

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
55th LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON LONG-RANGE PLANNING

Call to Order: By CHAIRMAN ERNEST BERGSAGEL, on January 24, 1997, at 8:00 a.m., in Room 317 of the State Capitol.

ROLL CALL

Members Present:

Rep. Ernest Bergsagel, Chairman (R)
Sen. Thomas A. "Tom" Beck, Vice-Chairman (R)
Sen. John "J.D." Lynch (D)
Rep. Matt McCann (D)
Rep. Tom Zook (R)

Members Excused: none

Members Absent: none

Staff Present: Nan LeFebvre, Legislative Fiscal Division
Debbie Rostocki, Committee Secretary

Committee Business Summary:

Hearing(s) & Date(s) Posted: none
Executive Action: HB 6, HB 8, HB 11

Executive Action on HB 11
Treasure State Endowment Program (TSEP)
Governor's Budget Book - Vol. 4

Discussion: Ms. Nan LeFebvre, Legislative Fiscal Division (LFD), distributed three handouts which listed the TSEP and Renewable Resource Grant and Loan Program (RRGL) project funding recommendations, with the shaded areas representing those projects which overlapped between the two programs. **EXHIBITS 1, 2 and 3**

Mr. Robb McCracken, Department of Commerce, spoke about some modifications he had been working on at the request of the committee regarding the financial gap analysis for future bridge projects. **EXHIBIT 4**

{Tape:1; Side:a; Approx. Time Count:6.6-9.4}

Mr. Jim Edgcomb, Department of Commerce, reviewed the contents of **EXH. 4**. **CHAIRMAN BERGSAGEL** stated that any decisions regarding financial analysis of bridge projects would not affect the projects currently before the Committee.

Motion: SEN. BECK moved that HB 11 come under consideration.

Discussion: The committee then reviewed each project recommended for funding under the TSEP Program. It was agreed that if the committee concurred with the recommendation, no motion was necessary.

There was general agreement to consider the proposals in HB 6 before finalizing the funding under HB 11. The committee then reviewed the funding requests under HB 11 (EXH. 1).

Discussion: TSEP Projects #1 - 22 No motions were made to change the recommendations listed on EXH. 1.
{Tape: 1; Side: a; Approx. Time Count: 11.3-26.4}

Discussion: Mineral County/Saltese, Water/Sewer District. - TSEP Project # 23 Mr. Edgcomb explained that the project had not been recommended for funding because of an inadequate financial package, even though the ranking process placed them above the funding line.
{Tape:1; Side:a; Approx. Time Count:26.5-30.4}

Discussion: Coram, Water/Sewer District - TSEP Project #24 No motions were made.

Discussion: Livingston, City of - TSEP Project #25 Mr. Edgcomb explained why the funding had been recommended in the form of a loan instead of a grant. Ms. LeFebvre stated she had received word that Livingston probably would not take the loan. Mr. Edgcomb suggested approving the loan, in case the city did choose to take it.

Discussion: Lincoln/Lewis & Clark Co. Sewer District Project - TSEP Project #26 It was brought out that no funding had been recommended for this project because additional study was needed. Mr. McCracken told the committee that the applicants below the funding line would be informed of their options for other funding sources. Ms. LeFebvre pointed out that the projects were being included in the bill so that if additional funds became available these projects could be funded.

Discussion: TSEP Projects #27 - 40 There was general agreement to approve the ranking and funding recommendations for Projects No. 27-40 in the order that they appeared in HB 11 (EXH. 1).
{Tape:1; Side:a; Approx. Time Count:30.5-35.2}

Discussion: City of Choteau - TSEP Project # 22 In response to REP. MCCANN, Ms. Judy Broadwater, Department of Commerce (DOC), said it was her understanding that the City of Choteau would not accept a TSEP loan but would borrow from the State Revolving Fund (SRF). TSEP grant and loan and SRF funding were discussed.
{Tape:1; Side:a; Approx. Time Count:39.0-40.3}

Executive Action on HOUSE BILLS 6 and 8
Renewable Resource Grant and Loan Program
Governor's Budget Book - Vol. 6; Appendix to Vol. 6

Motion: SEN. BECK moved to open consideration on HB's 6 and 8.

Discussion: Ms. LeFebvre explained that the Recommended Grant column in EXH. 2 represented the figures contained in HB 6 and the Loan Requested column represented the figures in HB 8. The grant funding level drops off after rank No. 25; there is no limit on the loans available.

{Tape: 1; Side: a; Approx. Time Count: 40.4-44.1}

Discussion: Montana Reserved Water Rights Compact Commission - Chippewa Cree Reserved Water Right Settlement Project Implementation - RRGL Project #1 The committee discussed why the grant recommendation had been reduced from \$150,000 to \$100,000.

EXHIBIT 5

Motion: SEN. BECK moved to increase the grant from \$100,000 to \$150,000 for the Compact Commission (EXH. 2).

Discussion: Ms. LeFebvre explained that if the motion passed, \$22,000 would be deducted from project No. 25 (MT Dept. of Environmental Quality), unless the ranking was changed. CHAIRMAN BERGSAGEL expressed concern that the grants from the Commission were not the same standard of quality as the others and stated he was opposed to this. He submitted that funding decisions should be based on the merits of projects. SEN. BECK agreed.

Vote: The question was called for; motion carried.
{Tape:1; Side:a; Approx. Time Count:44.2-Tape 1:b:4.0}

Discussion: Broadwater County Conservation District - Slim Sam Creek Riparian Implementation - RRGL Project #2 The merits of the project were discussed.

Motion/vote: REP. ZOOK moved to eliminate funding for the Broadwater County Conservation District project; motion carried unanimously.
{Tape:1; Side:b; Approx. Time Count:5.1-5.3}

Discussion: Cascade County Conservation District - AgriMet Irrigation Water Management - RRGL Project #4 The merits of the project were discussed.

Motion: REP. MCCANN moved to reduce funding for the Cascade County Conservation District from \$100,000 to \$80,000.

Discussion: Salary levels and future funding for the project were discussed.

Vote: The question was called for; motion carried with SEN. LYNCH opposed.

{Tape:1; Side:b; Approx. Time Count:6.4-8.4}

Discussion: East Missoula Sewer District - Wastewater Treatment and Collection System - RRGL Project #5 CHAIRMAN BERGSAGEL reviewed the project; no motions were made.

Discussion:; Montana Natural Resource Information System Project - Montana Climate Information Center - RRGL Project #6 Past funding was discussed.

Motion: REP. MCCANN moved zero funding for the project.

Discussion: Mr. Tubbs explained that the project had been ranked No. 6 because of the loss of the Climate Center at Montana State University. CHAIRMAN BERGSAGEL stated that the Committee could change the ranking of the project in lieu of zero funding. REP. MCCANN expressed opposition to funding a project previously supported by the University System. REP. ZOOK rose in support of the motion.

Vote: The question was called for and the motion carried with SEN. LYNCH opposed.

{Tape:1; Side:b; Approx. Time Count:17.5-19.3}

Discussion: Fort Benton, City of - Water Distribution System Improvements - RRGL Project #7 CHAIRMAN BERGSAGEL reviewed the proposal; no motions were made.

Discussion: Cascade, City of - Wastewater System Improvements - RRGL Project #8 CHAIRMAN BERGSAGEL reviewed the proposal; no motions were made.

Discussion: Greenfields Irrigation District - "J" Lake Reregulation Reservoir - RRGL Project No. 9 CHAIRMAN BERGSAGEL reviewed the proposal; no motions were made.

Valier, City of - Wastewater Treatment Facility Upgrade - RRGL Project #10 The project was reviewed; no motions were made.

Discussion: Lakeside County Water District - Water System Improvements - RRGL Project #11 No motions were made.

Discussion: Beaverhead County Board of Commissioners - Big Hole River Return Flow and Water Budget Study - RRGL Project #12 CHAIRMAN BERGSAGEL reviewed the project; no motions were made. REP. MCCANN suggested funding for this project could be reduced but did not make a motion.

Discussion: MT Bureau of Mines and Geology - Groundwater Protection and Education in Montana Schools - RRGL Project #13 CHAIRMAN BERGSAGEL reviewed the project; discussion took place regarding the cost of materials used in the project.

Motion/vote: REP. ZOOK moved to reduce funding from \$99,959 to \$50,000; motion carried, with SEN. LYNCH opposed.

Discussion: Lake County Land Services Project - Technical Study of Conventional and Advanced Septic Systems - RRGL Project No. 14
The merits of the project were discussed. Mr. Tubbs said he would include as a condition of the grant that there be close coordination between the sponsor and the Department of Environmental Quality (DEQ).

Discussion: Gallatin County Local Water District - Groundwater Evaluation and Monitoring - RRGL Project #15 CHAIRMAN BERGSAGEL reviewed the project; no motions were made.

Discussion: Bloomfield School District - Geo-Source Heat Cool System - RRGL Project #16 Discussion took place regarding alternative sources of funding for this project.

Motion: REP. ZOOK moved to provide zero funding for the Bloomfield School District project.

Discussion: Ms. LeFebvre stated the project might qualify for oil overcharge monies (HB 10). Mr. Tubbs pointed out that school districts were eligible applicants under the RRGL Program. CHAIRMAN BERGSAGEL entertained making a policy decision to say school districts or other entities with the ability to generate their own funding would receive a lower ranking.

SEN. LYNCH rose in support of amending HB 10 to provide for funding for the Bloomfield project; Ms. LeFebvre agreed to draw up an amendment for CHAIRMAN BERGSAGEL to present on the floor of the House.

Vote: The question was called for on REP. ZOOK'S motion; motion carried unanimously.
{Tape:1; Side:b; Approx. Time Count:24.5-33.6}

Discussion: CHAIRMAN BERGSAGEL requested Mr. Tubbs to help the Committee formulate a recommendation regarding entities that have the ability to generate their own revenue. Mr. Tubbs stated the policy in the past had dictated that in these cases, grant recommendations were limited to \$50,000, but this policy had been discontinued.

Discussion: Choteau, City of - Rehabilitation of Sewer System - RRGL Project #17 No motions were made.

Discussion: Yellowstone County - Conservation Resource Inventory -RRGL Project #18

Motion/vote: SEN. BECK moved to provide zero funding for the project; motion carried unanimously.
{Tape:1; Side:b; Approx. Time Count:33.7-35.5}

Discussion: Glasgow Irrigation District - Vandalia Dam Study - RRGL Project #19 CHAIRMAN BERGSAGEL reviewed the recommendations; no motions were made.

Discussion: Roosevelt County Conservation District -Fort Peck Assiniboine and Sioux Municipal, Rural & Industrial Water Project - RRGL Project #20 CHAIRMAN BERGSAGEL reviewed the project; no motions were made.

Discussion: Choteau County - Highwood Water and Wastewater System Improvements - RRGL Project #21 The project was reviewed; no motions were made.

Discussion: Pondera Conservation District - Lake Frances Shoreline Rehabilitation - RRGL Project # 22 CHAIRMAN BERGSAGEL reviewed the project; no motions were made.

Discussion: City of Neihart - Water Distribution Improvements - RRGL Project #23 CHAIRMAN BERGSAGEL reviewed the project; no motions were made.

Discussion: Ruby Valley Conservation District - Ruby River Water Management - RRGL Project #24 No motions were made.

Discussion: MT DEQ - Waste Water Facility Planning Grants - RRGL Project #25 Mr. Tubbs concurred with a suggestion that this funding, which would be replacing federal funding, be provided on a one-time basis.

{Tape:1; Side:b; Approx. Time Count:42.7-end of side b}

EXECUTIVE ACTION ON PROJECTS APPLYING FOR RRGL FUNDING (HB'S 6,8) AND TSEP FUNDING (HB 11)

Discussion: Ms. Jane Hamman, Governor's Office of Budget and Program Planning, reviewed the status of those projects applying for funding under both the TSEP and RRGL Programs. Questions were asked.

Discussion: City of Missoula - Missoula-Reserve Street Sewers - RRGL Project #27; TSEP Project #16 Ms. LeFebvre pointed out that, as a result of the committee's action so far, the City of Missoula Reserve Street South Sewer Project was now within the RRGL funding level (EXH. 3), and no motion would be necessary to provide for funding.

Discussion: City of Glasgow - Storm Sewer - RRGL Project #37; TSEP Project #8 CHAIRMAN BERGSAGEL reviewed the funding strategy for this project.

Motion/vote: SEN. LYNCH moved to award the City of Glasgow a \$500,000 TSEP grant (HB 11) and \$41,443 in RRGL grant funds (HB 6); motion carried unanimously.

{Tape:2; Side:a; Approx. Time Count:3.4-7.6}

Discussion: City of Twin Bridges - Water System Improvements - RRGL Project #33; TSEP Project #6

Motion: SEN. LYNCH moved to move the Twin Bridges project up on the priority ranking list for RRGL funding and to remove the Choteau and Fergus Counties' PN Bridge project from the list, so as to ensure it would be within the funding level.

Discussion: Choteau and Fergus Counties - PN Bridge and Campground Erosion Control Project - RRGL Project #26 REP. ZOOK stated he felt this project could be funded under HB 2 with Fish and Game funds.

Vote: The question was called for; motion **carried** unanimously.
{Tape:2; Side:a; Approx. Time Count:7.7-11.5}

Discussion: City of Roundup - Wastewater - RRGL Project #44; TSEP Project #13

Motion/vote: SEN. BECK moved to move the Roundup project up on the priority ranking list for RRGL funding so as to ensure it would be within the funding level; motion **carried** unanimously.

Discussion: REP. MCCANN questioned whether the Roundup project needed the full \$100,000 in RRGL funding. CHAIRMAN BERGSAGEL stated it was his understanding that the City no longer needed this funding. Mr. Bob Fischer, DNRC, said the Roundup project was working with Rural Development.

Motion/vote: SEN. LYNCH moved to **reconsider** the committee's action regarding SEN. BECK'S motion and to not move the project up on the priority ranking list. Motion **carried** unanimously.
{Tape:2; Side:a; Approx. Time Count:11.6-13.1}

Discussion: In response to Mr. Tubbs, CHAIRMAN BERGSAGEL confirmed it was the committee's intention that the City of Glasgow and the Missoula Neighborhood RRGL projects be within the funding level.

Discussion: Choteau County/Highwood Water and Sewer - RRGL Project #21; TSEP Project #27

Motion/vote: SEN. LYNCH moved to not fund the Choteau County/Highwood RRGL request for \$100,000; motion **carried** unanimously.
{Tape:2; Side:a; Approx. Time Count:13.5-16.1}

Discussion: Eastern Agricultural Research Center - Alternative Irrigation Systems and Alternative High Value Crops for Economic Development of our Water Resources - RRGL Project #50

Motion: SEN. BECK moved to fund the project at \$60,000 and place it within the funding level.

Discussion: REP. ZOOK rose in support of the project.

Vote: The question was called for; motion **carried** unanimously.
{Tape:2; Side:a; Approx. Time Count:16.3-18.4}

Discussion: CHAIRMAN BERGSAGEL ascertained that the MT Department of Environmental Quality Waste Water Facility Planning Grants (RRGL Project #25) request was within the funding level, as well as the Beaverhead County Board of Commissioners request (RRGL Project #12) and the Gallatin County Local Water Quality District request (RRGL Project #15).

Motion/vote: REP. ZOOK moved to remove the Choteau County and Fergus County RRGL proposal (RRGL Project #26) from the funding list in HB 6. Motion **carried** unanimously.
{Tape:2; Side:a; Approx. Time Count:18.5 -21.5}

Discussion: Fort Shaw Irrigation District - Irrigation Efficiency and Water Quality - RRGL Project #28

Motion/vote: SEN. BECK moved to provide zero funding for the Ft. Shaw RRGL request and that the \$100,000 from previous grants be redirected to offset the \$100,000 recommended in the grant; motion **carried** unanimously.
{Tape:2; Side:a; Approx. Time Count:21.6-24.3}

Discussion: Hill and Liberty County Conservation Districts - Water Resource Evaluation of the Middle Portion of the Sage Creek - RRGL Project #35

Motion/vote: REP. MCCANN moved to provide zero funding for RRGL request # 25, Montana DEQ.

Discussion: SEN. LYNCH rose in opposition to the motion. Mr. Bob Fischer, DNRC, explained that federal funding was no longer available for this effort. Questions were asked. Mr. Tubbs clarified that all of the grant dollars would go to the local governments to hire consultants, as required under the law. Discussion took place about alternative sources of funding. Mr. Tubbs stated that in the past, DEQ had received several hundred thousand dollars per year for this type of work. SEN. BECK expressed the hope that emphasis would be placed on the funding being a one-time-only allocation.

Withdrawn motion: REP. MCCANN withdrew his motion.

Motion/vote: REP. MCCANN moved to fund the Hill and Liberty County Conservation Districts request at \$40,622; motion **carried** unanimously.

Discussion: Mr. Tubbs pointed out that the projects below the funding line would remain in HB 6, which would allow them to be funded if any of the higher priority projects ended up not using the money. CHAIRMAN BERGSAGEL recommended that the committee

leave one or two projects at the bottom of the list. Discussion followed.

Discussion: City of Thompson Falls - Waterline Replacement II - RRGL Project #30 and Park County - Paradise Valley Hydrological Reconnaissance Study - RRGL Project #32 The Committee discussed which projects to leave on the funding list.

Motion/vote: SEN. LYNCH moved to leave the Thompson Falls project (RRGL #30) on the funding list as well as the Park County project (RRGL #32), and to delete the balance of the projects below the funding line out of HB 6. The motion carried unanimously.

{Tape:2; Side:a; Approx. Time Count:32.2-42.0}

Discussion: A technical amendment for HB 6 setting the funding level at \$2,000,000 was submitted by Ms. LeFebvre. EXHIBIT 6

Motion/vote: SEN. LYNCH moved to adopt the amendment in EXH. 6; motion carried unanimously.

Discussion: Ms. LeFebvre then passed out a rough draft for some housekeeping amendments for HB 6 which repeal or amend prior chapter laws in regard to projects that were completed at a lower cost or were cancelled. The purpose is to deal with the negative ending fund balance for the RRGL account. EXHIBIT 7

Motion/vote: SEN. LYNCH moved to adopt the proposed amendments in EXH. 7; motion carried unanimously.

Motion/vote: SEN. LYNCH then moved that HB 6 DO PASS AS AMENDED; motion carried unanimously.

Motion/vote: SEN. BECK moved that HOUSE BILL 11 DO PASS AS AMENDED; motion carried unanimously.

EXECUTIVE ACTION ON HOUSE BILL 8

Motion: SEN. BECK moved that HB 8 DO PASS.

Discussion: Choteau County - Highwood Water and Wastewater System Improvements - RRGL Project #21

Motion/vote: SEN. BECK moved to remove the loan authorization for the project in HB 8; motion carried unanimously.
{Tape:2; Side:a; Approx. Time Count:45.5-Tape 2:b:0.1}

Discussion: City of Chinook - Water Treatment Plant Improvements - RRGL Project #31

Motion: SEN. BECK moved to remove the loan authorization for the project in HB 8.

Withdrawn motion: SEN. BECK withdrew his motion.

Discussion: City of Thompson Falls Water Supply Improvements I - RRGL Project #42

Motion/vote: REP. ZOOK moved to increase the loan authorization for the project from \$100,000 to \$200,000; motion **carried** unanimously.

{Tape:2; Side:b; Approx. Time Count:1.1-2.9}

Motion/vote: SEN. BECK moved to approve a zero interest, 20-year loan for \$1 million to provide for the rehabilitation of the East Fork of Rock Creek Dam; motion **carried** unanimously.

Discussion: CHAIRMAN BERGSAGEL informed the Committee that DNRC would be coming before the Legislature with a bill to give them \$10 million in emergency loan authority, and if that bill passed, coordinating language would be needed in HB 8. **EXHIBIT 8**

Motion/vote: SEN. LYNCH moved to adopt the amendment contained in EXH. 8; motion **carried** unanimously.

Discussion: Mr. Tubbs recommended that general authority be granted the Legislative Fiscal Division to total the numbers in Section 3 of HB 8 to reflect the new total for the loans authorized. The Committee agreed.

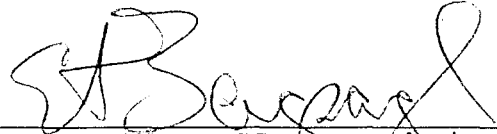
Motion/vote: SEN. LYNCH moved to increase Seeley Lake's reauthorized loan amount in HB 8 from \$922,150 to \$1.6 million; motion **carried** unanimously.

{Tape:2; Side:b; Approx. Time Count:6.9-9.2}

Motion/vote: SEN. LYNCH moved that HB 8 DO PASS AS AMENDED; motion **carried** unanimously.

ADJOURNMENT

Adjournment: 11:00 A.M.



REP. ERNEST BERGSAGEL, Chairman



DEBBIE ROSTOCKI, Secretary

DR/EB

This meeting was recorded on two 90-minute audiocassette tapes.