

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
58th LEGISLATURE - REGULAR SESSION**

JOINT APPROPRIATIONS SUBCOMMITTEE ON LONG RANGE PLANNING

Call to Order: By **CHAIRMAN DAVE KASTEN**, on January 10, 2003 at 8:30 A.M., in Room 350 Capitol.

ROLL CALL

Members Present:

Rep. Dave Kasten, Chairman (R)
Sen. Tom Zook, Vice Chairman (R)
Rep. Christine Kaufmann (D)
Sen. Jon Tester (D)
Sen. Joseph (Joe) Tropila (D)
Rep. John Witt (R)

Members Excused: Sen. Bob Keenan (R)

Members Absent: None.

Staff Present: Catherine Duncan, Legislative Branch
Jane Hamman, OBPP
CJ Johnson, Committee Secretary

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

Committee Business Summary:

Hearing & Date Posted: HB 6 & 8 RENEWABLE RESOURCE GRANTS
AND LOAN APPLICATIONS (RRGL)
HB 11 TREASURE STATE ENDOWMENT
PROGRAM APPLICATIONS (TSEP)

Executive Action: None.

CHAIRMAN KASTEN opened the Committee hearing.

HEARING ON HB 6 AND HB 8

Sponsor: REPRESENTATIVE JOHN WITT, HD 89

Opening Statement by Sponsor:

REP. WITT opened HB 6 and HB 8 for hearing purposes. He said that Jim Edgcomb from Department of Commerce (DOC)-TSEP Program, and Bob Fischer and Pam Smith, Department of Natural Resources (DNRC) - Resource Development Bureau (RDB)/Renewable Resource Grants and Loan Applications (RRGL), will be making the presentations on the projects that they share.

CHAIRMAN KASTEN informed the Committee that Project #11 Page 5, shows \$85,212, and it should read \$100,000. He said that all RRGL projects should be listed at \$100,000.

Jim Edgcomb, DOC-TSEP, opened by introducing Bob Fischer, Civil Engineer, and Pam Smith, Program Officer, DNRC, and stated that they will be presenting the RRGL Programs and providing information on the projects. **Mr. Edgcomb** said that the projects listed on the schedule with the asterisks next to them are the programs that are jointly funded by TSEP and RRGL. The projects are: 1) Troy; 2) Worden-Ballantine; and 3) Upper/Lower River Road.

Troy, Project #11 Page 83

CHAIRMAN KASTEN opened the hearing on Troy, Project #11 Page 83.

Kim Hayes, DOC-TSEP opened the hearing on the city of Troy, TSEP-Project #11 Page 83. The department recommends the requested amount of \$500,000. This project will consist of drilling a new well to replace the City's system that was originally built in the early 1900s.

Bob Fischer, DNRC-RRGL, reviewed the Troy project and recommendation for RRGL-Project #38 Page 115. He said the application scored in the top third area for financial, environmental and technical feasibility. The DNRC grant of \$100,000 is recommended for this project.

Proponents:

David Norman, Director of Water Works, Troy, distributed a handout on the rusted water pipes and provided a summary of the project.

EXHIBIT (j1h05a01)

Mike Fraser, Consultant for the City of Troy, informed the Committee that Troy is a depressed economic area. He said there have been a number of jobs lost due to closures of several of the industries in the area. Troy has one of the lowest median income communities in the state, and cannot afford to build the water project on their own. He strongly supports this project and urged the Committee to grant them this request.

Opponents: None

Questions from Committee Members and Responses:

SEN. TESTER asked what the citizens of Troy pay for water on a monthly basis. **Dave Norman** responded that is a flat rate of \$14 per month. He said that with the new sewer projects that is in effect, the City of Troy is paying \$34 per household. Current the water for the city is unmetered. The new water system will be metered, and they expect the rate to average \$41 per month per household. **SEN. TESTER** asked if the water is potable. **Mr. Norman** said it is. He said the current wells are losing half of their water due to leakage, but they will gain this back when the repairs are finished and the new well is drilled.

REP. WITT asked if Troy is losing population. **Mr. Norman** replied that they are not. He said that Plum Creek Timberlands is selling acreage to people as far away as Spokane, Washington, who are building beautiful expensive retirement homes.

CHAIRMAN KASTEN closed the hearing on Troy.

WORDEN-BALLANTINE, Project #27 Page 164

CHAIRMAN KASTEN opened the hearing on WORDEN-BALLANTINE Project #27 Page 164.

Kim Hayes, DOC-TSEP, recommended the requested amount of \$500,000 to replace and complete the water system.

Bob Fischer, DNRC-RRGL, recommends the requested \$100,000 grant for RRGL-Project #22 Page 74, and explained further details of the project.

Proponents:

Patrick Murtagh, Engineer, Worden-Ballantine, said he has been working on this project for a couple of years. He stated his support for the project, and distributed a handout which he summarized for the Committee.

EXHIBIT (j1h05a02)

Jack TwoGood, President of Worden-Ballantine Yellowstone County Water and Sewer District, distributed written testimony which he read, and then he introduced Phil Koch and Sandra Kust, Yellowstone County Board Members.

EXHIBIT (j1h05a03)

{Tape: 1; Side: A; Approx. Time Counter: 0 - 22}

Bill Kennedy, Yellowstone County Commissioner, stated his support for this project and urged the Committee to recommend the two grants. He introduced John Hosslan, who is a newly elected Yellowstone County Commissioner.

Opponents: None

Questions from Committee Members and Responses:

SEN. TESTER asked if it is his understanding that not all of the funding for this project has been secured from the community.

Bill Kennedy responded that they have signed a commitment agreement to borrow up to \$950,000. He said to make this project viable, they need the funding source from the RRGL and TSEP grants.

The Committee Members asked questions about the water back flow and the wells. Mr. Kennedy and Mr. Murtagh responded.

{Tape: 1; Side: A; Approx. Time Counter: 22 - 32}

SEN. ZOOK asked Jack TwoGood about the \$200,000 in the City's account, and the debt service. **Mr. TwoGood** responded that the debt service comes from the City rates.

CHAIRMAN KASTEN closed the hearing on Worden-Ballantine.

{Tape: 1; Side: B}

Upper/Lower River Road, Project #15 Page 103

CHAIRMAN KASTEN opened the hearing on the Upper/Lower River Road Project #15 Page 103.

Jim Edgcomb, DOC-TSEP, said the department recommends the request of \$500,000 that will connect the community to the city of Great Falls water system. The project will consist of new construction for water and wastewater mains. The district currently has eight subdivisions and five mobile home parks with only on-site water and wastewater systems. He stated that this is also a DNRC-RRGL project.

Pam Smith, DNRC-RRGL, said that they recommend the funding grant of \$100,000 upon approval when the project's scope of work, administration, and budget is completed in the PER. Water meters will be installed to detect leaks. She said that a volunteer will manage the project.

Proponents:

Roland Leitheiser, President of the Board of Directors for the Upper/Lower River Road Water and Sewer District, provided information and a fact sheet stating this project is a unique situation. He distributed the handout which he went through, and asked the Committee to support the funding for this project.

EXHIBIT (j1h05a04)

REP. GEORGE GOLIE, HD 44, stated his support for this project and funding from the RRGL and TSEP grants.

Lyle Meeks, Engineer, Upper/Lower River Road, said he is the engineer on the project and is working with DEQ and the city Great Falls. He said that sewage flows on to the flat ground and than stands stagnate. If the grants are not recommended, the community is looking at \$125 per user per month. They are looking at two phases for this project. They are seeking additional funds to add to the requested grant funds for a total of \$5.8 million. He stated that SEN. BURNS has given them verbal notification that the district is eligible for \$1 million from the State and Tribal Assistance Grant (STAG). He said with the funding package that is being developed and the requested grants, he said that they will be able to lower the monthly fee for the users to approximately \$65 per month.

SEN. TROPILA, SD 24, wanted to go on record in support for the project.

Opponents: None

Questions from Committee Members and Responses:

SEN. ZOOK asked how many people does this system currently serve, and how many more people do they expect to serve in the future. **CHAIRMAN KASTEN** said the TSEP application shows approximately 660 people or 265 households. **SEN. ZOOK** commented that it looks like some of these grants are subsidizing developers. **CHAIRMAN KASTEN** responded that the project is a lot of commitment, and that there are no matching funds up front from the district for the TSEP grant. He said if there was \$50,000 showing for "seed money" to start the project that it would look better for the Committee to fund.

{Tape: 2; Side: A; Approx. Time Counter: 16 - 21}

REP. WITT commented that Mr. Leitheiser's testimony stated that this project will support about 1,100 people. He asked if the difference between the 660 people and the 1,100 people is the expansion. **Mr. Meeks** said it is the difference in the overall population versus the first and second phase. He said that the overall population that the project will affect is 1,101 people or 430 homes. He stated that the reason this project is so expensive is due to the City of Great Falls requesting \$650,000 for connection fees. He added that this is a discussion item in their negotiations with the City of Great Falls, because some of the land in the controversy for connection fees is owned by the County.

SEN. ZOOK asked why they have to pay the City of Great Falls the \$650,000 for hook-up fees. **Mr. Meeks** stated that the largest portion of the fee is reimbursement for city water and sewer mains that currently exist within the district boundaries, and the City feels they should be reimbursed for this. **SEN. ZOOK** asked if they have looked into the cost of connecting to the City services. **Mr. Meeks** said that is what they are proposing to do, and the \$650,000 fee is the cheapest way to go.

CHAIRMAN KASTEN closed the hearing on Upper/Lower River Road.

Lake County, Project #39 Page 221

CHAIRMAN KASTEN opened the hearing on Lake County, Project 39 Page 221.

Jim Edgcomb, TSEP-DOC, reviewed the project and recommended the full funding of \$500,000 to close the transfer station and ship the solid waste materials to Missoula.

Pam Smith, DNRC-RRGL, said that Project #62 Page 173 is in the RRGL book. She said it scored low because they didn't offer an alternative analysis for the project. They recommend the funding for \$100,000 RRGL grant.

Proponents:

Mark Nelson, Program Manager of Lake County Solid Waste District, informed the Committee that he wasn't aware that the application had holes in it. He distributed two handouts which he reviewed and summarized for the Committee.

EXHIBIT (j1h05a05)

EXHIBIT (j1h05a06)

{Tape: 2; Side: A 0.08}

Questions from Committee Members and Responses:

The Committee asked Mr. Nelson questions and he responded.

CHAIRMAN KASTEN closed the hearing on Lake County.

Wisdom, Project #32 Page 188

CHAIRMAN KASTEN opened the hearing on Wisdom, Project #32 Page 188.

Kim Hayes, TSEP-DOC, recommended the \$500,000 requested for the wastewater system.

Proponents:

Donna Sevalstad, Commissioner of Beaverhead County, stated her support for this funding. She said that the community of Wisdom request that the Committee grant them the funds for this project. She feels they should have been ranked higher on the list and said that their situation is in an emergency state. She distributed a handout which she read.

EXHIBIT (j1h05a07)

Dustin Nett, Engineer with Neil Consultants, said he provided technical support for the Wisdom Sewer District. He expounded on

the scoring on the TSEP application. He said that the income survey is not a requirement on the TSEP application, but with the Community Development Block Grant Program (CDBG) application. The income survey was only inserted to benefit the ranking of the project, and it shouldn't be held against them.

Pat Munday, Walkerville, representing the Big Hole River Foundation and the Chapter of Trout Unlimited, said that the two foundation groups are committed to the health of the Big Hole River. He stated that both foundations are concerned over raw sewage spilling into the river. He said the foundations are in complete support of the collaboration of the Beaverhead County and the Wisdom County Sewer District to address these problems. Mr. Munday distributed written testimony, which he addressed.

EXHIBIT (j1h05a08)

Thomas Kombren, said he is one of five Wisdom Sewer Board members. He said they are all volunteers who work for a living. He urged the Committee to issue them this grant. If the grant is not received he said that the cost will affect the people in the lower income bracket.

Wally Condgon, Deputy City/County Attorney, Wisdom, presented an overview of the lagoon in the flood plan, and summarized what the project will do for the town of Wisdom.

REP. DEBBY BARRETT, HD 34, wanted to go on record in support of this project.

Opponents: None

Questions from Committee Members and Responses:

REP. WITT asked Mr. Munday if the foundations he is representing are willing to contribute toward the cost of this project. **Mr. Munday** said they have a grant writer that works with the Watershed Committee and the Big Hole River Foundation, and they are committed to help find grants such as the federal EPA grant. He said the members do not have a lot of money personally, but through the grant writers they try to find institutional support.

CHAIRMAN KASTEN closed the hearing on Wisdom, Project #32.

Ekalaka, Project #36 Page 208

CHAIRMAN KASTEN opened the hearing on Ekalaka, Project #36 Page 208.

Kim Hayes, TSEP-DOC, reviewed and recommended a reduced rate to from \$154,197 to \$212,697 to eliminate the lagoon. She said they also recommend terminating the \$87,200 grant awarded by the 1999 Legislature if the new grant is approved.

Proponents:

Janille Dean, Clerk/Treasurer for the town of Ekalaka, reviewed the budget narrative on Exhibit 9. She said they will have to raise their water rates to cover the projected Operational and Management (O&M) cost.

EXHIBIT (j1h05a09)

{Tape: 2; Side: B}

Opponents: None

Questions from Committee Members and Responses:

CHAIRMAN KASTEN offered his support to work with Ms. Dean as they go through the process in deciding what direction to take.

CHAIRMAN KASTEN closed the hearing on Ekalaka.

Wolf Point, Project #23 Page 169

CHAIRMAN KASTEN opened the hearing on Wolf Point, Project #23 Page 169.

Jim Edgcomb, TSEP-DOC, recommends the requested grant of \$500,000. He said the proposed project will result in the improvement of the wastewater system lagoon. He said the project had been scored low due to the preliminary engineering report (PER). The public's health and safety problems are considered a long-term problem and not considered as serious.

Richard Ilse, Director of Public Works for Wolf Point, said that Wolf Point has been working for the last 15 years on correcting the deficiencies on the sewer lagoon. He said the TSEP grant will allow them to complete the necessary improvements needed for the lagoon. **Mr. Ilse** said that the City has spent over \$246,000 in the repair of the lagoon. He distributed a handout of letters from various people from the city of Wolf Point concerned that the lagoon will not be funded and they will not be able to continue service to the community.

EXHIBIT (j1h05a10)

Brian Milne, P.E. Principal Engineer, Interstate Engineering, Inc., said he is the project engineer working with the city of Wolf Point. He provided information and summarized why the proposal scored low.

Matt Golik, Mayor of Wolf Point, distributed a handout stating his concern for this project. He urged the Committee to allow them this year's TSEP funding, and support them in their prosperity.

EXHIBIT (j1h05a11)

Opponents: None

Questions from Committee Members and Responses:

SEN. ZOOK asked why the city of Wolf Point scored so low. **Jim Edgcomb** responded stating that the analysis report was inadequate.

CHAIRMAN KASTEN closed the hearing on Wolf Point.

Jordan, Project #34 Page 198

CHAIRMAN KASTEN opened the hearing on Jordan, Project #34 Page 198.

Jim Edgcomb, TSEP-DOC said they are recommending the requested grant of \$459,883. He reviewed the project and recommendation.

Proponents:

Patrick Murtagh, Walkerville, informed the Committee that Jordan has only one well, and they are solely dependent on that well. There is sand and gravel in the riser pipe, and they are required to have a backup well. He asked the Committee for their support.

Nickolas C. Murnion, City Attorney for the Town of Jordan, distributed information which he read.

EXHIBIT (j1h05a12)

{Tape: 3; Side: A}

Opponents: None

Questions from Committee Members and Responses:

CHAIRMAN KASTEN said he attended the meeting in Jordan, and stated it was very coordinated with MDT, the community and the engineers. He wanted to go on record in support of this project.

CHAIRMAN KASTEN closed the hearing on Jordan.

Glendive, Project #18 Page 120

CHAIRMAN KASTEN opened the hearing on Glendive, Project #18 Page 120.

Nancy Guccione, TSEP-DOC, reviewed and recommended the full funding request at \$139,133.

Jerry Jimison, Mayor of Glendive, said he is here in support of the Rosser Ditch project which is proposed to be partially funded through TSEP. They need the funds to make this project possible for Glendive. He said this is a storm water project which will prevent flooding of the major part of Glendive. There are 301 households that would be flooded if the funds are not received to prevent this disaster. He said that the project will also prevent contaminated storm sewer and sanitary sewage from overflowing onto the little league baseball fields and into the Yellowstone River. Mr. Jimison submitted a comment on the witness statement.

EXHIBIT (j1h05a13)

Kevin Dorwick, Director of Operations for the City of Glendive, stated his support for the project and TSEP grant.

Opponents: None

Questions from Committee Members and Responses: None

CHAIRMAN KASTEN closed the hearing on Glendive.

Polson, Project 16 Page 109

CHAIRMAN KASTEN opened the hearing on Polson, Project 16 Page 109.

Jim Edgcomb, TSEP-DOC, said they are recommending the request of \$500,000 for the proposed project which will involve a water main connecting the east and west end of the Flathead River.

Proponents:

Scott Anderson, Engineer, said he didn't work on the project, but helped the City of Polson on the grant application. He said this is the last phase of water improvements that the City has taken on. He said they have invested \$2.4 million from local funds to improve the water system. He supports the TSEP program as a whole, and stated that it is critical for the project's financial plan. This part of the project will cost the City \$1.2 million. The project consists of construction of a 12" water main that crosses the Flathead River.

Randy Ingram, Mayor of Polson, stated his support for the TSEP program.

REP. JOHN BRUEGGEMAN, HD 74, wanted to go on record in support of this project. He said due to the nature of this project the water system is very important for the City of Polson.

Opponents: None

Questions from Committee Members and Responses: None

CHAIRMAN KASTEN closed the hearing on Polson.

Helena, Project #51 Page 279

CHAIRMAN KASTEN opened the hearing on Helena, Project #51 Page 279.

{Tape: 3; Side: B}

Jim Edgcomb, TSEP-DOC, said that this project is below the funding line, and is not recommended for funding at this time. He said the applicant didn't accurately demonstrate the severity of the public health and safety problems.

Tim Burton, Helena City Manager, said he can live with the ranking as is, but wanted to inform the Committee that this project is the same one that was before the Committee in the last session. He said the City invested \$20,000 for the PER, and invested another \$12,000 to \$15,000 on this project to respond to the comments they had received back from the department on the application. The City has invested over \$30,000 in this project, and they are disappointed they ranked where they did. He said the TSEP program is critical, and the City wants to help build this program for future projects.

Opponents: None

Questions from Committee Members and Responses:

CHAIRMAN KASTEN said he remembered when this was before the Committee last session, and there had been environmental concerns that weren't addressed. He asked Mr. Burton to respond. **Mr. Burton** said there were contaminants from the railroad property that were leaching into the storm drain. He said they asked the railroad to participate with the funding and they had refused. He said this project will stay in their plan, and will try to determine ways to address this issue.

SEN. TESTER asked Jim Edgcomb why the project was so low on the list. **Mr. Edgcomb** responded stating that there are more applicants applying for the TSEP funds which make the priorities more competitive. He said this project did have problems with the PER, and the City did invest more money into the project. He stated that the department didn't feel that the concerns had been adequately addressed.

SEN. ZOOK asked Jim Edgcomb about the extreme number of bridge projects that are on the list, and if this has any reflection on the Helena Project being low on the list. He commented that the number of projects should not affect the scoring process. **Mr. Edgcomb** replied that the City had submitted a new application even though it was for the same project from last session, and it was reevaluated and reranked. He said it was done on its own merit according to the criteria that the department had to work with, and it wasn't compared to other applications. **Mr. Edgcomb** responded to questions from the Committee stating that each application is scored according to their own merits in relationship to criteria and scoring definitions that the department has to work from.

SEN. TROPILA asked Tim Burton how hard did they try to get the railroad involved. **Mr. Burton** said he felt they were very aggressive when they met with the representatives from the railroad, who informed them that they were not interested in assisting with the funding of this project. He said this is a difficult project which goes under several railroad tracks, and it is hard to do it without disrupting the train service. **Mr. Burton** said he will try to find the right people at the railroad to solve this situation.

CHAIRMAN KASTEN closed the hearing on Helena.

CHAIRMAN KASTEN closed the Committee hearing.

{Tape: 3; Side: B; Approx. Time Counter: 0 - 16}

ADJOURNMENT

Adjournment: 11:00 A.M.

REP. DAVE KASTEN, Chairman

CJ JOHNSON, Secretary

DK/CJ

EXHIBIT (j1h05aad)