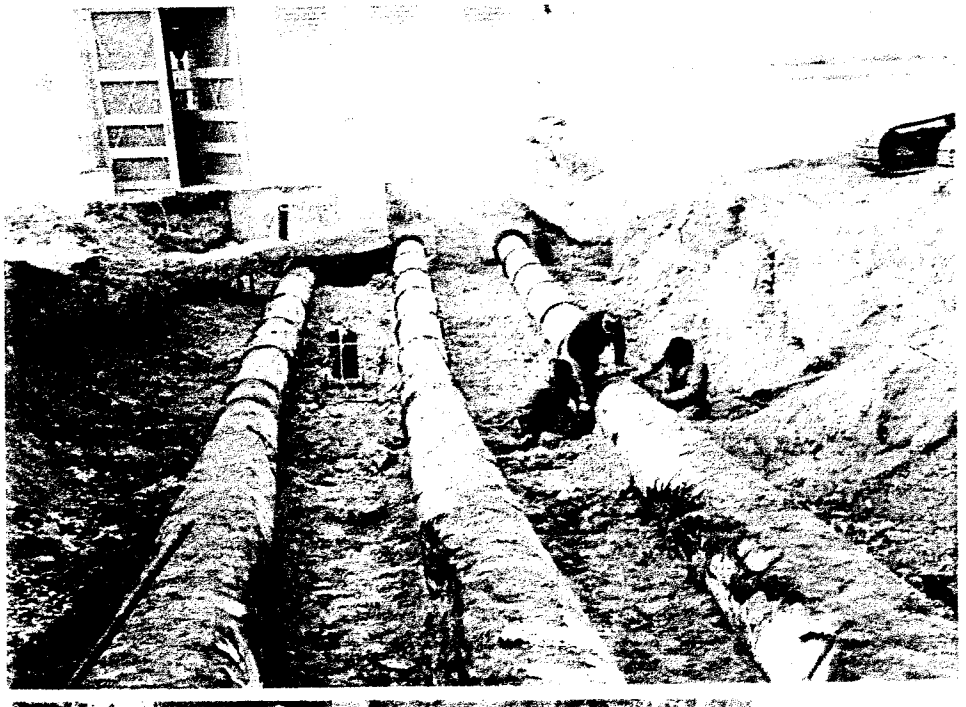


EXHIBIT 3C
DATE 2-11-93
HB





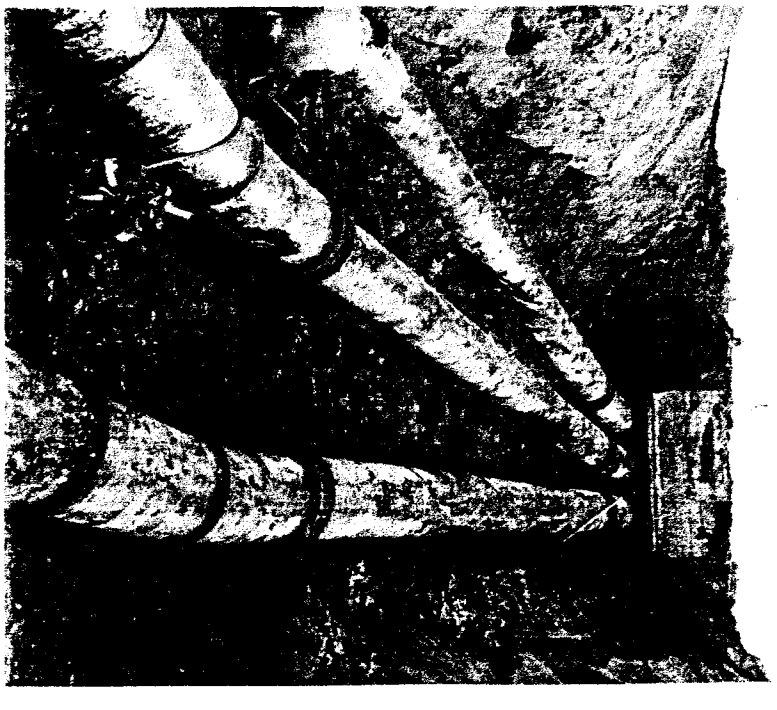
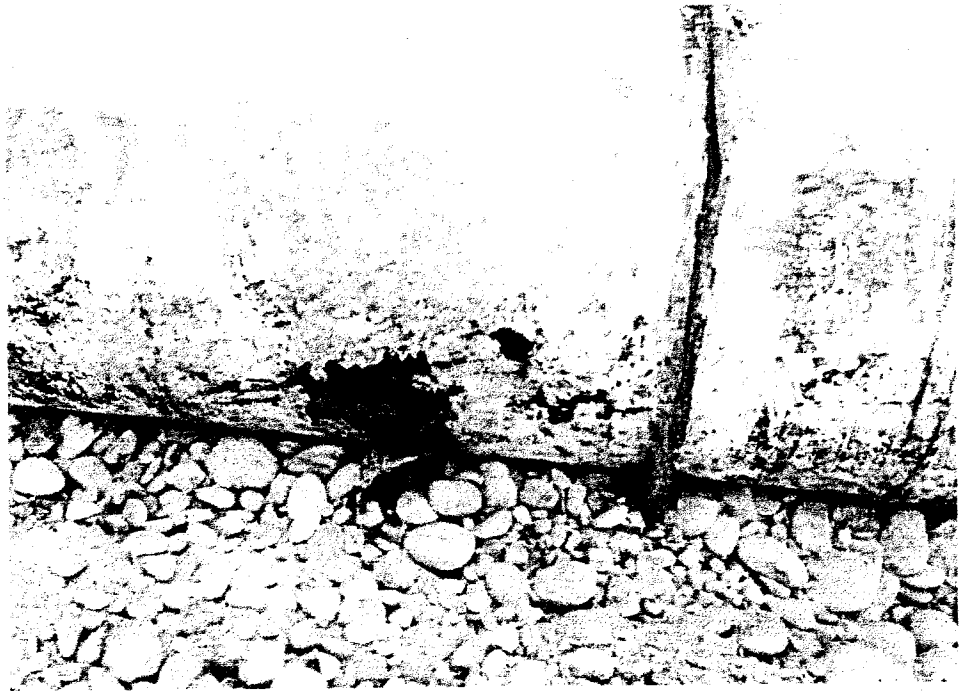


EXHIBIT 36
DATE 2-4-93
MB



Buffalo Rapids Project
BOARD OF CONTROL

406-637-5586 BOX 511 TERRY, MONTANA 59349

EXHIBIT 37
DATE 2-4-93
HB

October 28, 1992

Ms. Karen Barkley Fagg, Director
Department of Natural Resources and Conservation
1520 East 6th Avenue
Helena, Montana 59620

Dear Ms. Fagg:

In late September of 1992, Buffalo Rapids Project (District II) became aware that the discharge lines which feed the Fallon Unit had deteriorated to the point where further use prior to replacement would be extremely risky. Consequently, prior to the 1993 pumping season, these lines must be replaced.

The problem surfaced when repairs were attempted on the number three discharge line. It became apparent, when welding was attempted, that the steel pipe had deteriorated beyond repair. Further inspection verified our suspicions. There had been no indication of their condition prior and their small size (24 inch) made it impossible to crawl through for a visual inspection.

The Bureau of Reclamation Projects Office in Billings (Jerry Moore) was immediately contacted and concurred with our assessment. We began work on the type of material to use and Jerry discovered polyethylene pipe which through comparative studies was superior to steel with cathodic protection and precast reinforced concrete due to active soil conditions. Several companies were contacted until we found the most reasonable, Chevron. A ballpark estimate for the pipe was $18,911 plus about $2,500 shipping costs to Fallon. The pipe on the interior of the plant will remain steel and must be fabricated. The cost of these is approximately $5,000. Additional costs will include concrete to encase the lines from outside the plant under the service road, soil cement for bedding the pipe, replacement of copper grounding net and excavation costs. Below is an itemized list of expected costs:

Polyethylene Pipe	$18,911
" " Shipping	2,500
Steel Starter Sections	5,000
Concrete	2,695
Soil Cement	1,500
Excavation Costs	6,000
Grounding Net	2,000
Total Cost	$38,606

*All labor would be performed by Buffalo Rapids personnel.

This past year District II has experienced several expenses which have depleted virtually all available funds. Pump and motor costs exceeded double what had been budgeted due to acts of nature (lightning). The sumps at the Terry plant required extensive work which has not been paid for and two months remain in the current fiscal year. Our total District II funds available at the time of this writing are $13,790.21. Two alternatives exist-borrow or obtain a grant.

The consequences of a discharge line failure during the pumping season would be catastrophic to the Fallon unit farmers. Crop yields would be 1/4 to 1/2 of normal on these 2,984 acres. Damage to those eighteen farmers would very likely result in several going out of business. One could anticipate extensive lawsuits which could have a far reaching and drastic impact on the Buffalo Rapids Project as a whole.

Buffalo Rapids Project District II requests your assistance on an emergency basis to aid us through this difficult time. Preparations have already begun on the replacement. The remaining question is how the project will be financed.

I need not emphasize that time is of the essence. Due to the unpredictability of Montana weather, the project must advance without delay. I also wish to convey my thanks to both Duane Claypool and John Tubbs for their assistance.

Thank you in advance for your consideration of this request. If any further information is required, please contact me at your convenience (637-5586).

Sincerely,

David J. Schwarz

David J. Schwarz, Manager
Buffalo Rapids Project

cc: Jerry Moore

EXHIBIT 5 1
DATE 1-4-93
HB

Buffalo Rapids Project

TERRY, MONTANA — IRRIGATION DISTRICT NO. 2

December 17, 1992

Ms. Jean Doney
Department of Natural Resources and Conservation
1520 East 6th Avenue
Helena, Montana 59620

Dear Ms. Doney:

Per our telephone conversation 12/15/92, what follows is a brief history of Buffalo Rapids Project, the assessment schedule and an explanation of the Project's financial status. Enclosures provide documentation to the content of this letter.

Buffalo Rapids Project, District I was financed by a $1,605,000 allotment from the Emergency Relief Act of 1937 and built by the Bureau of Reclamation (1937-1943). District II was financed under the Great Plains Act in 1939 and received Presidential approval under the Water Conservation and Utilization Act in 1940. The Shirley and Terry units were completed in 1944. The Fallon unit was constructed immediately after WWII and is the focus of this information.

Districts I and II of the Buffalo Rapids Project are governed by separate groups of commissioners (3 each with an additional commissioner rotating between districts). This group of seven (7) commissioners comprises the Board of Control which is responsible for the Project as a whole. All financial obligations of the Project are shared based on acreage (41.6% District II and 58.4% District I) except for power, pump repair, and upkeep on canals and laterals. Consequently, District II of the Buffalo Rapids Project bears the sole responsibility for the replacement of the discharge lines at the Fallon River pumping plant.

District II has experienced a number of financial setbacks over the past pumping season. The trouble began early in the pumping season with the Fallon Relift and Terry pumping plants. The Fallon Relift ran a very short time when the bottom bearing in the suction manifold seized and completely destroyed it. The Terry pumping plant, pump number 3 also seized a lower pump bearing and extensive work had to be done on that pump as

well. Halfway through the season a power outage occurred and the number two flapper gate wedged open. Water continued back down the discharge line with such force the motor shaft and ratchet plate had to be rebuilt. Additional problems were encountered with the number 3 Terry pump and it was worked on three separate times. This Fall the inlets were dewatered and work will continue on the sumps until Spring.

The 1992 pumping season was extremely costly to District II. Funds which had been set aside for system rehabilitation, equipment reserve and heavy equipment maintenance had to be exhausted to meet the additional pump repair obligations.

The philosophy of prior managers had been to keep the assessment costs down by gradually drawing upon reserves that had been built up over time. In 1991, after being retained as manager, a close inspection of the financial status of Buffalo Rapids Project showed the situation would require attention in setting the 1993 assessments. As a result, the commissioners of District II voted to increase the assessment by $3.00 per acre meeting their current level of expenditure. This raises the total assessment for Buffalo Rapids Project District II to $29 per acre, the highest cost in the State of Montana (see enclosure #1).

Why are the assessment costs so high for Buffalo Rapids Project? The first thought is it has to be mismanagement. After studying the problem and making comparisons with other irrigation districts, the conclusion was reached that while management had perhaps not always been the best, it certainly did not constitute mismanagement. The problems seemed inherent with the Project. Buffalo Rapids is a pure pumping project. Pumps and electric motors are expensive to maintain, there are power costs and the high sediment load of the Yellowstone River abrades water conveyance parts rapidly. Another category which was noted was that Buffalo Rapids Project extends approximately 60 miles and is relatively narrow resulting in 240 miles of canals, laterals and drains which must be maintained. Another factor is the 3.5% inflation along the Lower Yellowstone as determined by the Bureau of Reclamation-Billings.

Assessments have been raised as required to maintain fiscal solvency, reductions in personnel (summertime help) have been made and as much work as possible is being done by Project personnel. Just as things seem to brighten, they immediately dimmed with the discovery that the Fallon River discharge lines had deteriorated to a point where continued use without replacement would be extremely risky (as discussed in earlier correspondence). Enclosed are four photographs (enclosure #2) of the lines as they were uncovered. All work possible is being done by Project personnel to reduce costs. A crew of four have worked for six weeks, nonstop to date, on the Fallon River plant project.

With the additional expenditure of about $54,000 to replace these discharge lines and steel started lines inside the pump house, District II is unable to cover the cost. In addition, $26,100.35 of the 1993 assessments have been used to cover the 1992 expenditures (see enclosure #3). Any further depletion of 1993 assessments will, of course, result in additional financial hardship for District II.

EXHIBIT 2
DATE 2-4-93
HB

This forms the basis for Buffalo Rapids Project District II's request for a grant on an emergency basis to cover the unexpected cost of replacing the Fallon River discharge lines. Such a grant would greatly benefit the farmers of the 10,593 acres of District II whose assessments are already the highest in Montana. Your support for this project would be most appreciated.

If further assistance or information is required, please contact me at 637-5506.

Sincerely,

David J. Schwarz, Manager
Buffalo Rapids Project

Enclosure #1

BUFFALO RAPIDS PROJECT
District II Assessments

Operation and Maintenance	$20.36
Equipment Reserve	2.74
Emergency Reserve	.40
Repayment A	1.00
Repayment B	4.50
Total	$29.00

EXHIBIT 3
DATE 2-4-93
HB

Enclosure #3

FISCAL YEAR 1992

Operating and Maintenance Expenditures

	O&M	Eq. Res.	Sys. Rehab.
Beginning Balance-1992	$ 66,897.32	$23,581.60	$34,841.25
Income-1992 through November 30	169,160.61	11,794.35	26,124.97
Expenses-1992 through November 30	245,802.69	32,260.08	59,249.16
Balance	($9,744.76)	$3,115.87	$1,707.06
December operating expenses	($16,355.59)	-0-	-0-
Total Year End 1992 Balance	($26,100.35)	$3,225.87	$1,707.06

The year end balances illustrate the amount that District II is into their 1993 assessments ($26,100.35). Of these excess expenditures, pump repairs were the sole cause. Equipment Reserve also has an excavator payment of $7,405.19 which must come out of the equipment reserve account. What follows is a breakdown of the total from each of the above categories which was rebudgeted for pump repairs.

Total Pump Repairs for Fiscal 1992

Operation and Maintenance	$30,071.96
Equipment Reserve	$24,485.44
System Rehabilitation	$24,250.86
Total	$78,808.26

EXHIBIT 38
DATE 2-4-93
HB

Project No.: RRD-4

APPLICANT NAME: Town of Neihart

PROJECT/ACTIVITY NAME: Water System Improvements

AMOUNT REQUESTED: $ 100,000 - Grant
$ 200,000 - Loan

OTHER FUNDING SOURCES AND AMOUNTS: $ 213,500 - FmHA Grant
$ 237,000 - EPA Grant
$ 5,800 - Neihart

TOTAL PROJECT COST: $ 756,300

PROJECT DESCRIPTION:

The Town of Neihart requests grant and loan funds to rehabilitate its water system by installing a new treatment facility and distribution system. The town has been under a court order since 1988 to improve the quality of the water that is delivered to the users of Neihart. The primary source of water is O'Brien Creek. This surface water supply is chlorinated but not filtered. As a result of insufficient treatment, water quality standards have been frequently violated. Since 1983, boil orders have been issued by the State of Montana. A secondary source of water is Black Chief Springs. Water from this source is of limited quantity, insufficient to meet the demand. This supply is not treated, nor is it planned to be used as part of the water system improvements.

The town has employed a consulting engineer to analyze the existing system and prepare recommendations for improvements. The engineer has recommended that O'Brien Creek continue to be used as the source of water supply and the water be filtered and disinfected. In addition, it is proposed that the entire water distribution system be replaced.

The existing system consists of cast iron pipes buried at shallow depths. Because of these shallow depths, water is allowed to run continuously during the winter months to prevent freezing of the lines. Replacement of the entire distribution system with ductile iron mains and copper service lines buried with seven feet of cover is proposed.

Total cost of the project is estimated at $756,300. The town is seeking both a grant and loan from DNRC to assist in funding this project.

TECHNICAL ASSESSMENT:

Neihart has employed a consulting engineer to assist in developing a solution to its water system problems. An engineering report has been written which documents the conditions and problems associated with the existing system, analyzes alternatives for solving the water system problems, recommends alternatives, and presents cost estimates.

The water system was constructed in 1892 and not only supplied water to the Town of Neihart, but also provided electrical power through a 118 hp turbine generator. While the generator was in operation, the water ran continuously to provide power to the town. With the continually moving water, the lines did not freeze even at their shallow burial depths. The generator is no longer used.

Water from O'Brien Creek has been and continues to be the primary source of water. It is disinfected but not filtered, and has violated state turbidity and bacterial standards. Black Chief Springs is a secondary source that is untreated.

The engineering report presents a technical evaluation of alternate sources of water supply to include O'Brien Creek, Black Chief Springs, and groundwater. The advantages and disadvantages of each source have been analyzed and the selected water source is O'Brien Creek. The report recommends seasonal rough filtration, slow sand filtration, and disinfection of this supply. A pilot plant study is currently being conducted to assess the suitability of slow sand filtration as a means of treatment for this supply. The study will continue through 1990, but results to date indicate that the slow sand filtration preceded by rough filtering will adequately treat the water.

Because of shallow burial depths and leaking lead joints, the report also recommends complete replacement of the transmission and distribution system. The existing cast iron pipes will be replaced with ductile iron pipe.

The Water Quality Bureau is in support of this project and states that the present water system "is a definite public health threat." The Bureau feels that Neihart should proceed with the project assuming there would be no contribution from EPA since there has been no EPA written commitment. Additional study data must be presented before the Water Quality Bureau can approve slow sand filtration as the form of treatment.

FINANCIAL ASSESSMENT:

The total cost of the project is $756,300. The applicant is requesting a $100,000 grant and a $200,000 loan from DNRC. In addition, grant funds will be secured from the FmHA ($213,500), and the EPA ($237,000). The town will provide $5,800 of its own money. DNRC funding would be used to pay $7,500 in bond council fees; $99,300 in professional salaries and related travel; $171,170 in construction cost; and $22,030 for bond administration.

EXHIBIT 38
DATE 2-4-93
HB

Neihart has attempted to secure Community Development Block Grant money in the past, and while the project ranks very high in terms of need and technical approach, the town was declared ineligible for funds under this program because the seasonal cabin owners had to be included in the personal income analysis. Because of this, the income level exceeded the allowable level. Long-term funding from FmHA looks good, and EPA has made a tentative offer, through its Small Systems Committee, to provide the treatment equipment free of charge. The small rate base (104 homes, 80 active accounts) severely reduces debt service load capacity by the system users. The current monthly water user rate of $20 will be increased to $86; thus, the $200,000 DNRC loan will effectively deplete the town's ability to satisfy debt. It is therefore essential that grant monies become available in order for this project to be completed.

ENVIRONMENTAL NOTE:

This project should have no long-term impacts on the environment. The only adverse impacts are those minor and short-term impacts typically associated with construction projects such as increased noise, dust, and stream bed disturbance. Benefits will be increased water quality to the system users, elimination of leaks, and providing a reliable year round-water supply.

RECOMMENDATION:

The DNRC recommends a grant of $50,000 and loan of $150,000 for the Town of Neihart. Funding will be dependent on the applicant securing other funding.

Town of Neihart

Neihart, Montana 59465

EXHIBIT 39
DATE 2-4-93
HB

TO: HON. ERNEST BERSAGEL, CHMN.
JOINT LONG RANGE PLANNING SUBCOMMITTEE
53RD LEGISLATURE, HELENA

FROM: A.J. BUSKIRK, MAYOR, and the
TOWN OF NEIHART

RE: AMENDMENT REQUEST, H.B. 6
52ND LEGISLATURE (1991 R.R.D. BILL)

and

AMENDMENT REQUEST, H.B. 6
53RD LEGISLATURE (1993 R.R.D. BILL)

DATE: 04 FEBRUARY 1993

BACKGROUND:

In 1991, the Legislature appropriated **$50,000** in DNRC Grant and **$150,000** in DNRC Loan funds for project **RRD 4**, Neihart Water System Improvements. As described by previous documentation. Neihart has a 100 year old **unfiltered surface water supply** and distribution system. Neihart has been under MDHES/WQB Boil Orders off and on since 1980, and has been in District Court twice (1988 and 1989) due to public health concerns over drinking water quality. The DNRC appropriation was part of an overall $756,000 project to reconstruct the entire water system.

Contingent to the 1991 appropriation was the requirement that DNRC funds be released only after other elements of the total project funding were in place.

In 1991, DNRC and the Town of Neihart were hopeful of obtaining grant funds from FmHA (Farmers Home Administration) and a special EPA (Environmental Protection Agency) fund. While DNRC staff rated the project very high because of the perceived "leveraging power" of DNRC funds, the project would have been funded even if rated lower, due to the Legislature's ability to fund all 1991 projects anyway.

EXHIBIT 39
DATE 2-4-93
HB

Since 1990, Neihart's pursuit of matching funds has been disappointing. A brief and sordid history is as follows:

- A 1989 **CDBG** Grant application was denied. Although 77% of Neihart's 29 permanent households are judged as low income, HUD ruled that the incomes of part-time (weekend) cabin users should also be factored in to grant eligibility considerations. The high percentage of higher income part-time users doomed CDBG possibilities.

- The **EPA** Small Systems Technology Committee informed Neihart that they would receive a free treatment plant as a "demonstration" project. The Washington D.C. program manager mysteriously and inexplicably became unable to fulfill the promise. No rational explanation has ever been offered, other than national suppliers of demonstration equipment were either directed elsewhere to "demonstrate capabilities", or the suppliers did not like transportation and setup costs associated with the Neihart site.

- Neihart submitted an application for **FmHA** assistance in November of 1992. As of February 3, 1993, FmHA has been unable to make a specific funding commitment for Neihart. DNRC funds will leverage FmHA funds.

- Neihart submitted an application for **Treasure State Endowment** Grant assistance in December 1992. MDOC staff is preparing recommendations for TSEP funding at this time. DNRC funds will leverage TSEP funds.

PROBLEM DESCRIPTION:

Complete funding of a comprehensive water distribution system replacement and water treatment system installation is dependant on the mercy of granting agencies. So far, grant funds have been hard to come by.

High loan amounts and resultant high debt service/user fees will not work in Neihart. 55 of the 84 active water accounts are weekend users. Debt service alone on a $756,000 loan (20 year period, 7% interest) is $68.00 per month. With operations and maintenance costs, water bills would be at least **$85.00 per user** per month. Weekend users would very likely terminate water service and haul drinking water from home at these rates. The user base would be destroyed, and Neihart would be in more trouble than we are already.

EXHIBIT 34
DATE 2-4-93
HB

PROPOSAL AND REQUEST:

Neihart now comes to the Joint Long Range Planning Committee with two proposals. We wish these proposals to be considered and acted on separately,

Our first request is to **amend H.B. #6**, whereby the **1991** appropriation was authorized. We respectfully request that DNRC be granted the **flexibility** to release grant funds for a project of less comprehensive scope. It is possible that we literally can not afford to accomplish replacement of the entire water distribution system and construction of a new treatment system all at the same time. Phased improvements may be required subject to availability of grant funds.

We therefore request a motion to amend the 1991 H.B. #6 appropriation to authorize DNRC to be flexible in release of funds, and to allow release of appropriated funds for a less comprehensive construction project. The scope of that project will be as negotiated and authorized by DNRC staff, and subject to the outcome of other funding applications.

Our second request is that H.B. #6 of the 1993 Legislature be amended to authorize award of an additional $50,000 in DNRC grant funds from this year's appropriation.

As documented elsewhere, we summarize that:

* No other community in Montana has such an unusual and difficult circumstance with regards to effective supply of safe drinking water. To our knowledge, no other community has been in as much trouble with MDHES, either. MDHES and Neihart both strongly desire to put 13 years of boil orders and court orders behind us.

* Federal matching grant possibilities are limited. Unusual makeup of the user base stymies the release of these funds. We have left no stone unturned in our search for alternative financing.

* Neihart has significant **economic development potential.** Showdown Ski Area and other recreational opportunities in outfitting, cross country skiing, snowmobiling, hunting, fishing, and backpacking, coupled with the marketing efforts of the Russell Country Tourism Board and the growth of the tourism/recreation industry in our State, all place Neihart in a unique situation. We are under-developed as a community, and can grow to provide **tax-base and jobs** for the State of Montana. We foresee a community with modest lodging, restaurants, entertainment facilities, and numerous new residences in the years to come. Funding of a new water system will reap benefits for the State of Montana and its tax payers.

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

Long Range Planning COMMITTEE BILL NO. HB6

DATE 2/4/93 SPONSOR(S) Rep. Barkenauve

PLEASE PRINT **PLEASE PRINT** **PLEASE PRINT**

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Bev Baenger	HB 6- Hot Springs	X	
Patty DRISCOLL	H-B-6- Helena	X	
Kathie Boner	H-B-6- Helena	X	
Fred Boner		X	
Danya Boner	H-B-6-Helena	X	
PAT DeLong	H-B-6- "	X	
Terb Ballemtx	H-B-6- "	X	
JOHN REYNOLDS	H-B-6 HOT SPRINGS	X	
Scott A Geda	HB-6 Hot Springs	X	
Ray Flesch	H-B-6 Hot Springs	X	
Bill Mennegen	HB-6- Hot Spgs	X	
Thelma Mennegen	HB-6 Hot Spgs	X	
STELLA Herbaly	FRDO Flathead county	X	
Alissa Herbaly	self	X	

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HOUSE OF REPRESENTATIVES
VISITOR REGISTER

Long Range Planning COMMITTEE BILL NO. HB 6

DATE 2/4/93 SPONSOR(S) Rep. Bardanouve

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Trudy Farrier	HB-6 Hot Springs Cam	XXX	
Merle Farrier	HB-6 Hot Springs Cam	XXX	
Alan Mikkelsen Box 639 St. Ignatius MT 59865		X	
SANDRA PRONGUA, HOT SPRINGS, MT	HB-6 HOT SPRINGS CAM	XXX	
Terry Prongua Hot Springs Mt	Hot Springs Cam	XXX	
Lisa Brown Hot Springs MT	HB-6 Hot Springs Cam	XXX	
Alice Wallstrom Hot Springs MT	H-B-6 Hot Springs Cam	XXX	
Ruby Stobie Hot Springs	HB-6 - Hot Springs Comm	XXX	
Pam Reynolds, Hot Springs	HB6 Cam	XXX	
Robin Miller	HB6 CAM	XXX	
Gwen Nelson	HB6 Cam	XXX	
HATTIE STEFFAN	HB6 Hot SPRINGS CAM	XXX	
Mansuetes Steffan	H-B6 Hot Springs Cam	XXX	
Barry Stang	HD 26 Hot SPRINGS CAM	XXX	

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Long Range Planning SUBCOMMITTEE DATE 2/4/93

DEPARTMENT(S) DNRC DIVISION Resource Development Bureau

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NAME	REPRESENTING	
Mark Marty	DNRC	
DAVE BROWN	State Rep-Butte-HD 72	for MT. Tech Approps
SUE YUAN	ITRR U OF M	
Steve Powell	Ravalli Co Commissioners	Groundwater Act
M.K. Corbett	DNRC - KRO	
Pat Flowers	DSL	
~~[redacted]~~	~~[redacted]~~	
JACK LIST	CHINOOK DIV IRR	
Rhonda Swaney	Conf. Salish & Kootenai Tr	
MURIEL CALVERT	Town of Hot Springs MT	
GALEN CALVERT	"	
Claudia Smale	Town of Hot Springs MT	
Eleanor Galfries	Town of Hot Springs MT	
Susan Bolin	Town of Hot Springs, MT.	
Bill Perkins	"	
Lawrence Gotcfried	Town of Hot Springs MT	
Jay Buck	Hot Springs, MT.	DNRC
Anna Redmond	Box 625 Hot Springs MT	"

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HOUSE OF REPRESENTATIVES
VISITOR REGISTER

Long Range Planning SUBCOMMITTEE DATE 2/4/93

DEPARTMENT(S) DNRC DIVISION Resource Development Bureau

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NAME	REPRESENTING	
Carolyn Woode	Hot Springs, Mt.	
Liz Lee	SCEDC + NWR&C+D	Hot Springs
Shirley Kantar	Hot Springs, Mt.	
Olive R. Brown	Hot Springs MT.	
Janis Morigeau	Hot Springs Mt	
Manuel Marrinan	Hot Springs, Mt.	
Dorothy McLaughlin	Hot Springs, Mt.	
Don E. Woods	Hot Springs, Mt.	
Hugh Butler	Hot Springs Mont.	
Virginia Butler	Hot Springs, MT	
MANSVETUS R. STEFFAN	HOT SPRINGS MT	
Bea Hannon	" " "	
Gloria Blanchard	" " "	
Pam Reynolds	Hot Springs, MT	
Robin Miller	Hot Springs Mt	
Marvel Tempest	Hot Springs, Mt	
Irene Nelson	Hot Spring Mt	
Kay Price	Hot Springs Mt.	

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HOUSE OF REPRESENTATIVES
VISITOR REGISTER

Long Range Planning SUBCOMMITTEE DATE 2/4/93

DEPARTMENT(S) DNRC DIVISION Resource Development Bureau

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NAME	REPRESENTING	
Charles L. Price	Hot Springs, Mt.	
Karla Bonar	Hot Springs	
Alice Dellstrom	Hot Springs	
Dave Schuurz	Buffalo Rapids	
Walter Jenny	Buffalo Rapids	
Raymond Strasheim	Buffalo Rapids	
Gerald Haffer	Buffalo Rapids Irr.	
Francis Wright	Town of Nerhart	
A J. Buskirk	Town of Neihart	
Jim Carlson	#B6 - Missoula City Co Health Dept	
Alan English	Missoula City-Co. Health Dept.	
Penny Bertelsen	Sun River Valley Schools	
Gary Parker	Sun River Valley Schools	
Max Maddox	Ft. Belknap - Alfalfa & Zurich Irrigation Districts.	

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