



ENVIRONMENTAL QUALITY COUNCIL

PO BOX 201704
HELENA, MONTANA 59620-1704
(406) 444-3742

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SONJA NOWAKOWSKI, Research Analyst
HOPE STOCKWELL, Research Analyst
HELEN THIGPEN, Staff Attorney
NADINE SPENCER, Secretary
JOE KOLMAN, Legislative Environmental Analyst

MINUTES LOG

July 21, 2016
Room 317, Capitol Building
Helena, Montana

Please note: This document is a Minutes Log and provides a notation of the time elapsed between the beginning of the meeting and the time at which the item was presented or discussed, a motion was made, or a vote was taken. The narrative presented here is provided only as a guide to the audio or video record of the meeting. The official discussion, motion, or vote is available on the audio or video archive of this meeting. The Legislature does not prepare a transcript of meeting activities. The time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

Access to an electronic copy of these minutes and the audio or video recording is provided from the Legislative Branch home page at <http://leg.mt.gov>. On the left-side menu of the home page, select Committees, then Interim. Once on the page for Interim Committees, scroll down to the appropriate committee. The written Minutes Log, along with the audio and video recordings, is listed by meeting date on the interim committee's web page. Each of the Exhibits is linked and can be viewed by clicking on the Exhibit of interest. All Exhibits are public information and may be printed.

Please contact the Legislative Services Division at 406-444-3064 for more information.

COMMITTEE MEMBERS PRESENT

SEN. GENE VUCKOVICH, Chair
REP. JERRY BENNETT, Vice Chair

SEN. JIM KEANE
SEN. RICK RIPLEY
SEN. CARY SMITH

REP. WILLIS CURDY
REP. JANET ELLIS
REP. KERRY WHITE

MS. BROOKE ERB
MR. BERT LINDLER

COMMITTEE MEMBERS EXCUSED

SEN. JOHN BRENDEN
SEN. MIKE PHILLIPS
REP. ED LIESER
REP. THERESA MANZELLA
MR. SCOTT ASPENLIEDER
MR. ROY MORRIS
MR. TIM BAKER

STAFF PRESENT

HOPE STOCKWELL, Research Analyst
HELEN THIGPEN, Staff Attorney
NADINE SPENCER, Secretary
JOE KOLMAN, Legislative Environmental Analyst

AGENDA (Attachment 1)

VISITORS' LIST (Attachment 2)

CALL TO ORDER AND ROLL CALL

00:00:01 Sen. Vuckovich called the meeting to order at 8:00 a.m. The secretary noted the roll. **(Attachment 3)** Sen. Phillips was excused. Mr. Aspenlieder and Rep. Manzella were excused and left their proxies with Rep. White. Sen. Brenden was excused and left his proxy with Sen. Ripley. Rep. Lieser was excused and left his proxy with Rep. Ellis. Mr. Morris was excused and left his proxy with Sen. Keane. **(Attachment 4)**

SAGE-GROUSE CONSERVATION PROGRAM GRANT APPLICATIONS AND HABITAT QUANTIFICATION AND IMPACT MITIGATION PROCESSES

00:00:54 Carolyn Sime, program manager, Sage Grouse Habitat Conservation Program, Department of Natural Resources and Conservation (DNRC), gave an update on the sage-grouse conservation program.

00:01:34 Ms. Sime discussed implementation of the executive order.

00:05:20 Ms. Sime discussed the Montana Sage Grouse Oversight Team (MSGOT).

00:08:08 Ms. Sime discussed stewardship fund grant applications. **(Exhibit 1)**

00:19:03 Ms. Sime discussed mitigation and quantification tools. **(Exhibit 2)**

00:34:31 Ms. Sime discussed next steps.

Public Comment:

00:37:58 Alan Olson, Montana Petroleum Association, said that as the MSGOT explores the Habitat Quantification Tool (HQT) it should give consideration to a policy that recognizes ongoing and previously completed efforts to quantify and mitigate for impacts in sage grouse habitat.

Committee Questions and Discussion:

- 00:41:41 Sen. Keane asked about the grant approval list and said there is an error between the amount funded and the cumulative total. Ms. Sime agreed.
- 00:43:12 Sen. Keane asked Ms. Sime who owns the 44 Ranch. Ms. Sime said she will find out.
- 00:43:49 Rep. Curdy requested that Jim Abrahms, Bureau of Land Management, give his compliments to the state director and to the fire staff in the Butte, Lewistown, and Miles City districts for their efforts to bring more resources into eastern Montana for fire management to preserve sage grouse habitat.
- 00:45:12 Rep. White asked Ms. Sime about the stewardship fund as a "kick-starter" to create a pool of credits that will become available for sale and when the MSGOT will award funds and calculate credits retroactively and make them available for sale.
- 00:48:37 Rep. White asked Ms. Sime about the amount of additional funding the program will request from the legislature until the stewardship fund is reimbursed from the sale of the credits.
- 00:50:44 Rep. Curdy asked Ms. Sime if the program has approached conservation groups about providing funds for the program instead of using state funds to buy credits.
- 00:52:17 Sen. Ripley asked Ms. Sime why the MSGOT would reconsider an application for grant money if it is outside of the sage grouse habitat area.
- 00:54:25 Sen. Ripley asked Ms. Sime about mitigation and using the HQT and if the program is working with other states on consistency. Ms. Sime said it is.
- 00:56:45 Sen. Ripley asked Ms. Sime if there will be any requests for additional funding for full time equivalents (FTE) or easement enforcement. Ms. Sime said the request will be for the program at current funding levels.
- 00:57:26 Sen. Ripley asked Ms. Sime if any legislation will be needed for the program including FTE.
- 00:59:06 Sen. Ripley asked Ms. Sime if she reports to the DNRC or the Governor's office. Ms. Sime said the sage grouse program is an administrative attachment to the DNRC and she reports to the MSGOT.
- 01:00:21 Sen. Ripley asked Ms. Sime who conducts her performance evaluations. Ms. Sime said the DNRC.
- 01:01:14 Rep. Ellis asked Ms. Sime about the information provided on the Weaver easement and about the current status.
- 01:03:06 Sen. Keane asked Ms. Sime if any credits have been sold to the Board of Oil and Gas, wind farms, or the Montana Department of Transportation for crossing core habitat areas. Ms. Sime said that no credits have been sold in Montana yet.
- 01:03:35 Sen. Keane asked Ms. Sime how the program is getting credit for crossing core habitat. Ms. Sime said that on the projects that have gone through core habitat areas her office has been able to work with the proponent to minimize impact and has not had to require compensatory mitigation or credits.
- 01:04:34 Sen. Keane asked Ms. Sime how the program will recover any money if it never gets to the stage of compensatory mitigation or credits. Ms. Sime said at some point there will be a project that cannot avoid impacts.

NATURAL RESOURCE REVENUE AND AGENCY FUNDING IMPACTS

- 01:06:08 Joe Kolman, legislative environmental analyst, Legislative Services Division, said the EQC will hear from the Department of Environmental Quality (DEQ), the DNRC, and the Montana Bureau of Mines and Geology (MBMG) about how the decrease in natural resource funding, primarily from a reduction in oil and gas revenue, is affecting programs.
- 01:06:53 George Mathieus, deputy director, DEQ, discussed the agency's efforts to develop short and long-term strategies to address the projected shortfalls in the natural resources account.
- 01:10:08 John Tubbs, director, DNRC, discussed ways the agency is resolving to make-up shortfalls to its budget.
- 01:13:18 John Metesh, director, MBMG, said that natural resource revenues affect the Ground Water Assessment Program and presented information on funding for the program. [\(Exhibit 3\)](#)

Public Comment: None

Committee Questions and Discussion:

- 01:19:18 Sen. Ripley asked Mr. Tubbs about land exchanges between the FWP and the DNRC and what affect that will have on school trust funding.
- 01:22:45 Sen. Keane asked Mr. Mathieus about reorganization within the DEQ and the need to fill positions that were consolidated.
- 01:24:36 Sen. Keane asked Mr. Mathieus to provide information on the number of positions that have been consolidated. Mr. Mathieus said he will.
- 01:24:52 Rep. Curdy asked Mr. Metesh about the resource indemnity trust fund.
- 01:26:55 Recess
- 01:42:50 Reconvene

DNRC LEGISLATIVE PROPOSALS

- 01:43:35 Mr. Kolman said that the DNRC will present its legislative proposals for the 2017 Legislative Session. He said that the EQC will review the proposals and decide if they should be pre-drafted and pre-introduced.
- 01:45:51 Mr. Tubbs discussed legislative priority 003 — 77-5-201 (3)(b)(i). [\(Exhibit 4\)](#)
- 01:48:27 Mr. Tubbs discussed legislative priority 005 — Conservation Districts housekeeping. [\(Exhibit 5\)](#)
- 01:51:30 Mr. Tubbs discussed legislative priority 006 — Conservation District supervisor oaths. [\(Exhibit 6\)](#)
- 01:52:08 Mr. Tubbs discussed legislative priority 009 — amendments to rental provisions for commercial leasing. [\(Exhibit 7\)](#)

Public Comment:

01:54:05 Jeff Widholm, Medicine Lake, president, Montana Association of Conservation Districts (MACD), said MACD supports the legislation regarding conservation districts.

Committee Questions and Discussion:

01:54:43 Rep. Ellis asked Mr. Tubbs about legislative priority 003 and the exemption from MEPA for the timber sales and about the conservation consequences of doubling the volume of timber taken from 1 million board feet to 2 million board feet over a section of land. Mr. Tubbs referred the question.

01:56:08 Sonya Germann, Forest Management Bureau chief, DNRC, said the department does a MEPA checklist for limited access timber sales. She said that most of the areas where the DNRC is doing limited access timber sales have dead and dying timber and the 1 million board foot cap reduces their ability to treat the stands.

01:57:42 Rep. Ellis asked Ms. Germann if the 2 million board feet is part of the sustained yield calculation and not an additional amount. Ms. Germann said that for most of the cases it is.

01:58:56 Rep. Ellis asked Ms. Germann to provide information on timber sales. Ms. Germann said she will.

02:00:05 Rep. Bennett asked Mr. Tubbs about the limited access sites and if the sales are negotiated or if the state has a base price. Mr. Tubbs said they are negotiated with the logger. Ms. Germann said that the DNRC enters negotiations for every timber sale with a minimum bid price that it appraises.

02:01:50 Rep. Bennett asked Mr. Tubbs to explain alternative valuation methods.

02:02:57 Sen. Keane asked staff for a list of the legislation with the short titles.

02:03:20 Mr. Kolman asked the EQC if it wanted to take action on the four legislative proposals.

02:03:58 Sen. Keane said he recommends waiting until more members are present. Sen. Vuckovich agreed.

FIRE SEASON UPDATE

02:04:41 Bob Harrington, administrator, Forestry Division, DNRC, gave an update on the fire season.

02:10:06 Mr. Harrington discussed DNRC activities in southeast Montana.

02:15:30 Mr. Harrington discussed the Observation Point fire in Hamilton.

02:17:02 Mr. Harrington discussed the incident action plan in Billings.

02:19:01 Mr. Harrington discussed protocols for interagency use of aircraft.

02:20:11 Mr. Harrington discussed engine deliveries to counties.

02:22:01 Mr. Harrington discussed demographic challenges.

Public Comment:

02:24:55 Alan Olson, representing himself, commended DNRC on its firefighting efforts.

Committee Questions and Discussion:

- 02:25:54 Rep. White asked Mr. Harrington about the \$8 million spent on the Observation Point fire and how much is federal money that will be reimbursed back to the state. He also asked about the backlog of federal money that is owed to the state and if it goes directly into the fire fund. Mr. Harrington said the Observation Point fire was paid for completely by the U.S. Forest Service.
- 02:27:20 Mr. Harrington provided a copy of the outstanding fire receivables and said that \$9.8 million is still outstanding from federal agencies. **(Exhibit 8)**
- 02:30:18 Rep. Curdy commented on the Observation Point fire and asked Mr. Harrington about the availability of aviation resources and if there has been any follow-up done on call-when-needed services. Mr. Harrington said the department has a call-when-needed contract with Neptune Aviation.
- 02:32:57 Rep. Curdy asked Mr. Harrington about severity assets.

PUBLIC COMMENT ON ANY MATTER NOT CONTAINED IN THIS AGENDA AND THAT IS WITHIN THE JURISDICTION OF THE EQC

None

OTHER BUSINESS

None

INSTRUCTIONS TO STAFF

None

ADJOURN

- 02:35:52 Sen. Vuckovich adjourned the meeting at 10:36 a.m.

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