

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 59th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON LONG RANGE PLANNING

Call to Order: By **CHAIRMAN JACK WELLS**, on January 12, 2005 at 8:00 A.M., in Room 350 Capitol.

ROLL CALL

Members Present:

Rep. Jack Wells, Chairman (R)
Sen. John Brueggeman (R)
Sen. Mike Cooney (D)
Rep. Carol C. Juneau (D)
Sen. Bob Keenan (R)
Rep. Ralph L. Lenhart (D)

Members Excused: Rep. John E. Witt (R)

Members Absent: Sen. Jon Tester, Vice Chairman (D)

Staff Present: Laura Dillon, Committee Secretary
Catherine Duncan, Legislative Branch
Amy Carlson, OBPP

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

Committee Business Summary:

Hearing & Date Posted: HB 11, 1/12/2005; HB 6, 1/12/2005
Executive Action:

Reference book is: Governor's Budget, State of Montana, Treasure State Endowment Program, Fiscal Years 2006-2007, Volume 5; and the Governor's Budget State of Montana, Fiscal Years 2006-2007, Renewable resource Grant and Loan Program, Volume 7.

CHAIRMAN WELLS called the meeting to order and advised the committee members to put their names down on the sign up sheet for the field trip January 27 if they intended to go.

Cathy Duncan told the members that the trip would take all day and some meetings may be missed.

CHAIRMAN WELLS said he may have to discuss it with leadership.

Ms. Duncan replied that the trip could possibly be rescheduled for a weekend if this posed a problem.

CHAIRMAN WELLS reopened the hearing for HB 11 projects and went over committee protocol for those wishing to testify.

Lewis and Clark County Project #6 Page 53

Jim Edgcomb, Treasure State Endowment Program (TSEP), explained the Lewis and Clark County Project. A reduced amount of \$288,757 has been recommended for this project because their projected user rates are not within the predetermined target rate. The project seeks to connect the Dunbar area to the City of Helena's wastewater and water systems

Proponents' Testimony:

Ron Alles, Lewis and Clark County Administrative Officer, described the sewer project as the first of a two-phase project to improve conditions in the Helena Valley. There have been high levels of nitrates measured in the Woodlawn Subdivision area due to old and failing septic systems. The residents of this subdivision are in the low-to-moderate income range and the cost of installing a new system would be too much to bear. The county has applied for other funding sources to help with the project.

Mr. Alles said the City of Helena has the capacity to tie the area into the city sewer system and has demonstrated that they are willing to do this. The fairgrounds have been included in the project because it is more cost efficient to complete all the parts at once. The Woodlawn area has been identified by the county as one of three "hot spots" for high nitrate rates.

Mr. Alles commented that a reduced TSEP grant amount was still acceptable and the project would go ahead with rates within the target range. He was unsure whether or not the second phase of the project would require assistance from TSEP and directed

questions to the project's engineer and planner, who were both present in the audience.

Opponents' Testimony: none.

Questions from Committee Members and Responses: none.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 10.8}

Miles City Project #33 Page 191

Mr. Edgcomb introduced this project to extend water service to the north side of Miles City. The project has been recommended at the full \$500,000 request.

Proponents' Testimony:

Jennifer Peterson, Miles City Project Engineer, said the project was a major component of the town's capital improvements plan and that they had been working on it for several years. She asked the committee to support the project and offered to answer any questions they may have.

Mr. Edgcomb said that his department had been notified that several of those wishing to testify would be unable to attend due to risky weather conditions.

Opponents' Testimony: none.

Questions from Committee Members and Responses: none.

Glasgow Project #22 Page 141

Mr. Edgcomb testified that the full amount of \$500,000 had been recommended to this project, which would upgrade the city's wastewater treatment plant.

Proponents' Testimony:

Scott Murphy, Glasgow Project Engineer, read the committee a statement written by Jon Bengochea, Glasgow Public Works Director. Citizens of Glasgow had been advised not to travel in the current weather conditions.

EXHIBIT(jlh08a01)

Becky Beard, Glasgow Project Engineer, said the project would cost a total of \$1.6 million and the community would be using TSEP funds as well as local and loan monies. Nearly half of the

homes in the town will be affected by this system. The water and sewer rates have been raised to 110 percent of target rate in an effort to fund this project.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

REP. JUNEAU asked how long it took for the ammonia that had been discharged into the Milk River to clear up.

Mr. Murphy said the levels of ammonia in the river would naturally attenuate, and that the proposed project would eliminate levels of ammonia adjacent to the plant.

REP. JUNEAU asked how long the system was expected to last.

Mr. Murphy answered that the system should last for at least 20 years.

{Tape: 1; Side: A; Approx. Time Counter: 10.8 - 21.5}

Hysham Project #36 Page 205

Mr. Edgcomb presented the Hysham Project for town water system improvements. The recommended grant amount was reduced to \$462,359 because the town does not meet the hardship requirements.

Proponents' Testimony:

Julie Jones, Project Administrator, presented the committee with a copy of her written testimony, as well as letters from Larry Fink; Mayor of Hysham, and Lyle Maasch; Public Works Director. The town believes new water pumps and filters are necessary to obtain water from the Yellowstone River.

EXHIBIT(jlh08a02)

{Tape: 1; Side: A; Approx. Time Counter: 21.5 - 29.6}

Nancy Granger, Hysham Project Engineer, told the committee that the current system consists of a 1,200 foot infiltration structure that extends into the Yellowstone River. The river has migrated since 1991 and consequently deposited sediment over the infiltration gallery. The gallery flow drops to half or less of what the demand is on a peak day. The plant is not currently meeting Department of Environmental Quality (DEQ) standards to supply peak day demand.

Ms. Granger said the proposed project will extend the existing infiltration gallery further into the river. Filter corrosion at the plant will be addressed and its control system will be replaced. This will extend the life of the plant for another 20 years.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 4.4}

Opponents' Testimony: none.

Questions from Committee Members and Responses:

REP. JUNEAU asked Ms. Granger to explain the infiltration gallery.

Ms. Granger replied that the infiltration gallery is basically a trench that is excavated and replaced with gravel and an perforated pipe, which collects the water and takes it to the holding tank.

REP. JUNEAU commented on the water rate increase, and asked if it would be enough to pay for the loan.

Ms. Granger replied that the increase was to help pay for the project loan.

CHAIRMAN WELLS commented that the rates would be lower with TSEP assistance.

Ms. Granger replied that the rate would be closer to target rate with TSEP assistance. She said target rates are determined by a survey of communities across the state. Applicant communities must demonstrate that they are at or above the target rate to obtain financial assistance.

REP. JUNEAU asked if the town had taken any special considerations for senior citizens when determining the rate.

Julie Jones stated that she was not aware of any exceptions.

REP. JUNEAU commented that communities should investigate ways to accommodate their senior citizens when implementing such plans.

Ms. Jones said she would be willing to forward REP. JUNEAU'S comments on to the town of Hysham.

{Tape: 1; Side: B; Approx. Time Counter: 4.4 - 8.6}

CHAIRMAN WELLS noted that SEN. KITZENBERG had entered the meeting and invited him to speak about the Glasgow project.

SEN. KITZENBERG, SD 18 went on record to say that he was in favor of the improvements to Glasgow's waste water system and that without the assistance of TSEP an additional \$500,000 would be required from the community.

{Tape: 1; Side: B; Approx. Time Counter: 8.6 - 13.4}

Malta Project #16 Page 110

Mr. Edgcomb introduced this project for a new waste water lagoon and related system improvements. The project has been recommended to receive the full amount of \$500,000.

Proponents' Testimony:

Byron Ereaux, Mayor of Malta, testified that the current lagoon system is old and failing. The city has completed various repairs to the system and upgraded the pipes in the 1990's. They are having problems meeting Department of Environmental Quality (DEQ) discharge restrictions.

Mr. Ereaux said the town hired an engineer to find the best possible solution for their problem and it was suggested that the city construct a new lagoon. The engineer recommended that the town spray the waste water onto crop fields rather than discharge it into the Milk River. Currently the town is only allowed to discharge their waste water into the Milk River twice per year.

Mr. Ereaux stated that the proposed project would cost a total of nearly \$4.8 million. The city has gotten a loan, which will be repaid by the citizens of Malta through a sewer rate increase. The city is decreasing in population as well as income and TSEP funds are greatly needed. The City of Malta is considering a senior citizen rate discount. Mr. Ereaux told the committee that the project engineer was on hand for questions.

Annmarie Robinson, Bear Paw Development, supported the project stating that it would put Malta within the target rate and eliminate the city's discharge violations.

{Tape: 1; Side: B; Approx. Time Counter: 13.4 - 19.4}

Opponents' Testimony: none.

Questions from Committee Members and Responses:

Mr. Edgcomb commented with regard to REP. JUNEAU'S earlier questions that the predetermined target rates are there to ensure all people pay their fair share. Other programs are available through the state that can help reduce some of the costs for senior citizens or others on fixed incomes.

Conrad Project #10 Page 76

Mr. Edgcomb told the committee that the full amount of \$500,000 had been recommended for this project, which would construct a new waste water lagoon and allow for other system improvements.

Proponents' Testimony:

Byron Grubb, Mayor of Conrad, felt a new waste water system was needed. The system was deteriorating and frequently violated discharge limitations. The community had received TSEP grants for previous projects and were pleased with the results. Mr. Grubb commented that there were engineers on hand to answer any questions.

Steven Ruhd, Conrad Public Works Director, thanked the committee for previous TSEP support. He said the sludge buildup in the waste water treatment cells made it hard for the system to be efficient and the buildup had created an island in one of the treatment cells. With TSEP help, the community can fund a new system while still keeping rates low.

Opponents' Testimony: none.

Questions from Committee Members and Responses: none.

{Tape: 1; Side: B; Approx. Time Counter: 19.4 - 29.4}

{REP. WITT entered the meeting at approximately 9:00 A.M.}

Havre Project #12 Page 87

Mr. Edgcomb introduced the Havre Project, which is requesting \$500,000 for water system improvements. TSEP has recommended funding at the full amount.

Proponents' Testimony:

Ms. Robinson testified on behalf of the Havre Project. The town wants to replace 1st Street (US Highway 2) with concrete. The community must take the necessary steps to ensure the water system infrastructure underneath the street is fully intact before they may move ahead with the project. The water main under

the street is old and has broken down in the past. Because of the contaminated soils along US Highway 2, the Department of Transportation (DOT) is working with the City of Havre on the project. The DOT has agreed to do the excavation, and the city will construct the infrastructure. The City of Havre has already implemented a water rate increase to its residents in an effort to pay for the project.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

REP. JUNEAU asked what the acronym 'PER' stood for in the application information.

CHAIRMAN WELLS replied that it stood for preliminary engineering report.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 2.9}

Chester Project #44 Page 243

Mr. Edgcomb explained that the Chester Project planned to rehabilitate the master sewer system and complete other system improvements. The project had been recommended for the full request amount of \$200,000.

Proponents' Testimony:

Ms. Robinson told the committee that the city council had narrowed the project scope to include the most necessary of repairs. The city is also using their own work forces in an effort to save money. The city has already secured a loan and will use this money to fix three lift stations and one water line.

REP. WITT went on record to say that he supported the sewer system improvements for Chester.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

CHAIRMAN WELLS commented that the Chester project was listed just under the limit of available funding in the budget. He asked Mr. Edgcomb if there were any exact funding figures and if the program funding was flexible.

Mr. Edgcomb replied that all of the current numbers will remain estimates until the end of the biennium. It is up to the committee to decide which estimates to use and how many projects to fund.

REP. WITT asked if there were any projects that the program thought may not go forward as planned.

Mr. Edgcomb answered that there are too many factors involved to make an accurate guess, but added that nearly all projects move forward if given the time.

CHAIRMAN WELLS adjourned the meeting until 10:15 A.M.

{Tape: 2; Side: A; Approx. Time Counter: 2.9 - 11.1}

HEARING ON HB 6

Opening Statement by Sponsor:

REP. JOHN WITT, HD 28, opened the hearing on HB 6, Renewable Resource Grant and Loan Program (RRGL). There are 59 total projects recommended for funding under the program and HB 6 appropriates approximately \$4 million for the program. The bill also appropriates lesser funds for project planning and emergency grants.

John Tubbs, Department of Natural Resources and Conservation (DNRC), stated that HB 6 included 59 projects. However, the money appropriated only allows for funding of an estimated 40 projects. The available funds are moved down the RRGL priority list. Mr. Tubbs introduced Pam Smith and Bob Fischer as the DNRC staff who would be presenting the project information.

Mr. Tubbs explained that HB 6 differed from HB 11, despite the two bills dealing with some of the same projects. The Renewable Resource Grant and Loan Program made its recommendations based on measurements of resource conservation, development, management, and presentation. The program's recommendations may differ from those of TSEP projects and the same project could be ranked differently on each priority list.

{Tape: 2; Side: A; Approx. Time Counter: 11.1 - 20.5}

SEN. KEENAN asked Mr. Tubbs if he knew where the projects given to him by SEN. COBB applied in the program.

Mr. Tubbs replied that SEN. COBB had contacted him early in legislative session. He commented that there were a lot of one-time monies available in this session and was concerned that these funds may potentially be used to increase the base of programs in the next biennium. The senator would like to use this money to fund projects currently under the funding line during this session if possible.

CHAIRMAN WELLS commented that SEN. COBB was probably using the revenue estimates as a reference to look for areas of possible surplus. Mr. Tubbs agreed.

SEN. KEENAN asked if Mr. Tubbs could explain how the Fort Belknap Settlement affected the program.

Mr. Tubbs said the 2001 Legislature passed a compact that was negotiated between the Fort Belknap Tribe and the State of Montana. This compact quantified tribal water rights to reservation water. Precedent has held that there is actually a reservation of water that exists among tribal lands and in the Fort Belknap case, this was determined to include all the natural flows of the Milk River. This means that if the Fort Belknap Tribe develops their irrigation project, the state will lose some water that is currently being used for private irrigation.

{Tape: 2; Side: A; Approx. Time Counter: 20.5 - 25.5}

Whitefish Project #26 Page 158 (TSEP)

Mr. Edgecomb said this project has been recommended for the full amount of funding--\$457,500. The project will replace a major water main in the town.

Whitefish Project #43 Page 122 (RRGL)

Bob Fischer, DNRC, said his department recommended funding for the project at \$100,000 as requested.

Proponents' Testimony:

John Wilson, Whitefish Public Works Director, said the application involved a water main that crossed the railroad tracks in Whitefish. Most of the water supply was on one side of the tracks, whereas the majority of demand existed on the opposite side.

Paul Montgomery, Anderson Montgomery Engineers, distributed a handout that highlighted the major development features of the

project (Exhibit 3) and spoke to the necessity of the Whitefish Project.

EXHIBIT(jlh08a03)

{Tape: 2; Side: A; Approx. Time Counter: 25.5 - 31}

REP. MIKE JOPEK, HD 4, went on record in support of the project. Rep. Jopek has previously worked on the Whitefish Planning Board. He testified that Whitefish has water rates significantly higher than the state average even though the community includes both low-income and senior citizens.

SEN. DAN WEINBERG, SD 2, supported the Whitefish Project based on its health and safety merits for the community.

Opponents' Testimony: none.

Questions from Committee Members and Responses: none.

Laurel Project #29 Page 173 (TSEP)

Mr. Edgcomb said the full amount of \$500,000 had been recommended for this project to fund water main and waster water system improvements in the City of Laurel.

Laurel Project #34 Page 99 (RRGL)

Mr. Fischer said his department had also recommended the full amount of funding for this project at \$100,000.

Proponents' Testimony:

Larry McCann, Laurel Public Utilities, maintained that Laurel had a history of water problems. The citizens of this town already pay 140 percent of the target rate for sewer and water. Many water lines in the community have already been replaced to buy time until money can be gathered for more comprehensive repairs. Mr. McCann handed out a written statement from the Public Utilities Department that outlined their concerns (Exhibit 4).

EXHIBIT(jlh08a04)

Opponents' Testimony: none.

Questions from Committee Members and Responses:

CHAIRMAN WELLS asked what the town does with its waste water on peak days when the infiltration exceeds treatment plant limits.

Mr. McCann replied that the treatment plant is running 24 hours a day, seven days a week to compensate. There are holding tanks filled with waste, which is against DEQ regulations, and the tanks have overflowed in the past.

{Tape: 2; Side: B; Approx. Time Counter: 0 - 15}

Bearcreek Project #46 Page 253 (TSEP)

Mr. Edgcomb said that recommended funding for this water system project has been reduced to \$87,641. The grant amount was reduced because the town of Bearcreek does not charge water rates within the target rate zone. The grant money will be awarded on the condition that the preliminary engineering report is revised to better explain how water storage problems will be dealt with.

Bearcreek Project #51 Page 141 (RRGL)

Mr. Fischer told the committee that the project is recommended at full funding of \$100,000 despite falling just below the projected funding line.

Proponents' Testimony:

Bob DeArmond, Mayor of Bearcreek, outlined some of the problems the town has been having with their water system and brought along a copy of his written testimony (Exhibit 5).

EXHIBIT(jlh08a05)

REP. JOAN ANDERSEN, HD 5, went on record in support of the Bearcreek Water Project.

CHAIRMAN WELLS allowed the Bearcreek residents who supported the project but did not wish to testify a chance to state their name for the record. (See witness statement sheet for full list of names.)

Opponents' Testimony: none.

Questions from Committee Members and Responses: none.

CHAIRMAN WELLS closed the hearing on HB 6 and the adjourned the meeting.

{Tape: 2; Side: B; Approx. Time Counter: 15 - 25.6}

ADJOURNMENT

Adjournment: 11:00 A.M.

REP. JACK WELLS, Chairman

LAURA DILLON, Secretary

JW/LD

Additional Exhibits:

EXHIBIT ([j1h08aad0.PDF](#))