MINUTES

MONTANA HOUSE OF REPRESENTATIVES
54th LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON LONG-RANGE PLANNING

Call to Order: By **CHAIRMAN ERNEST BERGSAGEL**, on January 20, 1995, at 8:00 A.M.

ROLL CALL

Members Present:
Rep. Ernest Bergsagel, Chairman (R)
Sen. Ethel M. Harding, Vice Chairman (R)
Sen. B.F. "Chris" Christiaens (D)
Rep. Matt McCann (D)
Rep. Tom Zook (R)

Members Excused: None

Members Absent: None

Staff Present: Nan LeFebvre, Office of the Legislative Fiscal Analyst
Jane Hamman, Office of Budget & Program Planning
Tracy Bartosik, Committee Secretary

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

Committee Business Summary:
Hearing: Resource Indemnity Trust Grants - HB 6 and HB 8
Executive Action: None

Note: Descriptions of the following projects can be found in the "Project Evaluations and Recommendations For 1996-1997 Biennium - Appendix" booklet. (Exhibit 5, 1-16-95)

HEARING ON HB 6 AND 8

MISSOULA COUNTY
Riparian Areas Water Project, page 25

Colleen Dawdall, Missoula County Attorney, gave an overview of the project and presented slides to the committee. She said the development of riparian lands poses a threat to water resources, wildlife habitat, and recreation. She said one of the goals of the project is to reduce the impacts of development by assisting non-commercial private property owners in placing conservation

easements on their riparian lands. **Ms. Dawdall** stated 88.8% of Missoula County has no regulation regarding growth and planning.

Patrick O'Herren, Planning Director, Missoula County, said the creation of a data base in cooperation with other state, federal, and local agencies, would hope to identify riparian resources, locate them and assist in finding out which ones are most endangered. He said they have a commitment of approximately $300,000 from The Montana Land Reliance and Five Valleys Land Trust that would match this $100,000 grant request. He said this program work would be conducted on a voluntary basis.

DEPARTMENT OF FISH, WILDLIFE AND PARKS
Aquatic Resources/Blackfoot Basin, page 60

Dennis Workman, Department of Fish, Wildlife, and Parks, gave an overview of the project. He said the resources of the Blackfoot River Basin have been affected by natural resource development, agriculture, mining, and logging. Previous findings have indicated that elevated metals concentrations in bed sediments from historic mining in the headwaters extends farther downstream than initially thought. He said they wish to develop plans for long-term monitoring and assessment of water quality and aquatic habitat in the basin.

CHAIRMAN BERGSAGEL asked where they will receive the money for the project after this two-year time-frame. **Mr. Workman** said part of the design for the monitoring network will involve soliciting funds from agencies and other interested parties.

GRANITE COUNTY CONSERVATION DISTRICT
Upper Clark Fork River Basin Plan, page 81

Proponents' Testimony:

Gerald Mueller, Granite Conservation District and Upper Clark Fork River Basin Steering Commission, Missoula, submitted written testimony and other information about this project to the committee. **EXHIBIT 1**

He asked that the committee notice that since their application was filed, the project budget has been modified, reducing it by 25% to $64,740 for the biennium. A detailed budget is included in the exhibit he provided.

Jo Brunner, Upper Clark Fork River Basin Steering Commission, voiced her support of the project.

In response to a question from **REP. MATT McCANN, Ms. Brunner** said they had received grants primarily form the Ford Foundation. **CHAIRMAN BERGSAGEL** asked if the foundation is going to continue their support. **Mr. Mueller** said the success of this project has hurt chances of continuing to get foundation funding because foundations like to fund new things, and stimulate new activity.

he said they realize they can't keep returning to the legislature for funding, but what they need now is a "funding bridge".

Mike Murphy, Executive Director, Montana Water Resources Association, stated the foundation wishes to voice its support of this project.

Holly Franz, Representative of the Montana Power Company, voiced her support for the project and urged the committee to support it.

SEN. VIVIAN BROOKS said being on the Commission has given her a lot of hope that many issues can be resolved at the table at a local level, and she asked that the committee approve funding for this project.

Stan Bradshaw wished to go on record in support of this project.

Geoffrey Smith, Clark Fork Coalition, Bonner, said he hopes the committee will see this grant as an investment in the cooperative management of Montana's water resources rather than an expenditure. **EXHIBIT 2**

Eugene Manley, Upper Clark Fork Steering Committee, Missoula, submitted written testimony in support of this grant request. **EXHIBIT 3**

Opponents' Testimony:

Ron Kelly, Agriculture in Montana, said he did not feel the Commission has fair and equal representation from all water users, and he doesn't feel decision making is being done on a local level. He said it is not the local people on the Clark Fork River who are a part of this. He also said there were many people who asked to be on the commission who were denied participation, several of whom represented agriculture. **Mr. Kelly** said there are 21 members on the committee. He stated there are several people who are suppose to represent agriculture, and he doesn't feel that all of them do. **Mr. Kelly** didn't feel the Commission has solved any of the problems in the basin and didn't think the project should continue to be funded. **Mr. Kelly** urged the committee to discuss this matter further with **SEN. TOM BECK** and **REP. LIZ SMITH.**

CHAIRMAN BERGSAGEL asked if **Mr. Kelly** objects to the conclusions that have been theoretically agreed to. **Mr. Kelly** replied yes, there are several points in the final plan he disagreed with. He feels it should have been clearly pointed out in the plan that there were people who disagreed.

Jane Hamman, Office of Budget and Program Planning, asked if there is an active Deer Lodge watershed subcommittee of this group. **Mr. Kelly** said not from Deer Lodge, but the community

concerned with watershed that would represent Deer Lodge is from Anaconda, and in his opinion, was not fully represented.

CHAIRMAN BERGSAGEL said he had already had a brief conversation with **SEN. BECK,** and **SEN. BECK** asked that he have an opportunity to visit with **CHAIRMAN BERGSAGEL** regarding this matter. **CHAIRMAN BERGSAGEL** also said he was not aware there was any difficulty on this issue. He assured **Mr. Kelly** he would talk further with **SEN. BECK** and **REP. SMITH** regarding these concerns.

{Tape: 2; Side: A}

CHAIRMAN BERGSAGEL encouraged the other members of the committee to gather further information and views on this project on their own.

CITY OF THOMPSON FALLS
Water Engineering Study, page 28

Tom Eggensperger, Member, Thompson Falls City Council, gave an overview of the project. He said the city is requesting a $51,820 grant for an engineering study to improve the water system. The two major problems are leaking and contamination. They eventually hope to find a site to drill another well. He said with the study they hope to explore the options of drilling a new well, or find a feasible way to filter or treat their current water. There is an alternative source, however, it would be very costly.

CHAIRMAN BERGSAGEL asked what the water rates are currently. **Mr. Eggensperger** said $19.25 for 8,000 gallons, and $1.10 for every gallon after that.

Larry Wadsworth, City of Thompson Falls, said there is a cast iron line with lead joints int, which poses a concern about lead poisoning. There are also asbestos lines, which they are concerned about. He said he is not sure about all of the contamination problems. He added that the City is losing about six gallons of water for every gallon metered.

Mark Reller, Representing parents in Thompson Falls, spoke in support of this grant request. He also submitted a letter written by **Peggy Reller, Thompson Falls. EXHIBIT 4**

Kathlyn Denke, City of Thompson Falls, asked that the committee support this request.

REP. JIM ELLIOTT urged the committee to support this project and consider this request for funding. He said it is an extremely needed project.

SEN. CHRISTIAENS suggested talking to the railroad about funding for the project. **Ms. Denke** thanked him for the suggestion and said they would consider that as a possibility.

CITY OF KALISPELL
North Side Water Well Project, page 65

John Wilson, Assistant City Engineer, briefly explained this project to the committee. He said they are requesting $50,000 in grant funds for the construction of a new well in the Upper Service Zones of Kalispell. He said the city will finance the majority of this project with the sale of water revenue bonds.

CHAIRMAN BERGSAGEL asked what the residents pay currently for water. **Mr. Wilson** said approximately $12 per household.

LIBBY AREA CONSERVANCY DISTRICT
Libby - Granite - Cherry Creek Plan, page 55

Russell Hudson, Secretary, Libby Conservancy District, showed photographs of the area to the committee and gave an overview of the project. He said in order to accomplish the goals of the Conservancy District, the reasons for the worsening flood conditions must be investigated. The project proposes to investigate the causes of the worsening conditions and then develop a long-range plan through the use of a consultant to mitigate those problems.

{Tape: 2; Side: B}

Mr. Hudson said the climate contributes to overflow in the watershed and that is basically the cause of the floods. He said that the area has always flooded, but there was very little damage done before man settled there.

John McBride, Vice Chairman, Libby Conservancy District, showed the committee a map explaining the 100 year flood plain, which almost completely coincides with the 500 year flood plain. He said there are approximately 300 to 325 residents in that area.

CHAIRMAN BERGSAGEL asked if the condition has been worsening since 1980. **Mr. McBride** said the worst flood was 1974, but 1980 was also bad. He said bedload is very significant. When the streams are flooding they are very powerful and move tremendous amounts of material.

SEN. BILL CRISMORE said he is a resident of the Libby area, and feels there is a real need for this study.

REP. SCOTT ORR stated his house is on the other side of Libby Creek, and he is also in strong support of this study.

Larry Dolezal, Lincoln County Commissioner, voiced his support for this study.

REP. MCCANN asked if there are people currently building within the flood plain. **Mr. Dolezal** said yes, there are. He said there are laws regarding that, but in a discussion he had with a county

planner, it was said the only ways to have control over those projects are, first, if a septic tank needs to be installed, the contractor will not proceed unless that individual has the proper permits. Secondly, if the builder asks for financing, no financial institution will approve a loan without the proper permits. The third way to find out if someone is building within the flood plain is through a complaint.

In response to a question from **SEN. CHRISTIAENS, Mr. Dolezal** said rip rap was placed in an effort to save some of the houses. All of those homes are listed outside of the 500-year flood plain, however, the flood plain has moved. He said many contour maps are incorrect and not detailed enough. **Mr. McBride** pointed out that there is a big difference between a legal flood plain and what has and can be flooded.

{Tape: 3; Side: A}

MADISON CONSERVATION DISTRICT
Willow Creek Water Management Study, page 75

Larry Brooke, Madison Conservation District, Willow Creek Project, submitted a handout of information and provided an overview of this project. **EXHIBIT 5** The project proposes to develop a computerized management plan for the water resources of the Willow Creek Basin. He said there are approximately 20 more irrigators in the area than there is water available. This has put tremendous pressure on the Harrison Reservoir. One idea is to monitor the snow reservoir with a SNOWTEL station, above the dam. This will allow them to plan ahead in relation to how much water the reservoir will give them. He said Indiana University has a geological field station in that area.

Lee Suttner, Indiana University, said the site has been there for about 50 years. He stated that the University is looking for sites where they can conduct exercises in the area of hydrogeology in the field, specifically a small watershed they can set up as a model. He felt they can supplement what the Madison Conservation District is trying to do by providing additional instrumentation and expertise. **Mr. Suttner** said what they will be able to learn and develop will benefit both entities and will be applicable to the entire state. Indiana University is looking at this as a long-term investment of a minimum of 10 to 15 years.

Mr. Suttner stated they are ready to invest this coming year a minimum of $15,000 in additional monitoring equipment, and another $1,000 for operations and maintenance costs of that equipment. Their intent is that another $.5 million could be invested over the next 10 or 15 years. He said Indiana University is extremely excited about this opportunity.

REP. CARL OHS voiced his support of this project.

SEN. CHRISTIAENS asked for the cost-per-acre for irrigation. **Mr. Brooke** said the water is relatively inexpensive. A lake contract is approximately $50. He said what is expensive is the water that is lost. **John Tubbs, Department of Natural Resources and Conservation, (DNRC),** explained that the water users in this case primarily have direct diversion.

{Tape: 3; Side: B}

In response to a question from **REP. McCANN, Mr. Brooke** indicated there are approximately 42 irrigators in the district and approximately 15,000 irrigated acres.

REP. McCANN asked if it was unreasonable for the 42 water users to fund this project. **Mr. Brooke** replied if they all could see what it would do for them they might try, but there is more need than there are funds.

CHAIRMAN BERGSAGEL said this project is below the funding line, and the committee is trying to determine how important this funding is to the project. **Mr. Brooke** said the project wouldn't "fly" without this funding.

CHAIRMAN BERGSAGEL said another problem they see is that there is no budget for operations and maintenance (O&M) costs of the projects.

Mark Petroni, U.S. Forest Service, said the Forest Service supports the project, and with the involvement from Indiana University, the applicability of the project across the state has been increased.

Mr. Suttner said Indiana University will assist in paying O&M costs. **CHAIRMAN BERGSAGEL** asked if all of the participants in the project had put together a budget for O&M costs. **Mr. Suttner** said not at this time. **CHAIRMAN BERGSAGEL** asked how long it would take for that to happen. **Mr. Suttner** replied he assumes a revised budget could be put together in a time frame **CHAIRMAN BERGSAGEL** would find acceptable.

Jeanne Doney, DNRC, suggested putting a contingency in executive action that the applicant must have an O&M budget before DNRC can enter into a contractual agreement.

Peter Jackson, Chairman, Madison County Conservation District, presented a letter of support from Montana State University. **EXHIBIT 6**

Florence Ore, Resident, Pony, voiced her support of the project.

Ward Jackson, Madison County Commissioner, urged the committee to support this project.

Bob Leinard, Natural Resources and Conservation Service, said this project fits well with the direction the service is heading, through a planning-by-watershed basis. He asked that the committee consider this grant request.

CHAIRMAN BERGSAGEL asked who owns the Willow Creek Dam. **John Tubbs, DNRC,** said the state owns it and is responsible for some of the O&M costs, and some of the liability. He said he will get that additional information.

CHAIRMAN BERGSAGEL said if the committee does approve this project there will be some conditions placed on it, such as an O&M budget and documentation.

JACKSON WATER AND SEWER DISTRICT
Geothermal Development Feasibility, page 83

Monte Peterson, Jackson Water and Sewer District, gave an overview of this project. This project proposes to study the geothermal heat potential of the spring to determine whether there is a source of renewable energy to generate electricity or provide hot water for a direct-use application.

{Tape: 4; Side: A}

Mr. Peterson said greenhouses would be one of the best uses of geothermal energy because their main cost is heat. He mentioned the possibilities of composting, and perhaps building a small geothermal research facility in Jackson. He said $100,000 is needed to complete the geothermal research study.

SEN. CHRISTIAENS asked if a Community Development Block Grant from the Department of Commerce had been looked at as funding for this project. **Mr. Peterson** said no, this was the first grant that has been applied for.

Ray Wadsworth, Director, Montana Rural Water Systems, provided a handout regarding the Private Projects Grants. **EXHIBIT 7**

Anna Miller, DNRC, provide the committee with a handout describing school bonds backed by the coal Severance Tax Loan Contingency Bond Fund. **EXHIBIT 8**

ADJOURNMENT

Adjournment: 11:30 a.m.

ERNEST BERGSAGEL, Chairman

for TRACY BARTOSIK, Secretary

EB/tb

LONG RANGE PLANNING

Joint Appropriations Subcommittee

ROLL CALL DATE 1-20-95

NAME	PRESENT	ABSENT	EXCUSED
Rep. Ernest Bergsagel, Chairman	X		
Rep. Matt McCann	X		
Rep. Tom Zook	X		
Sen. Ethel Harding, Vice Chairman	X		
Sen. Chris Christiaens	X		

EXHIBIT 1
DATE 1-20-95
SB

TESTIMONY OF GERALD MUELLER
BEFORE THE LONG-RANGE PLANNING COMMITTEE
January 20, 1995

Chairman Bergsagel, Vice Chair Harding, members of the Committee, my name is Gerald Mueller, and I live at 7165 Old Grant Creek Road in Missoula. I appear here this morning on behalf of the Granite Conservation District and the Upper Clark Fork River Basin Steering Committee to request funding for Project 31, The Upper Clark Fork River Basin Water Management Plan.

The Montana Department of Natural Resources and Conservation recommended this project be funded, but did not assign to it a high enough priority to receive funding. This ranking was due in large part to the Renewable Resources Grant and Loan Program application deadline. The application had to be submitted before completion of the *Upper Clark Fork River Basin Water Management Plan*, so several specifics could not be evaluated. The *Plan* is now complete and has been submitted to the Governor and each member of the Legislature. I will outline this morning specific activities that can be expected to occur over the next two years if the legislature accepts the recommendation of the *Plan*, and this project receives funding. I will also summarize a proposed 25% reduction in the amount of dollars requested for this project.

Project Purpose

The purpose of this project is to continue ***cooperative*** management of the water of the Upper Clark Fork River Basin at the ***local*** level. Cooperative, local watershed management is crucial because it is the only ***practical*** approach to managing water. Ultimate water use is determined by local water users, by irrigators with shovels, by anglers and floaters, by utility dam operators, by city water and sewer plant operators, by industrial plant operators, not by bureaucrats in Helena, Denver, or Washington D.C. No matter how well intended or skilled, government bureaucrats lack the time and information to adequately manage Montana's waters without the active participation and cooperation of local water users. And, unless local water users are able to work with each other and combine their knowledge of the local water conditions and uses, management too often breaks down into a series of expensive, time consuming administrative or courtroom conflicts.

Project Significance

This project is important because it is the first, successful planning and management effort originated and carried out at the basin level. All of the basin's major water interests worked cooperatively to develop a management plan that balances all beneficial water uses. Those interests included agriculture, recreation and environmental groups, utilities, industries, legislators, and city, county, state, and federal water regulators and managers. The Upper Clark Fork project is serving as a model for local, cooperative planning and management for other watersheds throughout the state.

Project Background

This project began because of an agreement voluntarily negotiated by basin water users in late 1990 and early 1991, not because of any direction by any government agency. This agreement was implemented by a 1991 statute, MCA 85-2-335 TO 338, requested by a coalition of the Upper Clark Fork River Basin water interests. Since its inception, this project has been funded almost

in its watershed;
- Assemble information and identify issues specific to each watershed; and
- Identify and recommend actions to resolve water issues in the watershed.

The *Plan* specifically recommends that the basin-wide and local watershed committees have no authority to compel any action by any water user or interest.

Two Year Action Plan

Assuming that the Legislature authorizes continuation of the basin-wide and local watershed committees and funding to support their activities is available, the following actions are anticipated during 1995-97:

- Continue communication among water interests about water issues;
- Continue education about water law and water management issues through the quarterly newsletter, public meetings & other means;
- Advise government agencies about water management and permitting activities;
- Continue investigations of feasible expansion of structural water storage from new sites and existing sites;
- Support investigations of non-structural storage in watersheds, e.g. the return-flow study in the Flint Creek Valley;
- Investigate new funding mechanisms for storage expansion;
- Reduce nutrient pollution of the Clark Fork by facilitating completion of the project to apply Deer Lodge treated waste water to the land rather than discharging to the river;
- Initiate voluntary, locally based non-point pollution control strategies;
- Implement the instream flow leasing pilot study; and
- Conduct drought planning at watershed level.

Revised Project Budget

Since the project application was filed, the project budget has been modified reducing it by 25% to $64,740 for the biennium. The detailed revised budget attached.

In closing, I respectively urge this committee to approve funding for The Upper Clark Fork River Basin Water Management Plan Project. Doing so will allow the water users of the Upper Clark Fork River Basin to implement and refine Montana's first locally developed basin water management plan. It will also allow this basin to continue to demonstrate the benefits to the entire state resulting from cooperative, local water planning and management.

Thank you for the opportunity to testify this morning.

Upper Clark Fork River Basin
Steering Committee

Name	Organization
Joe Aldegarie	City of Missoula
Audrey Aspholm	Former Deer Lodge County Commissioner
Senator Tom Beck	Senator from Deer Lodge
Stan Bradshaw	Montana Trout Unlimited
Rep. Vivian Brooke	Senator from Missoula
Jo Brunner	Irrigated Farmer
Jim Dinsmore	Granite Conservation District
Bruce Farling	Montana Trout Unlimited
Bob Fox	US EPA
Holly Franz	Montana Power Company
Lorraine Gullies	Rancher & Rock Creek Advisory Council Member
Gary Ingman	Montana DHES, Water Quality Division
Ronald C. Kelley	Deer Lodge Valley Water User
Land Lindbergh	Landowner Big Blackfoot River
Steve Fry	Washington Water Power Company
Eugene Manley	Flint Creek Valley
Curt Martin	DNRC Water Resources Division
Jim C. Quigley	Rancher & Irrigator - Little Blackfoot
Sandy Stash	ARCO
Ole Ueland	Silverbow Rancher & Irrigator
Dennis Workman	Montana DFWP
Gerald Mueller	Facilitator

UPPER CLARK FORK RIVER BASIN WATER MANAGEMENT PLAN RECOMMENDATION SUMMARY

A. BASIN CLOSURE

The legislature should close the upper Clark Fork River Basin to the issuance of most new surface and ground water use permits and reservations. The area closed should include the entire Clark Fork and Blackfoot River drainages above Milltown Dam. The closure is not intended to affect water uses that do not require a water permit. It should be conditioned so that it would not preempt new permits for the development of:

1) Storage for beneficial uses;
2) Stock water;
3) Ground water for domestic use;
4) Expansion of zero-consumptive hydropower generation at existing projects; and
5) Superfund remedies, except for dilution, required by the U.S. Environmental Protection Agency for Superfund sites designated as of January 1, 1994.

"Domestic use" means use of water common to family homes, including use for culinary purposes, washing, drinking water for humans and domestic pets, and irrigation of a lawn or garden of less than 1 acre, not to exceed a total of 3.5 acre-feet per year. The term includes municipal uses for expanded domestic use but does not include commercial or industrial use.

The exemption for Superfund remedies should expire after five years on January 1, 2000, so that applications for new water rights permits for this purpose would have to have been filed on or before December 31, 1999.

The closure and the exemptions will be reviewed by the on-going basin-wide committee every five years, and necessary changes will be recommended to the legislature. The closure can be modified or ended by action of the legislature after the review.

B. ON-GOING WATER PLANNING AND MANAGEMENT MECHANISM

The legislature should provide for an on-going basin water planning and management mechanism including a basin-wide committee and watershed committees. The mechanism should not be vested with legal authority to compel any action by any water user or water interest. Its purposes should, instead, include:

1) Providing a forum for all interests to communicate about water issues;
2) Providing education about water law and water management issues;
3) Identifying short-term and long-term water management issues and problems and alternatives for resolving them;
4) Facilitating resolution of water related disputes via consensus-based collaborative processes including mediation;
5) Providing coordination with other basin management and planning efforts, such as county drought committees and the Tri-State Section 525 Water Quality Implementation Council;
6) Advising the government agencies about water management and permitting activities;

F. WATER QUALITY

1. Toxic Metals and Stream Dewatering

Proposed new storage or other management activities that could change the flow regime in the Clark Fork River must incorporate careful consideration of impacts on water quality and, particularly, toxic metal concentrations.

2. Nutrient Pollution

The on-going basin-wide committee will:

a. Encourage and assist other basin communities that have not already done so to ban the sale of phosphate detergents;
b. Continue to encourage and assist the City of Deer Lodge, the National Park Service, and the Department of Health and Environmental Sciences (DHES) in implementing this land application project, and encourage other communities such as Butte, Galen, Warm Springs, Drummond, Philipsburg, and Missoula to evaluate alternatives to direct discharge of their municipal waste water; and
c. Encourage Department of Natural Resources and Conservation (DNRC) to resolve water rights questions surrounding land application.

3. Non-Point Pollution Strategy

The on-going basin-wide committee will continue to encourage upper Clark Fork Basin watershed committees to participate in the development of voluntary, local non-point pollution control strategies and will provide assistance when requested and able to do so.

G. FISHERY

The on-going basin-wide committee and watershed committees will continue to provide a communications link through which the Department of Fish, Wildlife, and Parks (DFWP) and willing landowners can discuss the opportunities for leasing water, for cooperative storage projects, for implementing the trial in-stream flow program outlined in this plan, or for otherwise arranging to relieve dewatered stream sections. The DFWP should continue to seek willing landowners to help solve dewatering problems to improve stream habitat on private land. It will also continue to utilize River Restoration Program funds (earmarked fishing license revenue) and fish kill mitigation money (ARCO settlement in 1989 fish kill) to fund habitat improvement projects on private land.

H. IN-STREAM FLOW PILOT STUDY

The legislature should authorize a ten year in-stream flow pilot study in the upper Clark Fork River Basin. The study will test allowing a public or private entity to lease an existing water right for instream flows from a willing lessor, or allowing an existing right holder to convert an existing right to an in-stream use, and then protect the lease or conversion against appropriation by junior users for the period of the study. To obtain and protect a lease for in-stream flows or to convert an existing right to an in-stream use in a specific stream reach, an entity would be required to proceed through the water rights change process and demonstrate that no other water right holder would be adversely affected by the lease or conversion. The pilot study will have a termination date.

THE
Clark Fork
Pend Oreille
COALITION

EXHIBIT 2
DATE 1-20-95
SB

TESTIMONY OF GEOFFREY SMITH
CLARK FORK COALITION - MONTANA TROUT UNLIMITED
BEFORE THE LONG-RANGE PLANNING COMMITTEE
January 20, 1995

Chairman Bergsagel, Vice Chair Harding, members of the Committee, my name is Geoffrey Smith, I live at 3041 Riverbend Road in Bonner, and I work for the Clark Fork-Pend Oreille Coalition, a citizens-based, water quality advocacy group dedicated to protecting and restoring water quality throughout the Clark Fork River basin. I am testifying today on behalf of the Clark Fork-Pend Oreille Coalition and Montana Trout Unlimited to request funding for project 31, the Upper Clark Fork River Basin Water Management Plan.

Funding for this project will allow the Upper Clark Fork Steering Committee to implement the cooperative water management plan described to you today. Implementing this plan is important to water users in the basin and across the state for many reasons.

Most notably, it will recognize the fact that cooperative solutions to water conflicts can be successful. This project is the first time that competing water users - ranchers, recreationists, industry, legislators, and regional water managers - have put their differences aside and hammered out a cooperative agreement that is acceptable to all of these interests. But the plan is only a plan right now. The Steering Committee needs your support to make it an on-the-ground reality .

But the Steering Committee's work doesn't stop there. In fact, this is where it begins. If this committee approves the requested funding, the Steering Committee will continue to provide a forum for communication about water issues; to educate water users about water law and water issues; and most importantly, to facilitate the resolution of water related disputes. All of this will be done at the local level with direct communication and cooperation among competing water users, not with mandates handed down from DNRC. The water use conflicts that grip our

P.O. Box 7593
Missoula, MT 59807
406/542-0539

P.O. Box 4718
Butte, MT 59702
406/723-4061

P.O. Box 1096
Sandpoint, ID 83864
208/263-0347

state every summer occur on the ground between individual water users. This is also where these conflicts should be resolved.

The Clark Fork Coalition and Montana Trout Unlimited have participated in this process since its inception. The plan that the Steering Committee has developed over the past three years is serving as a model for local, cooperative water management and planning. We encourage this committee to approve funding for the Upper Clark Fork River Basin Management Plan. By doing so, you will be providing water users in the basin the opportunity to implement and refine the first locally developed water management plan in the state. It will also allow the legislature and the Steering Committee to demonstrate the benefits of cooperative water management and planning across the state and throughout the west. The $64,000 dollars requested should not be viewed as an expenditure, it should be viewed as an investment in practical, cooperative management of our state's critical water resources.

EXHIBIT 3
DATE 1-20-95
SB

WATER RIGHTS ENFORCEMENT

Some years in the future, when our final decrees are issued, determinations will have to be made as to how those decrees will be enforced so that all water right holders in the Upper Clark Fork River Basin will receive the flow rates in the priority they are entitled to. In the past we have only been concerned with our own decree within a sub-basin on a particular stream or one of its reaches.

We must now realize that there exists on the Clark Fork River large water rights owned by Washington Water Power and Montana Power. Washington Water Power has rights at Noxon Rapids totaling 55,400 cubic feet per second, and these rights are filled on an average of only sixteen to nineteen days a year, generally in late May and early June during periods of high water.

While Washington Water Power's rights are large they are generally junior to most other rights in the Clark Fork Basin. Even though the rights are junior they are entitled to get those amounts of water which they are decreed when those waters are being used by someone else. Yet, when it comes to the enforcement of those rights, wherever they exist, might not that cost of enforcement outweigh the benefit derived, if the sole benefit is partial fulfillment of that right?

Within the area of the Upper Clark Fork River, Montana Power holds water rights at the Milltown dam generating facility of 2000 cubic feet per second with a priority date of 1904. This right can effect many of the rights on lands put under irrigation since that date. In some years there are days, even in June, when flow rates at Milltown fall below 2000 cfs. In July of 1988 average mean flow rate was 1197 cfs, in August it fell to 627 cfs. So in July Montana Power received 59.85% of its right, and in August 31.55%.

While Washington Water Powers rights are being adjudicated in basin 76N at Thompson Falls, and Montana Powers rights at Milltown in three basins: two Clark Fork River sub-basins (76G and 76M) and the Blackfoot (76F), Flint Creek and Rock Creek are also sources to supply for the above rights.

In the future, when our final decrees are issued, and we know what our rights are and their relationship to each other, and we reach a point where power generating rights fall below their adjudicated flow rates, what enforcement mechanism will be put in place?

To insure fairness to all water users in every basin and sub-basin in the Clark Fork River won't we have to create some system of enforcing all rights too what they are decreed in order to make sure each basin is contributing the amounts of waters to

which the power companies are entitled?

Do we create a huge, expensive bureaucracy, and will all water right holders including; Murphy rights, power generation, instream flow rights if they exist, irrigation, and water quality demands share those costs on a prorated basis?

Will we start now, in some such organization such as the Upper Clark Fork River Steering Committee, to develop some innovative planning so as to avoid huge costs and major inconveniences in enforcing and administrating rights in the basin?

Will we be able to expand the Upper Clark Fork Management Plan to the point where; it will protect the integrity of the sub-basins as they presently exist in the Clark Fork?

Can we develop a plan so well conceived that we won't have to succumb to the dictates of the Federal Energy Regulatory Commission (FERC) after our final decrees are issued? My concern here is, that after our final decrees are issued, FERC may compel our two basin hydropower companies to enforce their rights even though they, and other users, may realize such enforcement is not in the best interest of overall management within the basin.

Eugene Manley- Member Upper Clark Fork Steering Committee

EXHIBIT 4
DATE 1-20-95
SB

Thompson Falls City Council
Thompson Falls, Montana
59873

April 4, 1994

Dear Council Members:

This letter is **a request for information** and **a call for action**. We are quickly approaching the time of year when the demand for water increases. For me and my neighbors, this is a time when water quality decreases. As you are aware, use of the city well results in water quality degradation for many families in Thompson Falls.

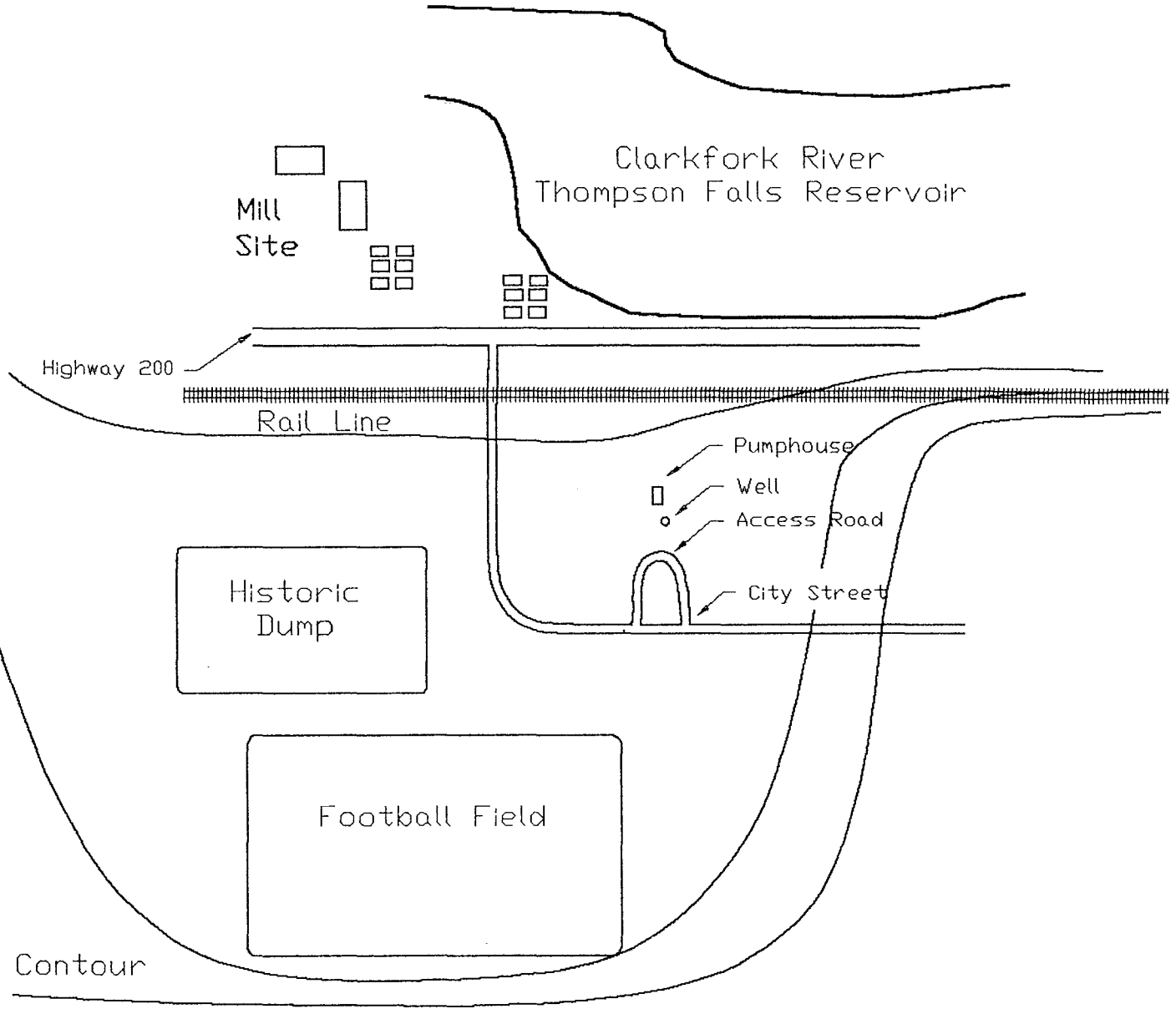
I am concerned for the health of the users of this water. I request that you provide me with the water quality testing information for the city well. Please provide all historic data that has been collected and send me all new information as it is acquired. Please send me a complete list of all the standard water quality tests that are required of you by state and federal law. Please include well log information, size of casing, depth of well, depth to water, pumping rate, and estimated cone of depression under typical use and under maximum use rates.

I have attached a general area map of the location of the city well. As you are no doubt aware the city well is in close proximity to an area historically used as the city dump. Please provide me with any and all information that the city has on record regarding the use of this dump. Please provide data on the period of use, dimensions (including) depth of the pit, burning history, and estimated tons of trash disposed over time in the pit.

As you are also likely no doubt aware, the area now covered by the football field was used for years as a junk vehicle disposal area. This area in combination with the disposal pit has no doubt been contaminated with hazardous materials. It is logical to assume that the junk car area was contaminated with all forms of hydrocarbon products found in autos. This would include motor oils, gasoline, diesel, transmission fluids, and other oil based lubricants. It is also highly probable that these materials were routinely disposed of in the garbage pit for years. In addition, pesticides, herbicides, solvents, paints, fertilizers, organics, and heavy metals were no doubt disposed of there also.

The soils in this area are likely glacial till in origin, composed of sand, gravel, cobble and boulders and are likely highly permeable. The area receives between 20 and 30 inches of rain per year and has sparse vegetation cover, except for the football field which has more vegetation, but it is irrigated and as a result has an additional 20 to 30 inches of water applied. It is logical to expect that significant water infiltration results over the entire area of concern and that water percolates through contaminated soils and buried hazardous wastes. Given the proximity to the well, the expected water table gradient, and the influence of the well on that gradient, **there is great cause for concern.**

Now I suppose the argument could be made that the well is merely tapping surface water from the Clarkfork River. However, given that a few hundred miles upstream in the head



General Area Map
Not to Scale

EXHIBIT 5
DATE 1-20-95
SB

Madison Conservation District

P.O. Box 606
Ennis, Montana 59729
(406)682-7289

MR. JOHN TUBBS, CHIEF
RESOURCE DEVELOPMENT BUREAU
DEPT. OF NATURAL RESOURCES AND CONSERVATION
P.O. BOX 202301
HELENA, MT 59620-2301

DEAR MR. TUBBS,

SINCE SUBMISSION OF OUR PROPOSAL FOR A RENEWABLE RESOURCE GRANT (RRG) WE HAVE LEARNED OF INDIANA UNIVERSITY'S STRONG INTEREST IN COLLABORATING WITH THE MADISON CONSERVATION DISTRICT (MCD) IN DEVELOPING THE WILLOW CREEK DRAINAGE BASIN AS A DEMONSTRATION WATERSHED. THIS COLLABORATION WILL GIVE THE MCD'S PROPOSED WILLOW CREEK DRAINAGE PROJECT ADDITIONAL RESOURCES AND A BROADER PERSPECTIVE THAT WOULD GREATLY ENHANCE ITS USEFULNESS TO THE WILLOW CREEK WATER USERS ASSOCIATION AND THE MCD AS A WHOLE. IN PARTICULAR, IU WILL INCORPORATE DATA ON EVAPORATION, INFILTRATION, AND GROUNDWATER RECHARGE INTO THE PROJECT RESULTING IN A MORE THOROUGH UNDERSTANDING OF THE WATER BALANCE OF THE LOWER DRAINAGE, WHERE A HIGH PROPORTION OF THE WATER USE IS LOCATED. MOREOVER, THE DATA BASE AND OPERATIONAL MODELS THAT WILL RESULT FROM LONG-TERM STUDY BY INDIANA UNIVERSITY FACULTY AND STUDENTS AND THEIR INTERACTION WITH SCIENTISTS FROM MONTANA STATE UNIVERSITY, THE SOIL CONSERVATION SERVICE, AND THE U.S. GEOLOGICAL SURVEY SHOULD HAVE BROAD APPLICATION TO UNDERSTANDING AND MANAGEMENT OF OTHER SNOWFED WATERSHEDS THROUGHOUT THE STATE OF MONTANA.

IF THE RRG PROPOSAL IS FUNDED BY THE STATE OF MONTANA, INDIANA UNIVERSITY PROMISES IN THE FIRST YEAR OF THE PROJECT TO:

-INVEST A MINIMUM OF $15,000 IN THE PURCHASE OF ADDITIONAL STREAM-GAUGING INSTRUMENTS AND DRILLING OF SHALLOW WELLS TO MONITOR GROUNDWATER FLOW

-INSTALL $32,000 WORTH OF MONITORING EQUIPMENT WHICH THEY ALREADY OWN

-COMMIT A TOTAL OF 3 MONTHS OF FACULTY AND GRADUATE STUDENT TIME (VALUED AT $15,000) TO DESIGN AND IMPLEMENTATION OF THE STUDY

-CONTRIBUTE A MINIMUM OF $1,000/YEAR FOR A MINIMUM OF THE FIRST FIVE YEARS OF THE PROJECT FOR MAINTENANCE AND OPERATING COSTS

TOGETHER, THESE COMMITMENTS REPRESENT APPROXIMATELY $62,000 OF ADDITIONAL RESOURCES AVAILABLE TO SUPPLEMENT THE $56,886 THE MADISON CONSERVATION DISTRICT IS REQUESTING FROM THE STATE. IN FUTURE YEARS, INDIANA UNIVERSITY WILL AGGRESSIVELY PURSUE ADDITIONAL SOURCES OF FUNDING FOR THE PROJECT (E.G. NATIONAL SCIENCE FOUNDATION, U.S. GEOLOGICAL SURVEY, ETC.) AND WILL CONTINUE TO PROVIDE THE EXPERTISE AND TIME OF SEVERAL FACULTY MEMBERS, STAFF, AND STUDENTS. CONCEIVABLY, DURING THE FIRST 10-15 YEARS OF THE STUDY NEARLY A HALF MILLION DOLLARS COULD BE INVESTED IN THE LOCAL AND STATE ECONOMY IN DEVELOPING THE DEMONSTRATION WATERSHED. THE PRESENCE OF THE INDIANA UNIVERSITY GEOLOGIC FIELD STATION AT THE NORTH END OF THE TOBACCO ROOT MOUNTAINS WILL RESULT IN A UNIQUE OPPORTUNITY FOR MADISON COUNTY AND THE STATE OF MONTANA.

Madison Conservation District

P.O. Box 606
Ennis, Montana 59729
(406)682-7289

APPENDED TO THIS LETTER ARE A COPY OF THE WRITTEN COMMITMENT FROM INDIANA UNIVERSITY AND A BROADER DESCRIPTION OF THEIR PROPOSED COLLABORATION. PROFESSOR LEE J. SUTTNER, DIRECTOR OF THE IU GEOLOGIC FIELD STATION, TRAVELED TO BOZEMAN ON DECEMBER 3, 1994 AT THE UNIVERSITY'S EXPENSE TO MEET WITH REPRESENTATIVES OF THE MADISON COUNTY CONSERVATION DISTRICT AND THE SOIL CONSERVATION SERVICE ABOUT POTENTIAL COLLABORATION ON THIS PROJECT. HE HAS AGREED TO RETURN TO HELENA AFTER THE FIRST OF THE YEAR TO PARTICIPATE IN THE LEGISLATIVE COMMITTEE HEARING RELEVANT TO OUR PROPOSED PROJECT. THIS IS A STRONG AND CLEAR SIGNAL OF THE ENTHUSIASM AND EXCITEMENT THAT INDIANA UNIVERSITY SHARES WITH US OVER THIS PROJECT.

WE HOPE THIS NEW INFORMATION, WHICH SURFACED AFTER OUR PROPOSAL WAS FIRST REVIEWED BY THE BUREAU, WILL BE SIGNIFICANT ENOUGH TO AFFECT ITS STANDING WITH RESPECT TO OTHER PROPOSALS AND TO ULTIMATELY LEAD TO FUNDING IN THE NEXT FISCAL YEAR.

SINCERELY,

Peter V Jackson

PETER V. JACKSON, CHAIRMAN
MADISON CONSERVATION DISTRICT

cc: LEE J. SUTTNER, DIRECTOR, IU GEOLOGIC FIELD STATION

A PROPOSAL FOR THE DEVELOPMENT AND IMPLEMENTATION OF A DEMONSTRATION WATERSHED IN THE WILLOW CREEK DRAINAGE, PONY, MONTANA

by Greg A. Olyphant, Bruce J. Douglas and Lee J. Suttner
Department of Geological Sciences, Indiana University, Bloomington, IN
Indiana University Geologic Field Station, Cardwell, MT

ABSTRACT

We are proposing to develop a *Demonstration Watershed* as the central element of a new environmental and hydrogeologic curriculum at the Indiana University Geologic Field Station. The Demonstration Watershed will be used for research and class exercises which will, in turn, provide valuable data for water management in the area. The Willow Creek Drainage near Pony and Harrison, Montana will be the site of the Demonstration Watershed because of its accessibility to the Field Station and its variable geologic framework. Geological framework investigations, hydrological monitoring, and computer modelling of the total hydrologic regime of the watershed will form the focus of study of the area. The project will have important pedagogic and public relations benefits for Indiana University, and educational and economic benefits for the citizens of Montana. Indiana University can contribute $34,000 of monitoring equipment to initiate the study; $58,000 of additional equipment is needed to fully instrument the watershed for hydrologic budget analyses. Funding for the additional equipment and installations will be sought from external granting agencies such as the National Science Foundation.

• It is moderately sized (*ca.* 160 mi^2), thus it is small enough for a fairly thorough monitoring program, yet large enough to be representative of the other snowmelt-driven watersheds in the northern Rocky Mountains.

• The drainage encompasses a large range of micro-environments which have distinct ecosystems and land use ranging from ecologically sensitive alpine tundra areas that are used for recreation to more stable steppe prairies that are used for farming and forage.

• The drainage includes a surface reservoir (*i.e.* the Harrison Reservoir) that may be losing large amounts of water by evaporation and seepage.

• The upper part of the drainage contains glacial deposits in the valley bottoms that are underlain by crystalline rock, whereas, in contrast, the lower part of the drainage is underlain by a thick sequence of unconsolidated sediments that contain multiple aquifers.

• Much of the watershed is accessible by vehicles and is within a 30-minute drive from the Field Station. Field Station personnel have developed good relations with local land owners whose cooperation will be critical to such an endeavor.

Our geologic perspective qualifies us to make proper evaluations of the complex hydrologic connections that exist within basins that flank mountain ranges. A better understanding of groundwater hydrology of the intermontain basins will be critical in the future as water usage increases, while the threat of drought driven by global climate change becomes greater.

METHODS AND IMPLEMENTATION

The watershed demonstration project will consist of three key elements:

(1) Geological framework investigations, which will be designed to elucidate the sedimentologic, and hydrogeologic characteristics of the unconsolidated basin fill. These investigations will consist of field mapping of surface exposures, analysis of drill cores and field determination of aquifer properties (*e.g.* hydraulic conductivity and storativity), and non-invasive geophysical surveys.

(2) Hydrologic monitoring, which will involve deployment of electronic instruments for continuous measurements of water-levels in aquifers, stream stages, micrometeorological conditions (wind profiles, humidity and temperature gradients, solar and terrestrial radiation, etc.), and snowmelt.

(3) Computer modelling, which will consist of implementing state-of-the-art algorithms for simulating snowmelt in rugged terrain, streamflow routing and groundwater flow in heterogeneous porous media.

The geologic investigations will provide a basis for development of realistic conceptual models of the aquifers and will guide the program of groundwater monitoring installations. The hydrologic monitoring network will provide data on time-dependent boundary conditions that drive the hydrologic simulation models as well as "real time" data that can be used to constrain and calibrate the models to actual field conditions. The computer models will be interfaced to a geographical information system (GIS) that can be used to display incoming data and computer modelling results.

Communication with monitoring instruments will be achieved via telephone modem connections. Therefore, access by cooperating agencies, collaborating researchers and local water users will be optimized. A simulation laboratory will be established at the I.U. Field Station where various scenarios of land use change, extreme storms, and long-term climate change can be studied by students and researchers, and by land owners who will be regularly invited to the Station for demonstrations.

Indiana University's commitment to the Willow Creek Drainage project will be long-term. We have been studying the geology of the region for decades and have a strong grasp of the geologic framework of the area. We also have personnel with expertise in computer modelling of snowmelt-runoff in rugged terrain, evaporation under advective conditions, and groundwater flow in heterogeneous porous media. The ultimate success of the proposed project will hinge, however, upon the involvement and cooperation of multiple agencies that can provide logistical support and expertise in the many facets of the proposed cooperative project. For this reason we will seek to establish close working relations with scientists in the U.S. Forest Service (USFS), Soil Conservation Service (SCS), Water Resources Division of the U.S. Geological Survey (USGS), and at Montana State University.

BENEFITS

Both Indiana University and the State of Montana will benefit from this project. For the University and the Geologic Field Station, the project will:

- Provide a field-site around which a cutting-edge curriculum in environmental geosciences can be developed. Instruction will include access to equipment and data as well as first-hand experience in applied hydrological/environmental issues.

- Establish a model for successful integration of teaching and research missions, using combined field, laboratory, and theoretical approaches.

- Attract national exposure for innovative educational and research activities, which will lead to enhanced national recognition.

- Increase goodwill between the University and the local land owners.

For the local community and the State of Montana, the project will provide:

- Increased access to expert professionals for discussion/education concerning practical environmental issues involving geology and hydrology.

- A high-quality data base for use in making decisions about short-term land and water use.

- A variety of data, expertise, and academic resources for long-term planning related to surface water irrigation and increased ground water use.

- Input of substantial financial and educational resources into the local community.

PERSONNEL

Dr. Greg Olyphant, Associate Professor of Geological Sciences at Indiana University, will have primary responsibility for day-to-day supervision of the project. Olyphant has had more than 10 years experience in the monitoring and modelling of hydrologic systems. He has developed innovative methods on predicting snowmelt in rugged terrain and published numerous papers on the topic based on his studies in Colorado. He has worked with state agencies in Indiana on topics involving environmental aspects of surface and groundwater hydrology and has received more that $800K of financial support for his monitoring and modelling studies.

Dr. Bruce Douglas is an Associate Scientist and Director of Undergraduate Programs within Geological Sciences at Indiana University. He has been involved in Field Station activities for the past 8 years. Douglas will be responsible for integrating various structural and geophysical studies that are part of the geological framework investigations. He will also be involved in curriculum development associated with the project.

Dr. Lee Suttner, Professor of Geological Sciences and Director of the I.U. Geological Field Station since 1981 will be the chief administrator of the proposed work and has primary responsibility for securing funding and maintaining communications with land owners and agencies who will be affected by the work. Suttner has been doing research and teaching in geology in Montana since 1959 and has played a major role in curriculum development at the Field Station.

FUNDING

Indiana University will contribute $34,000 worth of monitoring equipment and installation costs to initiate the first phase of the study, which will be the establishment of a state-of the-art hydrological monitoring network (see Appendix I). The proposed locations of the phase I monitoring sites are shown in Figure 2, and additional equipment needed to complete the monitoring network (costing an estimated total of $58,000) is listed in Appendix II. An ARCINFO work station, FORTRAN Powerstation and appropriate peripheral devises to be located at the I.U. Field Station will cost $30,000. Annual maintenance costs, including telephone bills are estimated to be $3,000. Funding for completion of the phase I installations and computing facilities will be sought through external agencies such as the National Science Foundation and cooperative agreements with state and federal agencies such as the USGS, USFS, and SCS.

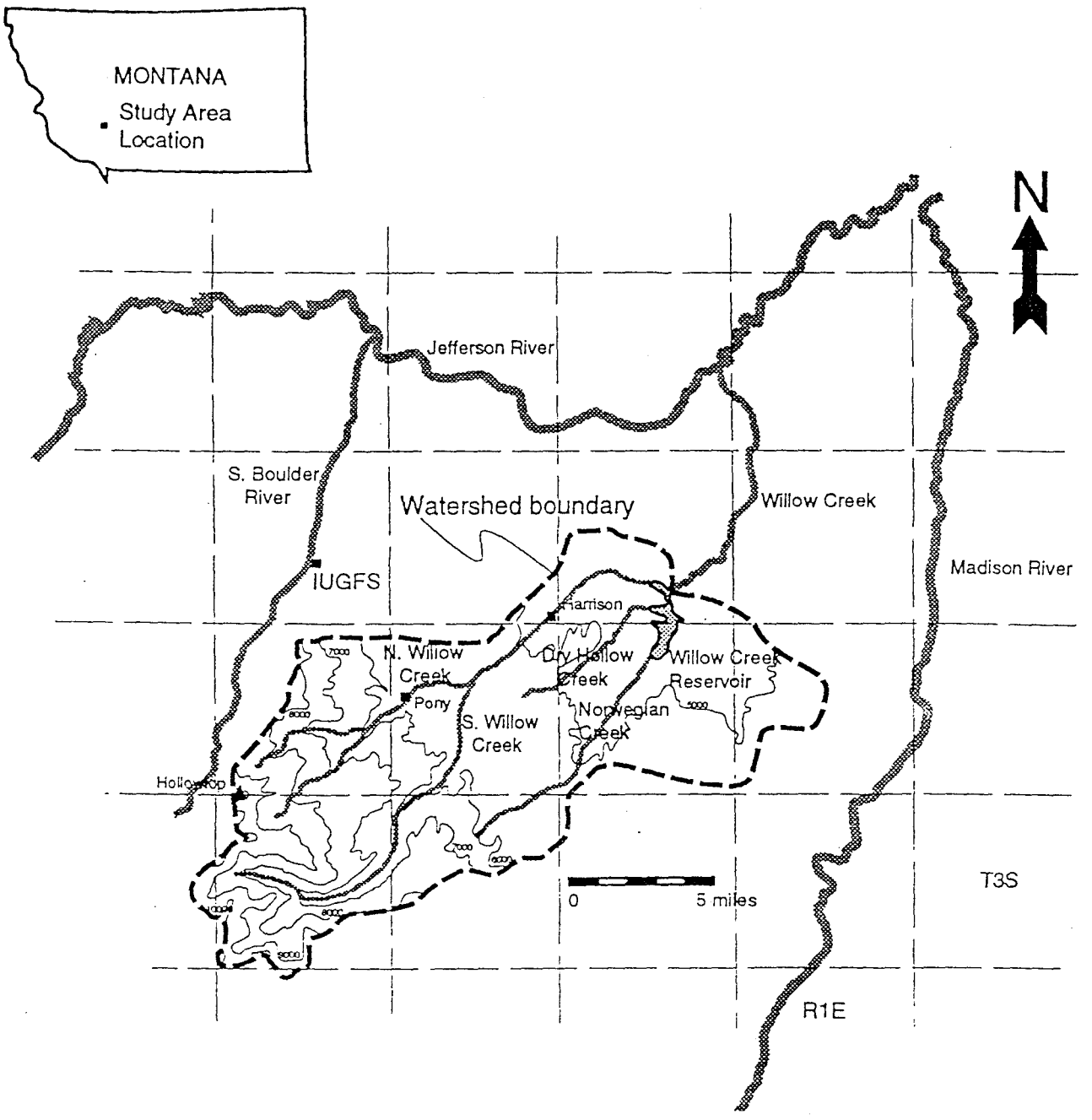


Figure 1. Index map of the Willow Creek, Dry Hollow Creek, and Norwegian Creek drainage basins in southwestern Montana. IUGFS - Indiana University Geologic Field Station.

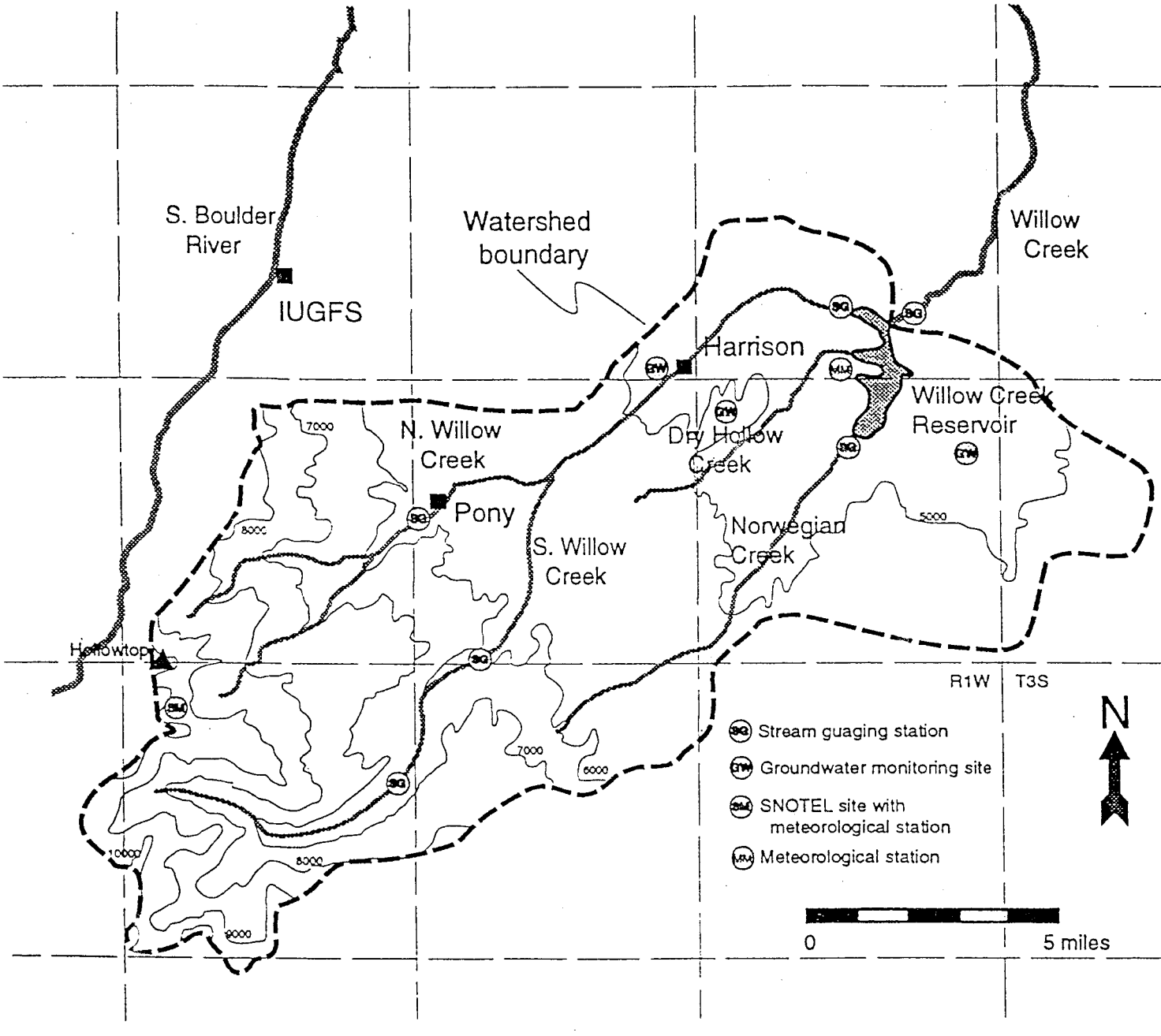


Figure 2. Detailed map of the Willow Creek, Dry Hollow Creek, and Norwegian Creek drainage basins showing sites of proposed monitoring stations.

APPENDIX I. Purchase and installation costs of equipment to be contributed by Indiana University in Phase I.

	Estimated Value
Wind, Temperature, and Humidity Profile Systems (2 complete units)	$ 8,000
Precision solar, infrared, and net radiometers (two complete sets)	$10,000
Pressure transducers for measuring water levels (3 units to be purchased for this project)	$ 3,000
Digital data loggers (4 loggers,2 to be purchased for this project)	$ 8,000
Drilling and well emplacement (3 monitoring wells)	$ 5,000
	$34,000

APPENDIX II. Estimated purchase and installation costs of additional equipment needed for Phase I of the project.

	Estimated Cost
SNOTEL system (part of Madison Conservation District funding request to Montana DNR)	$18,000
Stream gauging stations (6 total, 2 are part of Madison Conservation District funding request to Montana DNR)	$25,000
Soil moisture sensors (8 total)	$ 3,000
High capacity pump for aquifer testing	$ 3,000
Telephone modems for data loggers and hook ups	$ 5,000
Drilling and well emplacement (1 well)	$ 1,500
Data logger and pressure transducer for additional monitoring well	$ 3,000
	$58,000

United States Department of Agriculture

Natural Resources Conservation Service

Federal Building, Room 443
10 East Babcock Street
Bozeman, MT 59715

December 21, 1994

Pete Jackson
Madison Conservation District
219 Main Street
P.O. Box 606
Ennis, MT 59729

Dear Pete:

I have enclosed a copy of the background and basic concepts of the reservoir operation guide. Within the text it discusses why reservoir guides are useful to reservoir operators and it also goes through an example of how a reservoir operating guide can be used.

You may want to pull excerpts from the enclosed information or use the entire enclosure as an addendum to the Willow Creek Project.

If you need anything more, please contact me at 587-6991.

Sincerely,

Roy Kaiser

Roy Kaiser
Water Supply Specialist

MONTANA STATE UNIVERSITY
1893•CENTENNIAL•1993

Department of Animal and Range Sciences
Montana State University
Bozeman, Montana 59717
406-994-3721

EXHIBIT #6
DATE 1-20-95
SB

January 14, 1995

Mr. Peter V. Jackson, Chairman
Madison Conservation District
PO Box 606
Ennis, MT 59729

Dear Mr. Jackson:

I am writing to support your efforts to improve monitoring and management of the Willow Creek watershed. The Conservation District's forward-looking plan to enhance stewardship of natural resources is commendable.

The planned instrumentation, data collection, and public-private cooperation in managing the watershed should provide several benefits in addition to facilitating good stewardship. Notably, the watershed has the potential to become a valuable site for education. As you know, a Watershed Management degree program was established recently within the Animal and Range Sciences Department and Montana State University. Access to a well-instrumented watershed with a mixture of land uses and management problems representative of the region would benefit our program. Montana students can learn a lot from field-based education in a "working" watershed that supports the diversity of economic and other uses seen in the Willow Creek drainage. Other potential benefits of the project include its value as a demonstration project and for research.

I endorse your proposals enthusiastically and wish you well in your efforts to obtain the needed financial and institutional backing. I would like to communicate my support to members of the Long Range Planning committee, and I regret that prior travel plans will prevent me from doing so in person. Please accept this letter as a message of support.

Sincerely,

Paul B. Hook

Assistant Professor, Range Watershed Scientist

EXHIBIT 7
DATE 1-20-95
SB

MONTANA RURAL WATER SYSTEMS INC.

925 7th Avenue South
Great Falls, MT 59405
Phone 454 1151

DATE: January 12, 1995

TO: DNRC Review Team on Private Projects Grants.

FROM: MRWS Review Team for Project. Ray - Review Team Chairman

Dear Sirs,

With such short notice and so little time for systems to respond to the project; we feel we had an excellent reception to the project. We had a total of 27 requests for grant dollars to help with water projects. Three systems submitted two projects each, therefore, we have projects submitted from 24 different water systems.

The 25% of project costs of the 23 projects we selected amounts to approximately $83,000. Since we have only $50,000 to allocate to systems for projects, this amounts to about 65% of the request for grant dollars on the 23 selected projects. Since we limited the grant dollars to $5,000 to any one project unless it was part of a composite, very few projects were submitted with requests for more than that amount.

After careful consideration and review of all the projects, our review committee feels it would be best to offer approximately 65% of the request for grant funds to 23 of the projects selected than to sort out those that could be financed with the available funds. If we finance starting with the least required, we would run out of money by the time we helped finance the 18th project. , This would leave six projects left out entirely. These would also be the largest projects. On a separate page is a list of all of the systems that have submitted a project. In one column is their request for grant dollars up to $5,000 and in the other column is our suggested amount that should be granted to the project. Only one project (Cornership) was rejected by our committee. The reason it was rejected is because the committee felt that the water system in this business is not a significant entity and would not be until a restaurant was actually put into operation. Notes have been attached to some projects with our comments.

EXHIBIT 8
DATE 1-20-95
SB

SCHOOL BONDS BACKED BY COAL SEVERANCE TAX LOAN CONTINGENCY BOND FUND

Name	Original Amount	Interest Rate	Due Date	6-30-94 Balance
West Glacier SD#8	$345,000	6.09%	2012	$335,000
Thompson Falls SD#2 Elementary	200,000	4.04%	1998	165,00(
Plentywood High School SD#20	600,000	6%	2012	570,00(
Plentywood Elementary SD#20	600,000	6%	2012	570,000
Helena Elementary SD#1	6,000,000	6.35%	2012	5,730,00(
Havre, Hill Co. SD#16	885,000	5.87%	2007	820,00(
Clancy Elementary SD#1	3,435,000	6.21%	2012	3,125,00(
Reed Point High School	475,000	5.71%	2012	445,00(
Reed Point Elementary	425,000	5.71%	2012	405,00(
Bonner SD#14	1,370,000	6.3%	2012	1,350,00(
Monforton SD#27	728,000	6.33%	2012	690,000
Lone Rock Elementary SD#13	634,000	6.1%	2012	620,00(
Livingston SD#4	3,400,000	6.43%	2012	3,310,00(
Fairfield SD#21	760,000	5.6%	2012	715,000
Frenchtown SD#40	3,500,000	5.4%	2007	3,355,00(
TOTAL	$23,357,000			$22,205,00(

All the above bonds were issued in calendar year 1992.

One year's debt service is held in the Coal Severance Tax School Bond Contingency Loan Fund. That amount is approximately $2,100,000.

Prepared by:
Anna Miller 1-16-95
DNRC

1

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

Long Range Planning SUBCOMMITTEE DATE 1-20-95

DEPARTMENT(S) ______ DIVISION ______

PLEASE PRINT **PLEASE PRINT**

NAME	REPRESENTING	
Cindy Klette	Missoula County	
Colleen M. Dowdall	Missoula County	
Dennis Workman	Fish Wildlife & Parks	
Jo Brunner	Upper Clark Fork Com	
JOHN LAMBING	U.S. GEOLOGICAL SURVEY	
SEAN LAWLOR	U.S. Geological Survey	
PATRICK O'HERREN	Missoula County	
GARY BROWN	LIBBY AREA CONSERVANCY DISTRICT	
Russ Hudson	Libby Area Conservancy Dist.	
John R. McBride	Libby Area Conservancy Dist	
Holly Franz	Montana Power Co. - Upper Clark Fork Steering Comm.	
Ron Kelley	Agriculture in Montana	
Jim Dinsmore	Granite Con. Dist	
Vivian Brooke	Senate Dist. 33	
Tom Eggensperger	Thompson Falls	
Kim Sparks	Thompson Falls	
Maurice Shoemaker	Thompson Falls	
Geoffrey Smith	Clark Fork Coalition	

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

(2)

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

Long Range Planning SUBCOMMITTEE DATE 1-20-95

DEPARTMENT(S) _____ DIVISION _____

PLEASE PRINT PLEASE PRINT

NAME	REPRESENTING	
JOHN WILSON	CITY OF KALISPELL	
Kenneth J. Knapp	MRAN	
Larry Wadsworth	City of Thompson Falls	
MIKE MURPHY	MT. WATER RES. ASSN	
Stan Bradshaw	Self	
Gerald Mueller	Granite Conservation District Upper Clark Fork Steering Committee	
Kathlyn Dennis	City of Thompson Falls	
Glenn Reller	City of Thompson Falls	
Peggy Reller	City of Thos. Falls, MT	
Senator Bill Crismore	Dist 41	
Lee Suttner	Madison Conservation District & Indiana University	
Roy Kaiser	Madison Cons. Dist. USDA - Natural Resources Cons. Service	
LARRY BROOKE	MADISON CONS. DISTRICT Willow Creek Project	
LARRY DOLEZAL	LINCOLN COUNTY 512 CALIFORNIA AVE. LIBBY, MT 59923	
Bob Leinard	Nat'l Resources Cons. Serv. Whitehall, MT - w/ Mad C.D.	
MARK Petroni	US Forest Service Madison Ranger District Beaverhead N.F.	
Peter N Jackson	MADISON & P HARRISON MT 59735	
Florence Ore	Box 265 Pony MT 59747	

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

(3)

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

_____ SUBCOMMITTEE DATE 1-20-95

DEPARTMENT(S) _____ DIVISION _____

PLEASE PRINT **PLEASE PRINT**

NAME	REPRESENTING	
Ray Wadsworth	Mt Rural Water	
Anna M Miller	DNRC	

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