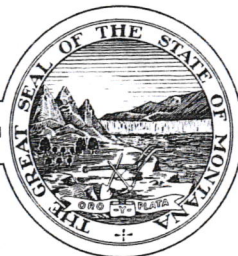


DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION



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RECEIVED
SEP 03 2015
LEGISLATIVE
FISCAL ANALYST

TO: Amy Sassano
Office of Budget and Program Planning

FROM: DeAnna Noel, Budget Analyst *[Signature]*
Financial Services Office, DNRC

DATE: August 26, 2015

SUBJECT: Environmental Contingency Account (02107)

Please find attached a financial report for the Environmental Contingency Account as of June 30, 2015. The unreserved cash balance in the account is \$636,738.

Included is the Cash Flow Report for FY15, and a cumulative summary of activity from FY1989 thru FY2015. To facilitate reading numbers, the Financial Report shows detail for 10 years (FY2006 to FY2015). The electronic report contains all the data from FY1989 to 2015. All information can be viewed and printed by "un-hiding" columns and rows.

Please let me know if you need further information, I can be reached at extension 5701.

Enclosures

Cc: Gerry Murphy, OBPP
Stephen Forrest, LFD
Ray Beck, DNRC
Patricia Schiltz, DNRC
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FINANCIAL REPORT
6/30/2015

ENVIRONMENTAL CONTINGENCY ACCOUNT(02107)	2007 Biennium		2009 Biennium		2011 Biennium		2013 Biennium		2015 Biennium	
	FY06	FY07	FY08	FY09-(HB116)	FY10	FY11	FY12	FY13	FY14	FY15
Beginning Cash Balance	\$ 542,884	\$ 613,145	\$ 368,655	\$ 639,501	\$ 696,921	\$ 856,456	\$ 721,864	\$ 697,712	\$ 646,113	\$ 750,101
Transfer-in from Fund 02458 (FY06) Fund 01100 (FY08)	57,116	-	153,855							
Cost Recovery-Resp Prty Srce										\$53,277
RIT Interest Deposited	175,000	-	175,000	175,000	175,000	(121,921)	28,136		\$151,120	
STIP Participant Earnings			14,538	10,870	2,460	2,329	(2,290)			
Misc Revenue	4,021	-	-							
Total Available Resources	779,021	613,145	712,048	825,371	874,381	736,864	747,711	697,712	797,234	803,378
USES OF RESOURCES:										
STATE LANDS EXPENDITURES:										
DEPT NATURAL RESOURCES & CONSERVATION										
-Lower Missouri River Dredging Project										
-Deadmans Basin Supply	100,000									
-No. Cheyenne Tribe Contract Water*		7,600								
-Derby Fire Erosion Project		200,000								
-Cardwell Bridge Removal*		26,890								
-Brockton Water Main Repair		10,000	24,000							
-Vandalia Canal Glasgow Irrigation District			23,000							
-Superior Soil Removal and Replacement				16,371	32,936	14,142				
-Holter Cut Dam Repairs				5,000						
-Fire Rehab Reseeding					17,925					
-Eurasian watermilfoil Sites Treatment										\$1,875
-Delphia-Melstone Canal Water Users Line Repair							50,000			
- Fire Restoration costs-Public Lands								\$29,749	\$10,000	
-Missile Pond Dam Controlled Breach (DNRC)								\$16,778		
DEPT. FISH, WILDLIFE & PARKS:										
-NE Montana storm haystack impacts										
-Aeration of Bean Lake										
-Elk Brucellosis Testing				60,000						
DEPT. OF ENVIRONMENTAL QUALITY										
-Harlem Equity Co-Op Petroleum Release	27,519									
-Town of Nashua Sewer										
-Beartooth Hospital Day Care Soil Cleanup										
-Alberton Hazardous Waste Drum Removal			1,657							
-Bridger Oil Spill										\$80,992
DEPT. OF MILITARY AFFAIRS										
-Lewistown HazMat	4,336									
-Regional Hazardous Materials Response Teams			23,890					\$759	\$4,795	
Reserved for Regnl Haz Mat Response Teams #12110602									\$4,863	
-Billings -Hazmat Team 14091801										\$4,460
DEPT. OF AGRICULTURE										
-Japanese Beetle Contingency								\$4,313	\$27,474	\$20,937
Total Uses of Resources	131,855	244,490	72,547	81,371	50,861	26,642	50,000	51,598	47,132	108,264
ADJUSTMENTS:										
-Accrual for Lewistown HazMat	(4,021)									
-Accrual for Lower Missouri River Dredging Project	(30,000)									
-Accrual Superior Soil Removal and Replacement				47,079	(32,936)	(14,142)				
-Accrual ECA-Eurasian Watermilfoil						2,500				
Ending Cash Balance	\$ 613,145	\$ 368,655	\$ 639,501	\$ 696,921	\$ 856,456	\$ 721,864	\$ 697,711	\$ 646,113	\$ 750,101	\$ 695,115
CASH RESERVED FOR PROJECTS										
Reserved for Alberton Hazardous Waste Drum Removal (DEQ)			843	843						
Reserved for Fire Rehab Reseeding (DNRC)					4,076					
Reserved for Eurasian watermilfoil Sites Treatment						25,000	25,000	\$25,000	\$25,000	\$23,125
Reserved for Fire Restoration costs-Public Lands (DNRC)								\$45,251	\$35,251	\$35,251
Reserved for Missile Pond Dam Controlled Breach (DNRC)									\$1	
Reserved for Japanese Beetle Contingency(Dept. Ag)								\$25,687	\$53,213	
Reserved for Regnl Haz Mat Response Teams #12110602								\$4,863		
Reserved for Bridger Oil Spill										
Total Cash Reserved for Projects:	-	-	843	843	4,076	25,000	25,000	100,802	113,465	58,376
UNOBLIGATED Ending Cash Balance	\$ 613,145	\$ 368,655	\$ 638,658	\$ 696,078	\$ 852,381	\$ 696,864	\$ 672,711	\$ 545,312	\$ 636,636	\$ 636,738
Per 75-1-1101, MCA , Max. Unobligated Cash Bal.								\$ 750,000		\$ 750,000
Sub-Total								\$ 204,688		\$ 113,262
Interest Allocation not to Exceed \$175,000								\$ 175,000		\$ 113,262

*In FY11, a prior-year correction is made to the FY10 allocation. No interest deposit in FY11.

*In FY14, RIT Interest Earnings could not fulfill 15-38-202, MCA. Earnings were pro-rated and about 14% less than needed. ECA rec'vd \$151,120 rather than \$175,000.

ENVIRONMENTAL CONTINGENCY GRANT PROGRAM

Funded by interest income from the Resource Indemnity Trust Fund, the Environmental Contingency Grant program makes available funds for projects that exhibit emergency or imminent need in the areas of water development, renewable resources, mineral development and hazardous wastes or materials. RIT Interest deposited in this account is defined in MCA 75-1-1101 as: At the beginning of each biennium \$175,000 is allocated to this account, if the unobligated cash balance is less than \$750,000. If \$175,000 allocation would increase the unobligated cash balance to greater than \$750,000, the allocation is adjusted by the Department of Revenue to an amount less than or equal to the difference between the unobligated cash balance and \$750,000, but not to exceed \$175,000. Interest earning from funds in the account accrue to the general fund.

As of June 30, 2015 (fiscal year 2015), the Environmental Contingency Account (02107) has an unobligated cash balance of \$636,738. The governor controls the account and authorizes use of these funds.

Following is a list of all authorization and expenditures since the inception of this program.

Authorizations Prior To This Report Period:

1. **February 9, 1987** DHES was authorized an amount not to exceed \$30,000 to plug an abandoned oil (Simero #1) located in the town of Cut Bank, Montana. The flowing well exhibited significant concentrations of hydrogen sulfide gas that is both toxic and explosive at high concentrations. Although the 1987 Montana Legislature appropriated \$19,951 for the plugging using Reclamation and Development Grants Program (RDGP) funds, such funds were not available until after June 30, 1987. Consequently, Environmental Contingency Account funds were expended. The contingency account was later reimbursed with RDGP funds for this expenditure.
2. **April 22, 1987** DHES was authorized an amount not to exceed \$7,000 to plug an abandoned, leaking gas well (Huso Lease No. 4143-44) located in a residential area of Cut Bank, Montana.
3. **April 27, 1987** DHES was authorized an additional amount not to exceed \$5,000 for the Huso Lease No. 4143-55 abandoned.
4. **September 18, 1987** DHES was authorized an amount not to exceed \$60,000 to implement safety and cleanup measure for a gasoline spill originating at a gasoline service station in Livingston, Montana. Federal funds were received to cover the cost of cleanup, thus eliminating the need for contingency account funds.
5. **May 20, 1988** DSL was authorized an amount no to exceed \$5,000 to backfill a collapsed and abandoned mine shaft located int he abandoned Blaine School playground in Butte, Montana.

6. **May 27, 1988** DHES was authorized an amount no to exceed \$15,000 to implement safety and cleanup measures relating to oil found in ground water within and adjacent to the city of Cut Bank, Montana.
7. **April 13, 1989** DSL was authorized an amount not to exceed \$5,000 to backfill a collapsed and abandoned mine shaft (Rising Star Mine) located within Walkerville, Montana.
8. **July 10, 1989** DSL was authorized an amount not exceed \$5,000 to backfill two collapsed and abandoned mine shafts (Allie Brown and Angela Mines) located within a Walkerville, Montana residential area. Of this amount, \$4,692 was used to pay the contractor.
9. **December 6, 1989 and January 10, 1990** The Board of Oil and Gas Conservation was authorized an amount not to exceed \$25,000 to plug an abandoned oil exploration well located in Powder River County, Montana. Several bids were received by plugging contractors, all exceeding the amount authorized. On January 10, 1990, the Board was authorized an additional \$25,000 to plug this well. This increase reflected the bids received. Of the total amount of \$50,000 authorized for this project, \$43,940 was used to pay the contractor.
10. **June 19, 1990** Superior School District #3 was authorized the amount of \$21,928 to investigate and cleanup a leaking fuel oil underground storage tank at Superior High School in Mineral County, Montana. The leak presented an imminent threat to the area groundwater and the environment.
11. **August 5, 1993** Park County was granted \$20,000 to install a temporary pipeline to bypass a leaking sewer line in the Yellowstone River. \$19,200 was expended on this project.
12. **September 2, 1994** The Department of Fish, Wildlife & Parks was authorized to spend \$7,245 to purchase stock water tanks, install them, and deliver water to the tanks on two ranches in the upper Big Hole basin in exchange for closure of three diversions from the Big Hole River.
13. **September 30, 1994** The Montana Bureau of Mines and Geology was authorized \$262,186 to provide interim funding for the Groundwater Assessment Program to allow for continued monitoring of existing well sites and allow expansion of the monitoring system.
14. **May 22, 1995** Lockwood Water Users Association and DHES was authorized an amount not to exceed \$11,000 for cleanup of the benzene and solvent contamination of the Lockwood Water Supply. \$10,998.34 was expended on this project.

15. **June 20, 1995** The Dept. Of Fish, wildlife and Parks was authorized an amount not to exceed \$55,000 to respond to the Whirling disease emergency. \$50,498.15 was expended in fiscal year 1995 and \$4,501 was expended in fiscal year 1996.
16. **July 10, 1996** The Dept. Of Natural Resources and Conservation was authorized \$30,000 for the construction of a temporary earthfill diversion around an inverted siphon on the West Side Canal that washed out in early June near Dillon, Montana.
17. **July 28, 1996** The Dept. Of Natural Resources and Conservation was authorized \$110,000 for design and exploratory construction to address an emergency caused by the failed condition of the East Fork of Rock Creek Dam.
18. **August 8, 1996** The Dept. of Environmental Quality was authorized \$35,000 to cover a portion of the cost of reclamation work which involves restoration of site security, decontamination of the mill buildings, revegetation of easily eroded areas, and disposal of waste water in the impoundment through land application at the Pony Gold Mill.
- 19.. **May 6, 1997** The Dept. Of Natural Resources & Conservation was authorized an amount no to exceed \$25,000 for repair of a dike at the City of Cut Bank wastewater treat lagoon. Complete dike failure would have released over 150 acre-feet of untreated water into Cut Bank Creek, and would have caused downstream property damage from flooding and erosion. This grant was in conjunction to a \$105,000 loan for the same project.
20. **June 10, 1998** The Department of Environmental Quality was authorized an amount not to exceed \$100,000 for the Streamside Tailing Operable Unit, a facility utilized to reclamated the flood plain and channel of Silver Bow Creek west of Butte. The stream is devoid of aquatic life and contains highly elevated concentrations of mobilized heavy metals. These monies serve as 10% state match monies to an EPA grant for \$900,000. Of the total amount authorized, \$17,371.74 has been spent. The balance of these funds(\$82,628.26) will not be spent since the settlement of the lawsuit with Arco will provide funding to complete this project.
21. **June 15, 1998** The Department of Environmental Quality was authorized an amount of \$90,000 in order to complete the destruction of cyanide compounds at the Pony Millsite Tailings Impoundment Reclamation project. Continued leakage of cyanide-contaminated waste poses an additional threat to persons, property, and the environment. These monies will be used in conjunction with \$10,000 of U.S. Department of Interior Surface Mining funds, \$100,000 of EPA carryover funds, and \$50,000 of CERCA funds.
22. **September 2, 1998** The Department of Natural Resources and Conservation was

authorized an amount of \$30,600 to cover the costs of emergency repair of the Cove Irrigation Company Ditch. These monies will be used to pay for emergency concrete repairs and emergency site access costs. A portion of the ditch's concrete wall collapsed, rendering the ditch unusable. The ditch provides water to 148 irrigators farming 8,762 acres.

23. **June 25, 1999** The Department of Natural Resources and Conservation was authorized \$36,000 for exploratory drilling and testing to find an alternative to the contaminated well that serves the public water supply for the Town of Opheim. The contaminated well is no longer in use, resulting in the availability of only one approved well for Opheim's public water supply.
24. **August 13, 1999** The Department of Environmental Quality (DEQ) was authorized \$63,000 for emergency repair of a sewer main which posed a significant health risk to the residents of Nashua. The grant will be used for the installation of four new manholes, 390 feet of sewer pipe, and the surveying and engineering costs for the project.
25. **January 4, 2000** The Department of Livestock was authorized \$60,000 for the purpose of incinerating 80 exposed or infected game farm elk. The elk were exposed or infected with Chronic Wasting Disease(CWD) on the Kesler Game Farm outside of Philipsburg.
26. **February 2, 2000** The Department of Environmental Quality was authorized \$100,000 for cleanup at the Equity Co-Op bulk plant in Harlem. Groundwater contamination resulted from leaking gasoline and diesel tanks. Funds will be used to recover the petroleum product and remove petroleum-contaminated soil that is acting as a source of groundwater pollution.
27. **September 27, 2000** The Department of Fish, Wildlife, and Parks was authorized \$5,600 for two projects. The first was reimbursement of \$3,600 to the Parrot Ditch Company for assisting in providing water flow to the Jefferson River so it did not go dry. The second project for \$2,000 purchases and places two windmill-type apparatus into Bynum Reservoir for aeration through the winter. Due to present low water levels in the reservoir, winter fishery survival is very questionable. This will help prevent winterkill of fish.
28. **January 8, 2001** The Department of Environmental Quality was authorized \$25,500 for cleanup at the Beartooth Hospital and Health Centering Facility in Red Lodge. Surface contamination was present in the soil including arsenic, cadmium, chromium, and lead. The contamination resulted from leaks from automobiles as a used car dealership once operated there. Contamination levels were a concern because of the day care center that would be operated at this site. Funds will be used to dig up to three feet of contaminated soil, dispose of it, and replace with clean soil.

29. **March 2, 2001** The Department of Fish, Wildlife, and Parks was authorized \$40,000 for game damage compensation as a result of the two major storms that hit Northeast Montana in November 2000. This compensation will cover landowner's losses to haystacks due to deer as a result of these storms.
30. **October 29, 2001** The Department of Public Health and Human Services was authorized up to \$25,000 for disposal of hazardous materials stored in the Cogswell Building on the Capitol Complex. The cleanup, removal and disposal proposal has gone out to bid and the DPHHS plan is to contract with a specialized hazardous materials disposal company.
31. **November 2, 2001** The Dept. of Fish, Wildlife & Parks was authorized up to \$2,000 on expenses for enhanced aeration of Bean Lake due to the continuing drought. The prairie pothole lake, a popular recreational fishery along the Rocky Mountain Front, is in danger of losing a mature fishery many years in the making without additional oxygenation.
32. **June 18, 2004** The Department of Natural Resources and Conservation was authorized up to \$100,000 for necessary investigations into the repair of the St. Mary Diversion Facilities. Local matching funds of an equal amount are required as a condition for use of these funds. The \$100,000 in Environmental Contingency Funds should focus on analyses and to prepare a report prior to next Legislative session as to the critical steps necessary to move forward on the replacement of this important infrastructure.
33. **April 7, 2005** The Department of Natural Resources and Conservation was authorized up to \$30,000 for the partial cost of purchase of a small, shallow draft, hydraulic dredge for the Lower Missouri River Dredging Project. This will allow irrigators to keep pumping facilities in operation without the use of heavy earth-moving equipment, thereby providing for the protection of property and of vegetation, fish, wildlife, and other resources during imminent emergency low-water situations.
34. **May 25, 2005** The Department of Military Affairs was authorized \$4,020.94 for reimbursement under the Emergency Hazmat Plan. This reimbursement allowed the Great Falls Hazmat Unit to assist the Lewistown Hazmat Unit in response to a incident involving a truck-trailer on the truck bypass in Lewistown.
35. **September 26, 2005** The Department of Natural Resources and Conservation was authorized up to \$100,000 for use on repairs to the Deadmans Basin Supply Canal. The canal was heavily damaged in a storm on June 27, 2005. Repairs must be

made to allow for average flows through the canal by the spring of 2006.

36. **August 22, 2006** The Department of Natural Resources and Conservation was authorized up to \$30,000 to purchase water from the Northern Cheyenne Tribe to mitigate some of the damage that will occur due to record lows of the Southeast Montana rivers.
37. **January 4, 2007** The Department of Natural Resources and Conservation was authorized up to \$200,000 erosion control in Stillwater and Sweet Grass Counties due to exposed soil and loss of vegetation as a result of past fires.
38. **March 6, 2007** The Department of Natural Resources and Conservation was authorized up to \$30,000 for removal of the abandoned and failed railroad bridge prior to its collapse into the Jefferson River and to prevent flood damage to roads, a state-owned fishing access site.
39. **March 15, 2007** The Department of Natural Resources and Conservation was authorized up to \$10,000 for costs associated with replacement of a section of broken water main servicing the Town of Brockton.
40. **September 5, 2007** The Department of Natural Resources and Conservation was authorized up to \$24,000 for emergency water main replacement for the Town of Brockton.
41. **September 18, 2007** The Department of Natural Resources and Conservation was authorized up to \$23,000 to compensate the Glasgow Irrigation District for costs incurred in making emergency repairs to the Vandalia Main Canal.
42. **September 18, 2007** The Department of Environmental Quality was authorized up to \$2,500 to fund the emergency removal and disposal of hazardous material near Alberton.
43. **September 25, 2007** The Department of Military Affairs was authorized up to \$7,012.15 for reimbursement for Regional HazMat Team responses. Costs were incurred in the Kalispell Team's response to a spill Hydrochloric Acid; Powder River County Sheriff's request for assistance in identifying matter found at a rest area; and response to fish kill in Fleshman Creek in the City of Livingston.
44. **April 21, 2008** The Department of Military Affairs was authorized up to \$16,877.38 for reimbursement for Regional HazMat Team responses. Costs were incurred in the Kalispell's Team's response to Incident Number 07072503, Meridan Road Gasoline Spill.

45. **October 1, 2008** The Department of Fish, Wildlife and Parks was authorized up to \$60,000 for elk brucellosis testing. Brucellosis sample kits were distributed to hunters and landowners along with education materials about the testing program prior to the start of the 2008 big game season. The Funds were approved to purchase materials for brucellosis sample kits; hire wildlife technicians to assemble the kits and distribute them to hunters and landowners; and to conduct laboratory testing of the blood samples.
46. **January 22, 2009** The Department of Natural Resources and Conservation was authorized up to \$63,450 to compensate the Town of Superior for costs to remove arsenic and lead contaminated soils associated with construction of a drinking water system.
47. **May 22, 2009** The Department of Natural Resources and Conservation was authorized up to \$5,000 to compensate the Big Creek Lakes Reservoir Association for costs to construct a temporary dam that will allow them to fill Big Creek Lake to full capacity providing late-summer irrigation water for 81 irrigators in the Bitterroot Valley near Victor. A permanent dam will be constructed in the fall of 2009.
48. **November 9, 2009** The Department of Natural Resources and Conservation was authorized up to \$22,000 from the Environmental Contingency Account to assist in fire rehabilitation aerial seeding for the Indian Trail and Dunn Mountain Fires.
49. **August 27, 2010** The Department of Natural Resources and Conservation was authorized up to \$40,000 from the Environmental Contingency Account to pay for the costs to treat known Eurasian water milfoil (EWM) sites and any additional sites that may be discovered. Treatment will include the use of chemicals, dredging, hand pulling and mats where appropriate.
50. **July 1, 2011** The Department of Justice was authorized \$144,555 from the Environmental Contingency Account to pay for the costs associated with the Yellowstone Exxon Pipeline oil spill approved in the Governor's executive order EO-9-11. Costs incurred by Department of Justice were fully reimbursed by Exxon Mobile Oil Company in 2012. No fiscal impact to the ECA account.
51. **September 28, 2011** The Department of Natural Resources and Conservation was authorized up to \$50,000 from the Environmental Contingency Account to help the Delphia-Melstone Canal Water Users Association (WUA) pay for damages of the main water canal on the Lower Musselshell River east of Roundup resulting from the spring 2011 flooding.

52. **July 23, 2012** Authorization up to \$75,000 for restoration costs relative to the damages to public land caused by fires and fire response activity. Environmental Contingency Account will assist in addressing the most pressing priorities related to the 2012 Montana Fires.
53. **February 5, 2013** \$16,778.80 was authorized to cover a portion of costs required to conduct a controlled breach of the Missile Pond Dam, 1.4 miles northeast of Judith Gap on DNRC Trust Land property. This dam is structurally unsound and in danger of failure.
54. **April 9, 2013** No more than \$758.67 was authorized for Military Affairs to reimburse the City of Bozeman, for a Bozeman HazMat Team incident. The Hazmat Team was called to the Ruby Valley Hospital in Sheridan Montana.
55. **April 10, 2013** No more than \$4,863.21 was authorized for Military Affairs to reimburse the City of Great Falls for the Great Falls HazMat Team incident. The HazMat Team was called by the Browning Fire Department for a white powder incident at tribal headquarters.
56. **May 17, 2013** Expenditure of no more than \$30,000 from the Environmental Contingency Account to pay for costs by the Department of Agriculture associated with the infestation of the Japanese beetle. "We have confirmed the presence of Japanese beetle in Kalispell and Columbia Falls. Critical work for this year includes completion of an assessment and implementation of emergency response measures for all introduction sites (nurseries and surrounding areas). Survey and trapping work needs to be initiated in mid-June and will need to continue through August or early September. Eradication measures will be necessary for all sites that have confirmed presence of Japanese beetle."
57. **October 29, 2013** No more than \$4,795.27 was authorized for the Dept. of Military Affairs, Disaster and Emergency Services Division to pay costs incurred by the Bozeman HazMat Team. The Team responded to an abandoned chemical drum in the Granite Creek drainage on September 13, 2013.
58. **February 14, 2014** Costs for inspecting, surveying, monitoring and treating sites in order to prevent or address beetle introduction. Japanese beetles are an invasive species and pose a serious threat to agriculture, residential and related industries. No more than \$55,000 from the Environmental Contingency Account is authorized.

Authorizations for this Report Period:

1. **November 24, 2014;** Cover costs of **\$4,459.72** incurred by the city of Billings when two jars of an unknown substance were found in a locker at Hardin High School September 18, 2014 and the Billings HazMat team was requested to respond to the scene.
2. **January 17, 2015;** Costs incurred up to **\$500,000** from the Bridger Pipeline Oil Spill into the Yellowstone River that occurred January 17, 2015. Bridger Pipeline Company has been identified as the responsible party and it is anticipated that they will reimburse the State for all costs.