

**MONTANA FISH AND WILDLIFE CONSERVATION
ACT OF 1998**

FIELD HEARING
BEFORE THE
**COMMITTEE ON
ENVIRONMENT AND PUBLIC WORKS**
UNITED STATES SENATE
ONE HUNDRED FIFTH CONGRESS
SECOND SESSION

ON

S. 1913

A BILL TO REQUIRE THE SECRETARY OF THE INTERIOR TO SELL
LEASEHOLDS AT THE CANYON FERRY RESERVOIR IN THE STATE OF
MONTANA AND TO ESTABLISH A TRUST AND FUND FOR THE CON-
SERVATION OF FISH AND WILDLIFE AND ENHANCEMENT OF PUBLIC
HUNTING AND FISHING OPPORTUNITIES IN THE STATE

FEBRUARY 17, 1998—HELENA, MONTANA

Printed for the use of the Committee on Environment and Public Works



U.S. GOVERNMENT PRINTING OFFICE

49-520 cc

WASHINGTON : 1998

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington DC 20402

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MONTANA FISH AND WILDLIFE CONSERVATION ACT OF 1998

SUNDAY, JUNE 7, 1998

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
Helena, Montana.

The committee met, pursuant to notice, at 12:00 noon in the Judicial Room, Colonial Inn, 2301 Colonial Drive, Helena Montana, Hon. Max Baucus, presiding.

Present: Senator Baucus.

OPENING STATEMENT OF HON. MAX BAUCUS, U.S. SENATOR FROM THE STATE OF MONTANA

Senator BAUCUS. Good morning, everybody. I apologize for having the hearing on a Sunday. On the other hand, maybe we're blessed, because it's raining; which means the turnout is probably a little bit greater than it otherwise might be. It means we have the opportunity to have an even more engaging discussion on the Canyon Ferry project.

I appreciate your taking the time. This is a hearing on a bill that I've introduced, cosponsored by Senator Burns, S. 1913, called the Montana Fish and Wildlife Conservation Act. I apologize on behalf of Conrad and Rick that they're unable to be here today. I know they wanted to attend, but their schedules prevent their participating today.

We, however, have a court reporter/stenographer. Cheryl Romsa very ably is taking a record of the entire hearing. This is an official public hearing of the Senate Committee on Environment and Public Works. Everything will be on the record. I'll report to Conrad and Rick about what I've picked up at the hearing today. I know each of you will, too, in the ways that you feel most appropriate. Of course, they'll have access to the record.

Peggy Trenk, who works for Representative Rick Hill, is here. When I finish my brief introductory remarks, Peggy will give a statement on behalf of Congressman Hill.

Some preliminary matters—the testimony of each witness will be made part of the record. I suspect that some of the witnesses will have more extended printed written testimony that will be part of the record. But I'm going to ask that the first panel of witnesses to confine their remarks to about 5 minutes each. If you go a few minutes over, that's no big deal. When you're finished, I'll ask some questions. We want this to be quite informational, so if some of you

have some questions of each other, too, feel free to ask those as well.

At the conclusion of that portion of the hearing, then I'll turn it over to all or any of you who wish to speak. There's a sign-up sheet in the back of the room. I'd like each of you who wish to speak to sign up there so that we can have a list of all those who do wish to speak. Holly Luck, from my office—a lot of you know Holly—will be giving the names of the people that are on the list, just announcing the names. When she mentions your name, go to the microphone and speak.

Each of you who speaks in that portion of the hearing should confine your remarks to about 2 minutes to leave time for others. We want to be fair to everybody.

We're very honored to have with us here today witnesses who are very involved in the issue: Bob Robinson, of the Canyon Ferry Recreation Association. He's front and center here. Next to him, Mike Vashro, with the Prickly Pear Sportsmen's Association. He's seated at my left. Bill Orsello, with the Montana Wildlife Federation, is seated at my right. When they've finished, each of you who wishes to speak can line up there at the microphone and say what's on your mind.

I introduced this bill because I believe it will benefit Montanans for generations to come; not just those of you who are here and your immediate families, but also for our future generations. I hope this bill presents a common sense solution to a number of ongoing conflicts in our State.

As we know, the public is finding it more difficult to access public lands. Private lands that once were accessible to are now often posted "no trespassing." While this problem occurs throughout our State, it is also occurring in some degree in Helena and in nearby areas.

Recreation, hunting and fishing have become ever more a part of our State and local economies. Public access will help restore one of the legs of our economy. It's critical, therefore, that we maintain adequate access to our public lands in areas such as the Canyon Ferry Reservoir.

In addition to the problems caused by access, growth in our State has eliminated important fish and wildlife habitat. Some areas that were once vibrant with fisheries or elk herds have been negatively affected by development. Once again, given the importance of hunting and fishing to our State and local economies, we should make the investments today to ensure that our children and our grandchildren can experience the great hunting and fishing opportunities that we presently enjoy.

The Montana Fish and Wildlife Conservation Act of 1998 is designed to address two problems—to improve access to public lands and to conserve important fish and wildlife habitat. The Act does this by creating two trusts to help acquire access to public lands and to protect our State's hunting and fishing.

The first trust is a local fund, called the Canyon Ferry-Missouri River Trust. As the name suggests, this trust would be used to improve public access to Canyon Ferry Reservoir and upstream along the Missouri River and to conserve fish and wildlife in these areas. As more and more people use these areas for hunting, fishing, and

recreation, it's important that we have the tools necessary to provide sufficient public access to help conserve our fish and wildlife resources.

The second trust is a statewide fund, called the Montana Hunter and Fisherman Access Fund. Like the local trust, this fund would also be used to improve access to public lands and to conserve fish and wildlife. But unlike the Canyon Ferry-Missouri River Trust, this fund can be used throughout Montana.

What, you may ask, does this matter have to do with the cabin sites at the Canyon Ferry Reservoir? The cabin sites are the mechanism by which this bill will fund or pay for these trusts. In Montana, we have a long tradition of exchanging public lands with other lands that support our public values. As one example of this, the members of the congressional delegation and I have been working for the past year on the Gallatin II land exchange, near Bozeman. That's an exchange that trades Forest Service lands for critical wildlife lands.

S. 1913 is a land exchange process known as a land/trust exchange. This is a process whereby public lands are used to establish a land trust that in turn is used to acquire additional lands for public use. In this case, the cabin sites at Canyon Ferry are used to establish trusts to acquire other lands that improve public access and conserve fish and wildlife at Canyon Ferry Reservoir and throughout our State.

Currently, there are 265 cabin sites at Canyon Ferry Reservoir. These sites are fully developed, with cabins, yards, carports, fences, driveways. Although these cabins have provided benefits to the families that have leased these sites from the Federal Government over the last 40 years, the cabin sites are not otherwise used by the public at large.

The lease arrangements between the cabin owners and the Bureau of Reclamation have been a constant source of frustration, as I'm sure all the cabin owners here today can attest, over how high the lease payments should be. They drove down the lake one day, and on the basis of that one little cruise down the lake, they arrived at the high appraisal. All of the owners have secured another appraisal, which I understood took a couple of weeks and is very thorough and comes out with a much more accurate number.

Two years ago, I brought out Mr. Dan Beard. Dan Beard, as you know, was then the Commissioner of Reclamation. I brought him to Canyon Ferry in an effort to help resolve this. I know that some of you attended that meeting with Commissioner Beard. While relations with the Bureau have improved since that time, I think there's still many questions as to whether the Bureau should be playing landlord for these 265 cabin sites.

Frankly, I don't think the current arrangement works. It doesn't work for the current cabin site lessees, and I don't think it works for the public. I think, therefore, that we should to try to find a solution that solves that.

If we can find a proposal that consists of the following objectives, then I think it's a proposal worth pursuing: first, it should eliminate the current conflict between the cabin owners and the Federal Government; second, maintain existing public access to the reservoir and along the shoreline near the cabin sites; next, improve

access to public lands, both at the reservoir and around the State; and finally, enhance hunting and fishing. If we can do that, I think we'll come up with something that's going to work.

That's what today's hearing is about, taking a look at the bill that I've introduced with Senator Burns. I'm asking for you to examine that bill, to examine it; and in addition to express any concerns that you might have, so we can incorporate them into the legislation.

The bottom line is that I believe that we have a good opportunity to help our State. Because all of you are here and your ideas and advice are going to really help shape this bill into a good solution for Montana.

So with that, I'll turn to Peggy, who I think is going to give a statement on behalf of Congressman Rick Hill.

STATEMENT OF PEGGY TRENK, ON BEHALF OF HON. RICK HILL, U.S. REPRESENTATIVE FROM THE STATE OF MONTANA

Ms. TRENK. I'd like to read from a letter because Rick wasn't able to attend today, but appreciates the chance to offer a few comments.

First, I'd like to thank Senator Baucus for holding this important hearing. I would also like to thank the witnesses and others gathered here today for their efforts to address this important issue.

The Montana congressional delegation has agreed on the value of selling 265 leases on Canyon Ferry. This sale would allow current householders the opportunity for permanent ownership, while paying fair market value to the benefit of the taxpayer.

While we all share the common goal of providing more funding for conservation, I believe it is very important that we also make sure Lewis and Clark and Broadwater Counties have a stronger say in how their backyard will be managed. For this reason, I strongly support using the proceeds of this sale for not only land and water conservation measures, but also for giving these counties the resources to help make long-term recreational improvements on the lake.

I'm confident the Montana congressional delegation and all the interested parties will come together to resolve the issue of what the sale of the leases will benefit. Be assured that legislation I have introduced in the House of Representatives on this matter will be one of my highest priorities in the remainder of this Congress. This hearing will assuredly help move us forward for the benefit of all Montanans.

Again, thank you, Senator Baucus, for your efforts here today.

Senator BAUCUS. Thank you, Peggy, and thank you, Congressman Hill.

All right, let's begin with—well, first on the list, I guess it's you, Bob, representing the Canyon Ferry Recreation Association. It's all yours.

STATEMENT OF ROBERT J. ROBINSON, CANYON FERRY RECREATION ASSOCIATION

Mr. ROBINSON. On behalf of the Canyon Ferry Recreation Association, and as chairman of the Acquisition Subcommittee, I'd like

to thank you, Senator, for working so hard on Senate Bill 1913, as both the primary sponsor of the bill and for holding this hearing.

I'm today accompanied by Larry LaRock and Stephen Browning. Larry is a member of the Acquisition Subcommittee. He is also a long-time member of the Board of Directors of the Canyon Ferry Recreation Association. Steve Browning, as you know, a former member of your staff, is our legal counsel on this particular bill.

I'd also like to go on record as thanking Senator Burns and Congressman Hill. Both have been closely in touch with our association, as have you, and both have been working towards reconciliation of some differences and to get a bill that we can all support and that meets all the needs of the people in the area. I'd specifically like to recognize the efforts of Holly Luck. Holly has done an excellent job of keeping us informed, listening to our complaints, trying to identify for us issues before they became a problem. She is always an open ear and a real good support for our association.

Senator BAUCUS. You can say that again. I've heard a lot from Holly on your behalf.

Mr. ROBINSON. Good. Keep it up, Holly.

Brian Kuehl, also on your staff, has just done an excellent job in terms of working with the details of the bill and working with the congressional delegation staff back in Washington, DC. We really do appreciate his technical efforts as well.

We've prefiled our testimony, which is pretty long, longer than the 5 or 10 minutes that you've given me, although Holly said earlier maybe 15 if we stretched it. But I'll try to be shorter than that.

Senator BAUCUS. Holly said what?

Mr. ROBINSON. Holly just left.

That testimony is pretty straightforward, it's factual, we think it's balanced, and we think it addresses the expected issues with regard to the proposed transfer. My testimony is going to be more from the heart. I represent a family who has been a lessee since 1960.

You can look around this room, and there are a ton of people we know who have been lessees from the late 1950's to the 1960's. The interesting thing about this is, we have a community out there. This is a community of 265 lessees who all have kids and grandkids and great grandkids out there and all who know each other. We know our neighbors out there. This isn't like some other places where we don't know our neighbors, we don't know what's going on. We are a community. I mean, they even built their own church out there. They utilize the same little stores. They see each other in various recreation aspects. So we're talking about what's happening to a 265-home community out there.

I want to really make it clear that this bill is desperately needed by these 265 lessees, and more importantly, or as important, for the other people in southwestern Montana. Some of these people, and you can look around, there's a few people out here with more gray hair than I, and they've been dealing with this issue since 1968. The first record that we were able to discover is that Canyon Ferry Recreation Association was in touch with Senator Mansfield, trying to address this issue in 1968.

The two driving issues behind this bill and, and our proposal is that the Department of the Interior and the Bureau of Reclamation

has a policy to eventually eliminate the leased cabin sites at Canyon Ferry, and we'll talk a little bit later about that policy; and most recently, in the last 10 to 15 years, a continuous upward spiral in the lease rates that are pushing people, literally, off the land.

I think these issues must be addressed now. They can be addressed by the Baucus/Burns bill. In addressing the issues that are affected by the 265 leaseholders, we can address some other issues that should have been taken care of when Canyon Ferry Dam was constructed and some other issues related to habitat, to other recreation opportunities in southwest Montana and, as you've modified the bill, in all of Montana. So Canyon Ferry Recreation Association wants to go on record as strongly supporting the bill is it's currently written.

I want to tell you about the cabin site lessees. They're not wealthy individuals or out-of-State owners, like you see at Flathead Lake or Seeley Lake or at Whitefish Lake. These are people primarily from Helena and Butte, Boulder, Bozeman, White Sulphur Springs, even some from, I think from Billings and Missoula, but primarily from southwestern Montana. These are people who are teachers, they're lawyers, they're dentists, they're smelter workers, they're craftsmen, they're telephone company employees. These are people who are not considered wealthy on the scheme of real wealth, even here in Montana. They are people who have raised their kids here. They are people who pay taxes out there, they pay taxes on a home in their communities as well.

They're also not just 265 individuals. I hate to use my family as an example, but my mother and father had seven kids. We all use that cabin. We're all married, we've all got a bunch more kids. This summer, we may have the fourth generation of Robinsons out there.

Senator BAUCUS. How many is that?

Mr. ROBINSON. I'm afraid to ask. I think we'd be talking in the 30's. So there's some 30 people that have a direct interest in the outcome of this bill. That happens all the way up and down the lake. That's not just on Cabin Site 8. We can go up and down the shoreline and find dozens and dozens of families whose grandfathers and fathers and brothers and sisters and kids are now using those sites.

The other thing that happens out there is that those sites become a magnet for a whole bunch of other people in the community that aren't lessees—friends, office parties—whatever happens out there. Those cabin sites are a recreation resource in and of themselves.

So we're facing some pretty serious problems. But we think we've got a solution here, and we think there's some extraordinary benefits in terms of how to utilize the funds. We think, as the bill is currently drafted, there are no losers in this legislation. We've been through this since 1968. Every time there's a loser involved in this legislation, or in this process, the process gets stymied and stops. We think we've got a process, with your bill, where there aren't losers. There's gainers on all sides.

I want to give you a little bit of background on this. We're relying on a man by the name of Steve Clark, who used to be a Bureau of Reclamation employee in Helena and did a Master's thesis on leases at Canyon Ferry Reservoir.

The dam was completed in 1954. It was primarily for flood control, power production, and irrigation. But when that dam was discussed in Congress, and was promoted, they also talked about the multipurpose use of it, and part of that multipurpose use was recreation. As Clark says, what better way to show multipurpose use than to allow cabin sites along the shoreline of the lake.

Before the cabin sites were, were authorized between 1958 and 1960, the Bureau of Reclamation identified the prime public recreation spots on the north end of Canyon Ferry Reservoir. They segregated those so that there wouldn't be any cabin sites on those spots. So the best sites were reserved for the public back in 1956, '57, before any permits were issued.

Then those first 265 sites were, were authorized by lottery. They weren't 265 in one fell swoop, I think they went in two or three lottery cycles. The deal was at the time, and the requirement of the lease, was that if somebody received a cabin site by lottery, they had 2 years in which to build a permanent structure on that site, so the Bureau of Reclamation could go back to Congress and say, "Look, we've established the multipurpose use of this thing. We have cabin sites out there, we've got public recreation sites." So the deal was, you build a permanent structure, we'll give you a reasonable lease, and we meet our obligation.

What's happened since then is the Federal cabin site policy has vacillated. It's gone from one of overt and open promotion of cabin sites to discouragement of cabin sites to kind of leaving the cabin sites alone for a while, when it was managed by the Department of Fish, Wildlife and Parks, now to a proposed phase-out. I would refer you to the Inspector General's Report dated May of 1995—and we submitted that with our testimony—on pages 10 and 11, where they speak specifically to why hasn't the Bureau of Reclamation activated its plan to phase out the cabin sites and then they conclude that they haven't activated their plan because the Bureau of Reclamation could not prove at that point that the sites were needed for public use. I think that's going to be pretty important when we refer to the maps here in a little bit. But we believe that the purchase of the sites will eliminate that contention and give us a whole lot of other benefits.

I'd like to refer to this (indicating map), and Larry will point out what we want to show you. The north end of the lake is in Lewis and Clark County. The economic benefit from the tax base has accrued entirely to Lewis and Clark County at this point. Roughly, 20 percent of the lake, or maybe a little less, is in Lewis and Clark County.

On the south end of the lake, the undeveloped end, about 80 percent of it, Broadwater County. Broadwater County really hasn't seen economic much benefit from this lake.

The dark spots you can see on, on the map there, those are where the cabin sites are located. You've been out there, you know that.

Senator BAUCUS. Right.

Mr. ROBINSON. But an important point to recognize is that about 3 miles from the dam back to the first cabin sites is public land; lots of public recreation opportunities occur there. Interspersed within the cabin sites, as you can see on the south side, and on

both sides, the prime land was earmarked for public recreation sites. Those in fact do exist. There are much fewer of them on the south end of the lake.

We'll refer you to the other map now. Keep Larry on the move here. This is a map prepared in some of the work that we're doing with our reappraisals. If you take a look at that, this is a micro-section of the cabin site section over here (indicating illustration).

The green area that encompasses all of the shoreline in front of and between the cabins are in fact Bureau of Reclamation land and, by this proposal, would remain Bureau of Reclamation land. None of the cabin sites are on the lakeshore. We all have lakeshore access, but we don't directly front the lakeshore—our property lines are generally in an area of ten vertical feet above high water level at the lake, which pushes you back quite a bit from the shoreline. I think that's something that's real important for everybody to understand all the way along here, that if these cabin sites are sold, the lakeshore, the recreation opportunities from the lakeshore are not lost to the public.

With the sale, there is no loss of the current recreation opportunities. In fact, there are new recreation opportunities that will result from the sale.

We'd like to call it a land exchange, but it's not quite that, in that we don't have land to, to transfer. But what it is, is an exchange of money, maybe estimated at \$15 to \$20 million, if you look at all of the cabin sites; and that money, in your bill, would be split 45 percent to the Canyon Ferry-Missouri Trust and 45 percent to the fund for public land access and 10 percent to the, to the Bureau of Reclamation.

I think the good thing about this is that in times of tight Federal money, we are developing new public use dollars that can provide significant opportunities for recreation and habitat enhancement in the area. Most of that money, or most of the Missouri River-Canyon Ferry Trust would be used in Broadwater County. I mean, that's where the opportunities are, and that's where most of the adverse impact from the dam occurred. Lewis and Clark County would receive an increased tax base to the extent that that \$15 to \$20 million is now, in property value is privately held. That goes onto the tax base. Lewis and Clark County benefits. East Helena schools, the Helena public high schools benefit from that.

The whole idea of a trust is not new. I'm sure you're aware of Montana Power's Missouri-Madison Trust that was created to do exactly the same thing we're talking about. But they left the hole in the doughnut. They go from Hebgen Dam down to Toston Dam, pick up at the bottom of Canyon Ferry, and go down to Great Falls. Because the Bureau of Reclamation owns the Canyon Ferry Reservoir, we don't have any Missouri River Trust here. This is the way we can fill that in, and I think it's a perfect match for Montana Power's Missouri-Madison Trust.

There are other trusts in Montana. I'm sure that in your days of watching the Bonneville power line go across Montana, you remember the Rock Creek Trust that was established to mitigate the impacts there. Montana Power and Bonneville Power put \$1 million up to mitigate that. That's working wonderfully over there in the Rock Creek drainage.

I want to make sure that you understand, and that the public understands, that this is not a sweetheart deal for the cabin site owners. The language in the bill and the concept embodied by yourself and the other Congressmen are that fair market value, based on a current, valid appraisal, has to be the minimum price that the cabin owners would pay for their sites. In exchange, we would obtain the title to the land, an easement access from the main road to the cabin site, and an easement for one boat dock per cabin site and recreation opportunity on the shoreline. Again, I want to emphasize, the shoreline remains public property.

The bidding process is a little bit complicated. We've gone back and forth on that. We can support the bidding process as it now stands, with the safeguards that allow the current lessee to match the highest bidder or allow the current lessee to continue to lease until the current lease expires in the year 2014. We recognize and support the requirement that you people see in Congress to ensure that fair market value is obtained.

I'm just about winding up here.

We received a letter from the Montana Wildlife Federation not too long ago, in fact, shortly after we were talking about the Sweetgrass Hills. The Montana Wildlife Federation, I thought, had a great sentence in there that said that: Canyon Ferry public lands have lost their historic public wildlife value as a result of habitat alterations and destruction. If those lands are permanently taken out of the public domain, then we believe they must be replaced by lands that aim to provide the public with wildlife and recreation opportunities that once existed.

I can tell you that our cabin site didn't have a whole lot of animals around there when we first got there, but what was really lost was the riparian habitat on the river bottom. We really do believe that this trust fund that could be used to acquire other public lands or new public lands on the Missouri upstream from Canyon Ferry and the conservation easements from willing sellers—we don't want to get in the position of anybody thinking anybody is bullying anybody around with this fund, but always from willing sellers and willing participants—we think that we can replace that lost riparian habitat to some extent with preserving some public land upstream of the river.

I think, Senator, this bill is good for all of the stakeholders. It can pass—given where we are in little old Montana, it can only pass if all of our congressional delegation is dead behind this thing and works hard to ensure its passage.

We're pleased with the progress. We appreciate the work that you've done very much. We also appreciate the work of Representative Hill and Congressman Burns—or Senator Burns. Boy, I'll be in trouble now. We commit our efforts, our Committee and the Association, to helping you get this bill passed. We really appreciate it. Thank you.

Senator BAUCUS. You bet, Bob. Thank you very much. That was a very good statement. I'm glad, frankly, that you spoke more than 5 minutes to give a full explanation.

Okay, Mike, you can have another few minutes, too.

**STATEMENT OF MICHAEL VASHRO, PRICKLY PEAR
SPORTSMEN**

Mr. VASHRO. Mine won't be near that long.

We thank you, Senator Baucus, for this opportunity to speak this afternoon on the Montana Fish and Wildlife Conservation Act of 1998. My name is Mike Vashro, and I'm representing the Prickly Pear Sportsmen's Association.

The Prickly Pear Sportsmen's Association is a greater Helena area rod and gun club dedicated to the conservation and enhancement of fish and wildlife resources in Montana. The sportsmen and women of our organization are active hunters and anglers, and our club frequently engages in efforts to improve and protect fish and wildlife habitat on public and private lands.

The idea of creating a fish and wildlife habitat trust fund from assets now held by the public around Canyon Ferry Reservoir came from within our organization. Members of our organization have considerable experience in the creation and administration of fish and wildlife conservation trust funds.

The lands in question around Canyon Ferry Reservoir are presently a public asset of considerable economic value. Although their value as wildlife habitat have been diminished, their value as an asset with the potential to positively impact wildlife habitat, the preservation of agricultural land, and the retention of open space protection remains substantial.

The representatives of our organization shared the concept of a wildlife habitat/land conservation trust fund with the Canyon Ferry property owners as a way of converting a publicly held land asset, the cabin lease lands, into a land trust dedicated to the preservation and enhancement of wildlife habitat. This concept met the needs of the property owners and, in the opinion of the Prickly Pear Sportsmen's Association, also met the trust—the public trust responsibility associated with publicly held assets.

We appreciate the attention this proposal has received from the Montana congressional delegation. You have all been very responsive. Our enthusiasm for this idea remains high and is anchored in two features that must be retained as this legislation moves through Congress: The first, the purpose of the trust must remain focused on protection of fish and wildlife habitat; and the second is, the trustees of the fund likewise need to be representatives clearly dedicated to the purpose of the trust.

The Prickly Pear Sportsmen's Association also supports the idea in the legislation advanced by Senators Max Baucus and Conrad Burns to create a second trust dedicated to gaining access to public lands. The access trust, like the land trust, must be focused and administered similar to the terms outlined for the land conservation trust. If these conditions are guaranteed, our organization believes that the public interest will be served; wildlife habitat, agricultural land, and open space will be protected; and the property ownership around Canyon Ferry will be equitably resolved.

Our organization's commitment to the principles outlined in this testimony is not casual. We recognize that there will only be one chance to deal with this public asset now held by the Federal Government at Canyon Ferry. To put this asset at risk by being either

casual or vague about the use of the funds to be generated by sale of the cabin sites is a risk our organization is not willing to take.

Therefore, we offer our support to the effort being made in this legislation sponsored by Senators Baucus and Burns. We suggest the language in the legislation addressing the purpose of these trusts and the makeup of the entities that will administer them be given close and constant attention as the legislative process continues. Thank you.

Senator BAUCUS. Thank you, Mike. You've got more time. Do you want to use it?

Mr. VASHRO. That's it.

Senator BAUCUS. Bill Orsello?

**STATEMENT OF WILLIAM ORSELLO, MONTANA WILDLIFE
FEDERATION**

Mr. ORSELLO. I wish to first thank Senator Max Baucus for being present. I wish to also thank him for the invitation and the opportunity to testify on the Montana Fish and Wildlife Conservation Act of 1998, Senate Bill 1913. The presence of Senator Baucus here demonstrates his concern for the lessees, wildlife conservation, and the interests of Montana sportsmen.

My name is Bill Orsello, and I am here as a representative of the Montana Wildlife Federation, comprised of 7,500 members and 21 affiliate clubs. I am also here as a concerned hunter, angler, parent, and outdoor recreationist.

The Montana Wildlife Federation recognizes the complexity of drafting legislation that attempts to solve a problem, the loss of wildlife habitat and the concerns of the lessees, that has existed since the 1950's. The Montana Wildlife Federation applauds and supports the Senator's bill for the exchange of these public lands.

We feel that Senate Bill 1913's success depends on five features: 1) the exchange of public lands that have had their wildlife value diminished by the construction of cabins, elaborate homes, and landscaping for the ability to acquire lands, access, and conservation easements that have equal or greater wildlife and recreational values. 2) non-developed recreational opportunities have been lost, and they should not be replaced by developed recreational opportunities. Primitive habitat was lost, and it should not be replaced with developed habitat. This must be a land related values exchange. 3) the creation of two endowments or trust funds that will only be used to guarantee the preservation of wildlife habitat and wildlife recreational opportunities in Montana. 4) that any trust funds developed from this exchange be administered by Montana representatives dedicated to the perpetuation and conservation of wildlife, public access to public resources, and the preservation of our hunting and fishing heritage. 5) we believe that Montana's wildlife and sports persons are best served by decisions formulated at the local and State level for the dispersal of the funds generated by the endowments. The intimate, on-the-ground knowledge of local wildlife and sports persons' needs would only be diluted by transferring the decision-making process to a national influence.

We feel uncompromisingly that this bill must stay on track with its original intent to create an exchange of degraded public prop-

erties with properties that will have a long-term benefit to the public and the preservation of wildlife habitat.

Any attempt to modify this bill or redirect monies generated from the exchange for programs, like the Land and Water Conservation Fund, or projects not benefiting the enhancement of wildlife habitat and the greater public wildlife oriented recreational opportunities, will create many adversaries. We feel this proposal has a delicate balance; it only works if it is an exchange of diminished wildlife value land for useful public lands with high wildlife values. This bill must ensure that the funds generated from lost publicly held assets are used to replace those assets with accessible lands, benefits to wildlife, and public recreational opportunities within the immediate geographical area.

The Montana Wildlife Federation remains enthusiastic toward the passage of Senate Bill 1913 and feels the bill will help preserve Montana's hunting and fishing heritage for future generations, if it is held intact and uncompromised.

I reiterate, this proposal must ensure that funds generated from the exchange of our public lands, our public assets, must be used to replace those assets with publicly accessible lands in Montana, wildlife habitat in Montana, and public wildlife opportunities in Montana, preferably in the immediate geographical area.

Again, we applaud and thank Senator Baucus for his efforts.

Senator BAUCUS. Thank you very much, Bill.

I'd like to first turn to you, Bob, and ask a couple of questions about how the Association, and particularly the members, would acquire the land.

Originally, I had thought that the legislation should have some kind of mechanism where the leaseholders themselves would be able to directly acquire their sites at fair market value. It was later suggested that there be an auction and bidding process, and the bill now provides for that, for a bid process. The thought is that someone, some entity could then bid on the package, on the sites. If the Association has the highest bid, then the Association would own the sites and the cabin owners would then be able to own their sites.

Now, the question obviously arises, what happens if somebody else comes in with a higher bid, and particularly, if it's much higher? The range of appraisals right now is around \$18 million, up to \$20 million perhaps. What happens if somebody comes in, if someone were to come in, I don't know, say, \$40 million, and wants to acquire the sites?

We've tried to protect against that in the bill by, first, giving the Association the first right of refusal. But that would mean the Association would have to raise and spend the \$40 million. The second set of protections, as you know, written into the bill are that whoever purchases or gets the highest bid has to honor the current lease arrangements and the lessees will be able to extend their leases for, I guess another 5 years, and then there's two options to do that, an option to buy, and if they don't buy, the leaseholders are compensated for improvements that they've made, et cetera.

But if I were a cabin site lessee, I'd be concerned about this. I just want to ask you how you foresee this working and what hap-

pens if, say, somebody were to come in with a much higher bid than \$18 million.

Mr. ROBINSON. Senator, I think the bill addresses that. Obviously, our earlier discussions, the very first discussions of this bill talked about the cabin site lessees being able to purchase those just directly at fair market value from the Bureau of Reclamation. But as you know the machinations of congressional negotiations back there, the—it was made at least clear to us that in order to have all of the congressional delegation supporting this bill, that there had to be some kind of a bid process in order to ensure that other Congressmen outside of Montana were convinced that this wasn't a sweetheart deal.

I think the current process will work, though. First of all, I think the provisions in the bill that require one entity to bid on all 265 lots turns away a whole bunch of would-be bidders. But there still may be one of those would-be bidders out there. If that in fact did happen, the other two safeguards—actually, three safeguards, I think that are in the bill really protect the cabin site owners, or at least we think it does.

First, that whatever that individual or that entity is that was the higher bidder than the Canyon Ferry Recreation Association was, or whatever they bid, they would have to be able—or the Canyon Ferry lessees would have the right to purchase their particular cabin site from the successful bidder at the amount that that bidder bid. In the case of my mother's cabin, say, the fair market value was \$40,000 and somebody came in and bid them all up by 20 percent, 25 percent and that was \$50,000. Well, then, we would have the right to match that proportional share, that \$50,000, and my mother could get that site.

I think that's the first safeguard. The second safeguard is that if that person pushed that price up too high, then the cabin site owners could exercise their option to continue the lease until 2014 at something similar to the current Bureau of Reclamation lease rates. Well, if the person—the successful bidder puts up too much money, and ends up with a lease rate that doesn't recover his or her costs, or its costs, then I think that's a bad business decision for the next 16 years by that particular entity.

Last, but not least, and I think a real important point in here that we sometimes overlook, maybe these cabin sites would be more valuable if somebody was going to put up a Hilton Hotel out there. But the bill requires that those cabin sites be utilized in the future by the purchaser with their historic property boundaries and their historic use. Those are individual homes. So we don't think that there's going to be an entity that comes in there that wants to buy up all those sites.

The other, the other problem with that is, that entity who buys up all those sites that's not Canyon Ferry, the Bureau of Reclamation would have the obligation, if we desired, as lessees, to buy our improvements on that property at fair market value. So not only are they going to overprice the land, but then they've got to turn around and look at buying 265 cabins and associated septic systems and wells. That's probably not an economic—a good economic decision.

We think the safeguards are there. It would sure be a lot cleaner if we were to say, you know, the current lessees buy it right directly from the Bureau of Reclamation at fair market value.

Senator BAUCUS. It would be a lot cleaner. I'm curious, I mean, how concerned are you about the current the arrangement as proposed in the bill, compared with the cleaner, direct purchase? You say that you think that the current safeguards are sufficient, and I'm just trying to get a sense of how much comfort you have with all of this.

Mr. ROBINSON. Well, I don't know how much comfort everybody else has or the Association has, but we really do—you know, we would have preferred the direct purchase, but if that doesn't fly in Congress—

Senator BAUCUS. Well, let's assume that Congress doesn't care.

Mr. ROBINSON. Then that's the way to go.

Senator BAUCUS. But again, do the arrangements in the current bill give you—on a scale of 1 to 10, are you about 80 percent comfortable or are you—

Mr. ROBINSON. I've got to see how comfortable these guys are (indicating).

Mr. LAROCK. Ninety.

Mr. ROBINSON. Ninety percent.

Senator BAUCUS. About 90, okay.

Mr. ROBINSON. There's a risk. Obviously, there is some risk there.

Senator BAUCUS. Do the rest of you think it's 90?

[Negative response.]

Senator BAUCUS. I want to make sure that we have the right temperature here on this question. We don't want to be buying a problem if we don't have to. The current provision of the bill which provides for the auction doesn't have to be in the final bill. That could be deleted.

Mr. ROBINSON. Correct.

Senator BAUCUS. I'm here to determine how comfortable are you with the current provisions. That would help me to know how hard to try to delete this auction portion and move toward a direct, fair-market-value purchase.

Mr. ROBINSON. Senator, I think that's almost a political decision that you have to work out with the other Congressmen. Because, you know, your original draft and our draft—

Senator BAUCUS. That's right.

Mr. ROBINSON. —had a straight purchase by the cabin site—

Senator BAUCUS. But I'm asking the question partly as if they were sitting right here, so you could tell them how comfortable or uncomfortable you are with the—

Mr. ROBINSON. Well, there's a little discomfort, as you can tell from the group. There are some that are more concerned than, than probably others. But it would sure be a lot cleaner going the straight purchase route.

Senator BAUCUS. Do you think you could come up with \$18 or \$20 million?

Mr. ROBINSON. As long as we got a fair appraisal out there—and we've got a couple of surveys of the cabin site owners that said that

probably 95 percent of those people would buy their cabin sites if it was a fair evaluation of the value of the property.

Senator BAUCUS. How many would?

Mr. ROBINSON. About 95 percent, 96 percent, something on that order.

Senator BAUCUS. "Fair" means what number?

Mr. ROBINSON. Well, that the appraisal fairly represented the value of that particular cabin site. I think that there's been some appraisals with regard to lease rates that 100 percent of the cabin site owners said are a little out of whack. We think that there is, a valid reappraisal would probably be a little bit lower than the current prices. But, you know, when it came down to a fair value, we think we have 95, 96 percent.

Senator BAUCUS. I understand. But I have no idea what the current appraisal is—

Mr. ROBINSON. We don't know what they are.

Senator BAUCUS. —but say it's between \$16 and \$20 million. Do you think you can handle that, the Association can?

Mr. ROBINSON. We've had some discussions with some financing entities, usually large banks or other financial institutions that we would work with on an individual basis to set up loans, or some individuals may want to cash them out. But with the lead time, if the bill passed, we could put the financing together. We've been advised by local banks that that would be possible.

Senator BAUCUS. Could you describe in a little bit more detail the Rock Creek Trust, how that's set up.

Mr. ROBINSON. Well, I don't know all of the details—

Senator BAUCUS. Just roughly.

Mr. ROBINSON. —but, when Bonneville Power extended the Colstrip power line from Townsend and took it to the Bell Station over on the western side of the State, that line had a number of environmental impacts. At the time that that line was being placed, in the Missoula area, there were a number of Area Two study areas. The line had to cross a few of those.

The compromise with the environmental community over there was, sure, that line could cross or skirt a couple of these Area Two study areas only in exchange for some compensation for the environmental impact. I think it was \$1.2 million, but you can't hold me to that number—it was something in that area—that the Montana Power and Bonneville Power Administration put up into the Rock Creek Trust. That money has been held in trust. I think it's managed by a committee of recreationists. Maybe the Wildlife Federation people can tell us better. But it's pretty much managed by people who are interested in the resource in the Rock Creek area. To my understanding, it's acquired some conservation easements up and down that creek to protect that drainage.

Senator BAUCUS. Let me ask Mike and Bill about the access provisions. I heard you to say in your testimony that you're comfortable with the two trusts, with proceeds that are to be used to buy easements or access, or lands, private lands, to give more access to hunters and fishermen in our State. Do you feel that this bill does that enough, or not?

Mr. VASHRO. Can I just revert to your last question about the Rock Creek Trust?

Senator BAUCUS. Sure.

Mr. VASHRO. Our past immediate president was active in the creation and administration of the Rock Creek Trust. His name is Jim Posewitz. Unfortunately, he can't be here today. He could have answered questions very intimately.

Yes, we do feel comfortable about that.

Senator BAUCUS. You, in your statement, though, said that, if I heard you correctly, that you want to make sure that the trust does protect fish and wildlife and the proceeds are clearly dedicated to the purposes for which they're stated. I wasn't sure, when I listened to you, whether you thought they could be sharpened up or not or whether you thought that you just didn't want any changes that would dilute that.

Mr. VASHRO. We don't want any dilution. We want to make sure that the language in the bill is kept true. As you know, language does tend to get diluted.

Senator BAUCUS. Bill.

Mr. ORSELLO. I think we'd say the same thing. The bill, as it is now formed, meets our needs. What we're concerned about is a dilution of the purpose, that being wildlife related access, wildlife related conservation easements or purchases. We would hate to see this money redirected for large-scale, modernized recreational facilities, things that don't have land related values: boat docks, picnic tables, campgrounds. There's other funding mechanisms, we think, available for those improvements and that this should be generated only for land-related value.

Senator BAUCUS. Could you expand on that a little bit, because I think there are some people who would like to see the proceeds used for some of that, you know, boat docks, picnic tables, and so forth.

Mr. ORSELLO. I'm sure there are. I think that's a very delicate balance. Montana sportsmen have traditionally been against selling public assets. Basically, that's how we would see those improvements, would be a product of money generated. We think that this can only work, from our point of view, if they're land-related values, if the values that come from these public lands and the lands that were lost are replaced by other land-related values that benefit the public and wildlife.

There are several venues available to provide those other public assets. I don't think this is the appropriate one. That's the Wildlife Federation's position, and one that our members cling to very dearly. We had a board meeting yesterday, and that was one thing that came up immediately, was that this has to be an exchange of land for land, or land-related values.

Senator BAUCUS. Do you know what's happening in other situations, like the Rock Creek Trust? Is there a similar situation there?

Mr. ORSELLO. I think the focus on the Rock Creek Trust was narrowed down to where that was the only thing that it was used for; that those land-related values were written in and that the people that directed that fund, the board that oversees it, were predominantly members of the conservation community, so that the intent and the direction couldn't be changed.

Senator BAUCUS. You heard Bob say that, you know, that with the present cabin sites not directly on the shore, but 10 vertical

feet back, and the further provisions of the bill, that he felt there's sufficient public access. I mean, would you agree with that statement?

Mr. ORSELLO. I think there's probably the perception of the public that they wouldn't want to have a picnic in Bob's front yard, even though it is available.

Senator BAUCUS. Bob doesn't mind that.

Mr. ORSELLO. No. Well, you know, there hasn't been a problem with that. I don't think the public in general thinks in those terms, that they're going to lose anything. But it wouldn't change from the conditions that now exist. The safeguards of access to the lake in areas adjacent to these properties, I think are protected in the bill. That's important to many people.

I think one of the things in our focus is that we believe that what was lost here—There were many things gained, there was a cold water fishery and impoundment that came, the recreational aspects, water skiing, boating, cabin sites. What was lost was 20 some miles of riparian area, wildlife habitat, bottom land, farmland, that we've put campgrounds on this lake. We've created recreational access. We've done a lot of these things. What we really haven't done with Bureau of Reclamation money was compensated for what was lost as far as wildlife habitat and opportunity.

My father used to hunt ducks up by the Canton Bridge. My grandfather used to sit up on the North Fork of Deep Creek, broiling on a dryland grain farm, wishing that he was down there in that bottom land that he'd homesteaded 10 years earlier. Those are all gone. They're under 60 feet of water now. But we have the opportunity to take that money and protect other parts of the wild river that runs up to the confluence, and I think that that's very admirable to hold.

Senator BAUCUS. Yes, I think probably most of the leaseholders, potential landowners would not want a lot of camping in their front yard.

Mr. ORSELLO. No, and I think the lake is large enough and the opportunities can be, you know, created.

Senator BAUCUS. All right. The composition of the trusts, that is, how the trustees are appointed and the powers that they have, are you satisfied? Are you comfortable, all of you, with all of that, or not?

Bob?

Mr. ROBINSON. I think Canyon Ferry Recreation Association steps out of that because we don't want to be viewed as having a beneficial interest. So we intentionally did not put a Canyon Ferry Recreation Association member in our original proposal. So it's really a discussion that comes down to who is on it—are they conservationists, are there some local government people? I think that's where the issue is. I think we prefer to step out of that debate and let the conservationists and local government deal with that.

Senator BAUCUS. What about this other issue about use of proceeds, though, does the Association have a position on that? Because Bill and Mike are concerned, quite legitimately, that any proceeds from this should go back to access and not for non-land purposes.

Mr. ROBINSON. Well, I think there's probably a pretty strong feeling among the Canyon Ferry Recreation Association members that replacing—

Senator BAUCUS. Can everybody hear back there?

Mr. ROBINSON. I think there's a fairly strong feeling among most of the Canyon Ferry Recreation Association members, at least the Acquisition Committee and the board of directors, at our discussions, that we would support habitat acquisition, whether they're conservation easements, outright purchase of the property in, you know, the upriver area. We think that there is a lot of area, if you look at the map, on the edge of the Canyon Ferry Reservoir that's undeveloped and real hard to get to. We think that maybe some easements could be acquired that would—

Senator BAUCUS. Like down by the silos, for example.

Mr. ROBINSON. Yes, from there all the way up to White Earth or even up through the back side of the Spokane Hills there. An awful lot on the other side as well.

Senator BAUCUS. Right.

Mr. ROBINSON. It's difficult for people to get on land from the highway down to the lake. Maybe there's an opportunity to acquire some easements across private land to the lakeshore which would enhance recreation opportunities on the lake. Because we think there will be a need in the future for flat water recreation.

We don't necessarily sign on to building a bunch of marinas and those kinds of things there. But we need to do something about getting people to the lake to let them have some opportunities on the lake.

Senator BAUCUS. So the Association is in support of access and not in support of, of capital improvements, docks, boat landings, and so forth.

Mr. ROBINSON. I think there'd probably be some discussion of that among the members of the Canyon Ferry Recreation Association. But, but we think that the makeup of the board isn't going to ignore entirely recreation opportunities on the lake for the betterment of everything upstream.

Senator BAUCUS. Do any of you want to say something that hasn't been addressed? Is there some question that I should have asked but haven't that you want to respond to?

Mr. ROBINSON. Senator, I'd just like to have the people in the audience who appreciate your efforts and the work that you've done on this bill stand up, so you know how many people out here really do appreciate what you've been doing for us here.

[Applause.]

Senator BAUCUS. We're in all in this together.

Mr. ORSELLO. Senator Baucus, I would like to thank you for the formatting. I think this is something that we had to discuss a lot, the idea of an endowment versus a land-for-land exchange. But the possibilities of the perpetuity of an endowment, the creation of money, and the ability to leverage off of it is a tremendous asset. Buying another piece of property is always beneficial, but then you have that piece of property and all the ramifications that come with managing it and developing it. This way, it provides a vehicle to fund acquisitions, conservation easements, access that we can continue this on, not this generation, but in generations to come.

Senator BAUCUS. I agree. I think we have a real opportunity here. Like all of you, I have a lot of fond memories of the use of the reservoir and the lake as a little kid. I remember watching those big cranes come down and build the dam. It was quite a sight. Then later on, a good friend of mine, John Marlow was his name—a really industrious little fellow. He enlisted me—I was a bit of a sucker at the time—to build a cabin there on the lake. We had to do it from scratch, so we went up toward McDonald Pass here with a flatbed truck. We sawed down some trees. I don't know how legal it was at the time.

Well, we had to peel the bark off the trees and haul them up on the flatbed. The first mistake we made was the trees were too big. We couldn't lift them up and put them on the flatbed. So we went off and cut a couple smaller ones. We put them on the truck and hauled them down to the lake. I remember peeling all the bark off.

Then we had to make the foundation. We were mixing all this concrete for the foundation for the little cabin. Then we built a deck on it. I have no idea what's ever happened to John Marlow's cabin. Maybe some of you know about it or where it is.

Audience Member. It's still there.

Senator BAUCUS. Is it still there? It's still there.

So we had a lot of fun out there. We had parties out there on the deck. I've done a lot of ice fishing on the lake.

So it's a great opportunity for a lot of people. I agree, if we could keep it for our kids in the future, it would make a huge difference and something we can all be very proud of.

Thank you, all of you, very much.

Let's give everybody here that testified a round of applause.

[Applause.]

Senator BAUCUS. We asked the Bureau of Reclamation to testify, but they couldn't be here. It was rather short notice. So if some of you were wondering why they're not here, that's the reason. But they'll certainly have an opportunity to comment on all this and we'll take those comments into consideration, as well as all of yours here.

All right, now the next portion of the hearing, for those of you who want to go on the record here, have your name and comments indelibly printed for posterity, Holly is going to call off from the sign-up sheet, I guess in the order of people who signed in.

Ms. LUCK. I'll call in blocks of three, and if you'll please line up behind the microphone, to make it as quickly as possible.

Lanny Helfert, Larry LaRock, Julie or John Blacker.

STATEMENT OF LANNY HELFERT

Mr. HELFERT. Good day, sir.

Senator BAUCUS. Hi. Lanny, right?

Mr. HELFERT. Lanny Helfert is my name, yes. I would like to first thank you for being here to give us this opportunity to voice our opinions in this forum. I'd also like to thank Representative Hill and Senator Burns for all their work that has been put into this, as well as the people from Canyon Ferry Recreation and all the organizations that are involved here.

I don't know if being the first is good here or not. Sometimes the first fighter doesn't have a chance, you know. But I will start off

by saying that we've been on the lake since 1957, I believe. I grew up there, my brother grew up there, my children have grown up there, and hopefully this summer, like Bob, I may have a grandson up there spending some time.

We feel strongly that we have helped develop the lake, the cabin owners and lessees, through the past 40 years, and we naturally would like to see this come our way. We would like to own those pieces of property. We feel that the monies that are going to be generated from this probably would not be available from any other source except this, this exchange.

There's going to be some good come, from everybody's aspect, I believe. I think it's a win/win situation. Of course, I'm prejudiced, but Mr. Orsello and Mr. Vashro are probably prejudiced, too. They have their agendas, as does everybody. But it's an all-win situation. We feel that if it's done properly, and I think the congressional delegation would feel the same way, if we can get the rest of the people in the United States and all of Montana to go with us, it would be a good deal.

Again, I thank you, sir, for being here. I'll pass it on to Dr. LaRock.

Senator BAUCUS. Thanks, Lanny, very much. Appreciate your comments.

STATEMENT OF LARRY LAROCK

Mr. LAROCK. I'm Larry LaRock. First of all, I want to thank you. A couple of months ago, you may remember, I was in Washington, DC, talking to you about another issue. Towards the end of the conversation, I mentioned Canyon Ferry, and you brought Brian Kuehl down right away, and we spent more time talking about Canyon Ferry than what I showed up for in the first place. I appreciate that.

I'd like to make one or two comments about the bid. As you know, we worked on the wording on the bid process in the legislation with Brian and staff members from Senator Burns's and Representative Hill's offices. The language that is there, I think we feel comfortable with, our attorneys feel comfortable with.

Obviously, there's a comfort level, though, a comfort zone that would be nice if it weren't there. I think it would make us all feel better if it were just a nice, clean, clean, situation, maybe a cleaner situation. But at the same time, we worked with your staff on this, and the other staff members, and our attorneys assure us that this is a fairly comfortable position that we're in with the bid process. Again, maybe comfort level would be a little bit higher if it were worded a little differently.

One of the things I'd like to correct for the record—and this was actually taken care of when I was at your office in Washington, DC a few months ago. I was talking with Brian. The initial trust make-up, as far as who is on the board of trustees, did have CFRA listed as a member. We discussed it at that time at your office, and I said, "We don't need to be there. We have no reason to be there." And so our name was taken off. I want to clarify that point. We don't have any reason to be on that trust because we don't envision that any of the money from that trust would go to benefit any of the 265 cabin sites. Thank you.

Senator BAUCUS. Thank you, Larry.

**STATEMENT OF JULIE BLACKER, CANYON FERRY RESERVOIR
LEASEHOLDER**

Ms. BLACKER. Senator Baucus, my name is Julie Blacker. My family has had a cabin site out there for well over 40 years. They were original cabin site owners at that spot. We consider that spot home, and we desperately want that opportunity to purchase that land, if possible. We support all your efforts and thank you for all the work you're doing on behalf of us.

Senator BAUCUS. Thank you, Julie, very much.

Ms. LUCK. Charlie McCarthy, Dwayne or Lilly Kretchmer, Lisa Blanford.

Senator BAUCUS. Hi, Charlie.

STATEMENT OF CHARLIE MCCARTHY

Mr. MCCARTHY. Hi, Senator. Thank you for coming. I am a office holder in the Prickly Pear Sportsmen's Association and the Montana Wildlife Federation. I think Mike Vashro did a good job for Prickly Pear and Bill Orsello did a good job for the Wildlife Federation.

As an individual, I'd like to say that I'm a little troubled by the fact that we don't have our companion piece from the House here. I know Representative Hill has the intention of introducing it, but I haven't seen it. I'm worried that what might come back at us, after you go to back to Washington and start negotiating with this bill, that it might look like something different. So all I'm saying is, I'm for the bill the way it's currently proposed.

As I understand an endowment, we would be spending the interest or whatever we would gain off of this, not that we would go and spend the whole endowment right away. So we're not talking about a lot of money here. Prickly Pear just did an outhouse out at our range. \$25,000 for a two-hole outhouse was the bid we got. So it's not going to take a lot of money—or a lot of time or effort to spend this money real quick out there if we go into building boat ramps and outhouses and picnic tables and that sort of thing.

I'd like to emphasize the word "wildlife" that appears in here all the time, "hunting, angling, and wildlife recreation opportunities." I'm a little bit concerned about all the jet boats, that kind of thing that goes on out there. Yes, it brings money. Yes, it does this and does that, but what does it do for the gull or the pelican or the eagle or the osprey or whatever else are out there?

Thank you again for the opportunity.

Senator BAUCUS. Well, that's a good point, Charlie; these trusts are permanent endowment trusts. So it would be the income from the trust that would be used for access or acquisition, and not the principal. So you get a \$9 million trust at, say, 7 percent. That's about \$566,000. Get the math right here. How does that work?

Audience Member. It's \$600,000.

Senator BAUCUS. It's \$600,000, yes, would be potentially available. That's not a lot of money when it comes to buying significant easements and land acquisition. So that's a very good point that you made. Thank you.

STATEMENT OF DWAYNE KRETCHMER, HAVRE, MT

Mr. KRETCHMER. Senator Baucus, my name is Dwayne Kretchmer, my wife Lilly here (indicating). We're from Havre, Montana. We have a home at 3908 East Shore Drive—and we're very proud of it and we love it—ever since 1982.

I didn't realize when I signed my name and my wife's name—

Senator BAUCUS. That you were going to have to say something.

Mr. KRETCHMER. Right. So I'm really trying—

Senator BAUCUS. You don't have to say anything.

Mr. KRETCHMER. —trying my best. However, as long as you're putting it that way, when it was mentioned about all the Canyon Ferry cabin sites are owned by people from Helena and East Helena and Butte and Bozeman and Livingston and Billings and Great Falls, Havre is also part of Montana.

Senator BAUCUS. Okay. Very good. I like the sweatshirt you're wearing, too

Mr. KRETCHMER. That is Havre.

Senator BAUCUS. Yes, right.

Mr. KRETCHMER. Now, all I want to do is say, in the best words that I can, that we very much support your efforts and thank you very much.

Senator BAUCUS. You're welcome. Thanks, Dwayne, very much.

STATEMENT OF LISA BLANFORD, CANYON FERRY RESERVOIR LEASEHOLDER

Ms. BLANFORD. Good afternoon, Senator Baucus. My name is Lisa Blanford.

Senator BAUCUS. Hi, Lisa.

Ms. BLANFORD. I'm a leaseholder, I also have a cabin, third generation. We would really appreciate any opportunity to be able to purchase the land and to continue our recreational opportunities out there. Our preference would be to have a possibility of direct purchase of the cabin, but we'll support the efforts of the Association and any, any efforts it takes in order for us to be able to purchase that land. Thank you.

Senator BAUCUS. Thank you, Lisa.

Ms. LUCK. Dorothy Foreman, Margery Rothschiller, Representative Harper.

STATEMENT OF DOROTHY FOREMAN, BILLINGS, MT

Ms. FOREMAN. Senator Baucus, I'm Dorothy Foreman. We live in Billings. We came here over 20 years ago. Even though we have, of course, a city like Billings, and opportunities, we have nothing like what we have here in the Canyon Ferry Recreation Area. We came here with the hope in our, you know, our golden years, that we would be able to take advantage of and really enjoy those last years here. We found, after we signed on the dotted line, too, that the lease arrangement gave us a lot of trouble. You know, we would really like to have the opportunity to buy this land. Thank you.

Senator BAUCUS. Thank you.

Now, if any of you have heard anything that you would like to comment on, either in response to questions I've asked or answers that others have given, that is, Mike and Bob and Bill, when you're

speaking up here, feel free to comment on or react to anything else that's occurred thus far in addition to your own direct personal views. I mean, take advantage of the opportunity, if you want to.

STATEMENT OF MARGERY ROTHSCHILLER, GREAT FALLS, MT

Ms. ROTHSCHILLER. I'm Margery Rothschiller. On behalf of my husband Vern, we're from Great Falls, and we've been cabin owners since 1982. We're not pioneers, but sometimes we think we are when we're out there. We bought our cabin on Valentine's Day, by the way, and it has been a labor of love ever since.

One little thing on the lighter side that I might want to say, you know how bad Montana needs rain right now. Senator Baucus, I want you to know that we knew you were going to come to the race yesterday, and we said, "One beautiful day, please." And by the 6,000 people in the race, evidently, the Man Upstairs was paying good attention to us. So anyway, we were glad that you were here to make the race with us.

Senator BAUCUS. Thank you.

Ms. ROTHSCHILLER. But we've been really good stewards of our land out there and have felt that it's been a privilege to, to be there and have met a lot of good people, and have become good shoppers in Helena in fact. So anything that anybody else has said in front of me already is, we're ditto.

I do want to say, there is wildlife out there. If somebody comes and looks at my shrubberies, the beautiful grooming job on them, you'll know that we're not hurting for wildlife. Could use a few more fish, though.

Senator BAUCUS. Thank you, Margery.
Hal?

**STATEMENT OF HAL HARPER, MONTANA STATE
REPRESENTATIVE**

Mr. HARPER. Good afternoon, Max, cabin owners, I'll be real brief. I've got to go prepare a bid for an outhouse for Charlie, I think.

Max, thanks for your work on this issue. We've worked on a lot of similar issues in the Legislature, and they're very difficult. We know that you have a very long and difficult road ahead of you, and we wish you success.

I'm very much in favor of the concept, the endowment concept. I guess I would like to reiterate the cautions that most of the people have voiced, that is, please don't exchange developed land for development. That especially means capital improvements. Use this opportunity to restore these lands to their original purpose, that is, primarily fish and wildlife habitat. So I would say go heavy on that, go easy on certain aspects of access.

My people in this district are very concerned about the loss of quality of life that we are experiencing in the State. Other States in the western part of the country have been transformed by outside pressures. This particular endeavor gives us an opportunity to begin to mitigate and maybe turn of those pressures around, increase fish and wildlife opportunities and access.

Thank you, Senator.

Senator BAUCUS. Hal, do you think that the composition of the, of the trustees is sufficient to protect, you know, as much as one reasonably can, those concerns of yours?

Mr. HARPER. Well, that is something that you're going to have to work on. It's going to be tough, Max. You've got to balance that. But who you choose, of course, is going to depend on how the money is spent and whether it's spent. That's one thing that bothers me. But still, I don't think there is any other way to accomplish what we need to accomplish. If you can get the right people in charge of that endowment, we're in good shape and I think our minds can be at rest.

Senator BAUCUS. Thank you.

Ms. LUCK. Representative Gay Ann Masolo, Tom Budewitz, John Grant.

**STATEMENT OF GAY ANN MASOLO, MONTANA STATE
REPRESENTATIVE**

Ms. MASOLO. Good afternoon, Senator.

Senator BAUCUS. Hi, Gay Ann.

Ms. MASOLO. Thank you for coming. I am Gay Ann Masolo, and I represent York and Canyon Ferry area, all of Broadwater County, all of Meagher County, and parts of Cascade.

I was going to talk to you about this in the race yesterday, but I didn't really want to run that slow. Now that I have that on the record, you know I'm just joshing.

Senator BAUCUS. I beg your pardon.

Ms. MASOLO. I'm sure you're going to listen to me now, right?

Senator BAUCUS. What was your timing?

Ms. MASOLO. I haven't even had the nerve call and ask.

Actually, I want to tell you, I did write a letter in support of this. I am very much for the sale of the cabins, because I had these families, I had their children in school for 25 years and I can attest to them being wonderful families, and I want to keep them in this area.

Also, Bob Robinson might think he's a little historic, but I'm a Sullivan from Canton Valley, and I lived on those ranches. I knew all those ranches that gave up their places that are below the lake now. So I'm kind of here on their behalf, too. Because I was a little girl, and I'll never forget my father had a Bureau of Reclamation guy come out to him and say, "Hey, Dan," as the water was coming up on our ranch, "have you got webbed feet yet?" And my dad, being the little wily Irishman he was, kicked off his irrigation boot and said, "Yes." My dad had webbed feet, had webbed toes. He said it was the first time he ever saw a government official speechless.

So I did live through all that. We did have wonderful pheasant hunting and wonderful fishing and wonderful families.

Now, the way they sold that to Broadwater County was that Broadwater County would benefit from it economically. So I think it's extremely important that you take Broadwater County into consideration with this money, and I believe you should have a member of our county commissioners on the board, because 80 percent of this is in Broadwater County. I think it's very important that you take it into consideration. Thank you.

Senator BAUCUS. Would there be other sources of money to help address some of the development questions? It is a risk to start down the slippery slope of taking proceeds from public lands and then using them to construct capital improvements. I understand the concerns of those who are interested, like Broadwater County, for example, about the lack of capital improvements. I was wondering if you've given some thought to another way to deal with that problem.

Ms. MASOLO. Well, we do have one of our county commissioners here, and we do have our next speaker who might address this, because he's been in on it more than I have. But I know that they are real concerned that they do receive some of these funds to help them with their area. Of course, we don't want to go to the property owners for more taxes.

Senator BAUCUS. Thank you, Gay Ann. Next year, I'll try to run slower for you—or I'll try to run faster for you.

**STATEMENT OF TOM BUDEWITZ, BROADWATER COUNTY
COMMISSIONER**

Mr. BUDEWITZ. I've seen her run, and I don't think that what she said is true.

Mr. Chairman, my name is Tom Budewitz. I'm an attorney, and I represent the Broadwater County Commissioners. I'm here because I've been involved on their behalf since about 1993, in various aspects of Canyon Ferry.

As Gay Ann alluded to, there were 36 family farms that were flooded when Canyon Ferry was built. It's easy to forget that after almost 50 years now. As more time goes on, the fewer people there are around to remember. But just last year, when the water level at Canyon Ferry was extremely low, if you were to have walked around the shoreline along the south end of the lake, you would have seen the foundations of a number of old farmhouses and homesteads still poking up through the shallow water at that time.

As Gay Ann said also, it's my understanding that there were promises made back in the 1940's and 1950's, when Canyon Ferry was being planned and was being built, that Broadwater County would be the recipient of funds and other assistance for economic development to replace the resources that were being lost. It hasn't happened.

You've asked the question whether there were other sources of funding. So far, there have not been. Now, that doesn't mean that there aren't. But at least to this point, the agencies that have been involved in Canyon Ferry have not been willing to either spend the money that they have available or seek other funds. That's despite the fact that the county commissioners, at least since 1993, since I've been involved in this, have been willing to participate, to share in the costs at least through some in-kind contributions.

In 1993, there was a study commissioned by the Department of Interior and by the State Department of Fish, Wildlife and Parks, which resulted in a draft management plan and environmental assessment prepared by some local environmental consultants. I have a copy of the plan, as a matter of fact, in my file. It's about an inch and a half thick.

It contained a very detailed study of Canyon Ferry and a detailed study of the current uses and future prospects for the facility. It proposed about \$10 million worth of development, or improvements, which may or may not be accurately described as development, around the lake. The expenditure was projected to be over a period of 10 years, so about \$1 million a year.

At the time that the study was commissioned, I only became involved during the public hearing process of that plan. But it appeared at the time that there was never any discussion about where this money was going to come from. You know, it was one of these things that, "Gee, let's commission a study and see what ought to be done out there, and then maybe somebody will come up with the money later." Didn't happen. The plan died. The study is gathering dust in somebody's closet somewhere. I managed to retrieve mine out of a file several days ago in anticipation of this hearing.

Some of the proposals contained in that study included additional campgrounds, additional access, improvement of some of the roads, things as minor as additional picnic tables and outhouses and some major things. One of the things at the time that the Broadwater County Commissioners suggested was the deepening of one of the bays at the silos.

One of the problems on the south end of the lake is that there is no place on the south end to dock or tie up a boat. Although the silos is only about 6 miles from the city of Townsend proper, if one lives in Townsend, one has to go about 35 miles, up to Goose Bay, around the east side of the lake, in order to tie up a boat. One of the things that's required at the silos in order to do that is the deepening of one of the bays. I don't know the cost of that, but I'm sure it would be substantial. The commissioners are willing to participate in that. But up to this point at least, no one has been willing to pay the burden of taking it on.

Again in 1993, Congressman Williams proposed a House resolution which contemplated the creation of a partnership between the two agencies of the Department of Interior, BLM and BOR, as well as the State Department of Fish Wildlife and Parks and local agencies, which presumably would have included the counties, both Broadwater and Lewis and Clark. That resolution provided, in part, that the fees generated, the income generated at the site would be spent for maintenance and operation of the facilities itself and the development of additional facilities for hunting, fishing, and recreation.

That resolution died, primarily because of what I perceived as a turf war between the two Interior Bureaus. Finally, the State Department of Fish, Wildlife and Parks, out of frustration, withdrew its interest entirely. It ultimately withdrew its interest in managing the facility.

So when the question is asked or when the statement is made suggesting that there are other funding mechanisms, Mr. Chairman, we are doubtful that other funding mechanisms, although they may exist, will ever be utilized at Canyon Ferry, because they've never been utilized in the past.

We see this legislation as an opportunity for a one-time generation of funds which could in fact be used for additional improve-

ments at Canyon Ferry Lake. Now, we support the concept in general of selling these cabin sites and creating this fund of money. We support the 10 percent going back to the Department, we support the 45 percent going for the statewide access fund, and we support generally the 45 percent that would go to the proposed Canyon Ferry-Missouri River Trust Fund.

The concern we have is with the establishment provisions of that trust fund, which are very narrowly drafted and do not include—and probably at the request of the Wildlife Federation, as Mr. Orsello suggested today—that they not include anything other than the acquisition of land. Well, let me tell you a couple of things that we think ought to be appropriate expenditures of this money.

Number one, Highway 284, on the east end of the lake, which provides access from Highway 12 along the east side to Confederate and Goose Bay, which is the only area on the east side of the lake in Broadwater County with docking facilities, is badly in need of repair. Generally speaking, that road provides access to the lake and, generally speaking, as proposed, might be included in the expenditures as contemplated by this establishment clause. But we think it needs to be more specific so that some of that money could be used for that purpose, to maintain that road.

We also believe that there should be other roads developed within the existing BLM property, not only at the silos and the other areas, but perhaps an expansion of those roads between the silos and White Earth. We believe that money should be spent for the deepening of the bay at the silos. We're not suggesting that money should be spent for the development of a marina. We think that should be done with private funds primarily. But at least if the bay is deepened, then access is improved and increased to the lake in general, particularly on the south end.

We believe also, Mr. Chairman, that the membership of the board of trustees of the fund should be revised, either by changing the, the proposed makeup to include representation from the local county commissions—at least the Broadwater County Commission, and perhaps Lewis and Clark, if they're interested—or to expand membership. The existing proposal doesn't need to be changed except to expand to include additional representation by the local government agencies.

With those types of changes, the county commissioners would be satisfied, to the extent that they ever will be, that this opportunity to provide a one-source generation, one-time generation of funds will not be lost. Thank you.

Senator BAUCUS. Thank you, Tom. You raise good points. There's always a way to skin a cat. I think the goal here is to try to keep the public access, but also address the Broadwater County economic development and other capital improvement concerns that, that many have.

One thought that comes to my mind—and I don't know if this could be put together or not—Congress just passed a new highway bill which gives Montana a lot more money than we've been receiving over the past years. Over the last 6 years, we've received in Montana about \$162 million per year from the Highway Trust Fund. Over the next 6 years, we're going to get a 60 percent in-

crease of about \$260 million per year from the Highway Trust Fund, without any increase in gasoline taxes.

Although these are Federal dollars, to be used primarily for interstate and primary road purposes, I wonder if there might be a way to use some of these dollars for access. I don't know, because there aren't specific provisions in the bill that passed, whether any of this could be used for capital improvements. I don't think that that's possible now.

But anyway, that's a potential source of some money. My hope would be that all of us together and others also look for other sources. Just because, you know, the plans you mentioned in the past didn't materialize and the BOR/BLM joint partnership didn't materialize, it doesn't mean that there's not some other way we can work this out. But recognizing the legitimate concerns of Montanans who want access, I encourage all of us to keep looking for ways. I just mentioned one possible way, and that is the Highway Trust Fund.

Mr. BUDEWITZ. Mr. Chairman, we understand that there may be other sources of funds available. But unfortunately, after a period of time, in this case almost 50 years, one's patience begins to run thin and we're now looking at our second or third or fourth generation of county commissioners in Broadwater County who have been exposed to the same problems and the same difficulties in attempting to finance the improvements at Canyon Ferry.

I want to add also that, point out that while the comment has been made that the money should be spent only for the replacement of riparian habitat, we should point out that at the south end of the lake, there is perhaps the only place on the lake where riparian and wildlife habitat has in fact been increased.

Behind the dikes at the south end of the lake, there is a tremendous wildlife habitat. In fact, I can tell you, while we're mindful of jogging yesterday, I have been chased by osprey on one of the dikes while jogging at that end of the lake. I can tell you that the wildlife down there is incredible. If you haven't been there, I invite you to come down there and run the dikes, because you'll see some incredible things.

There has been a replacement of wildlife habitat. It has not all been lost by the construction of the lake. It certainly hasn't all been lost by the existence of the cabin sites. Again, I think that points out further the additional impact on Broadwater County. We've got the wildlife. What we'd like to have is a replacement of the economic impact, negative economic impact which occurred through the loss of those farms almost 50 years ago.

Senator BAUCUS. You make some very good points. I appreciate it very much. Thank you, Tom.

**STATEMENT OF JOHN GRANT, CANYON FERRY RESERVOIR
LEASEHOLDER**

Mr. GRANT. My name is John Grant, and I want to thank you, also, for having this hearing. I would like to correct a statement that I think has been made where we've been referred to as lessees. When we purchased our cabin and moved out there, we were lessees. The Bureau of Reclamation then came in and made us permittees. We're out there as long as they permit us to be. My fear

is that my children will not be there for another 30 years. We very much appreciate your efforts to allow us to purchase these properties.

Senator BAUCUS. You bet. Thank you, John.

Ms. LUCK. Bill Janecke—I apologize if I pronounced it wrong—Mary Beneventi, Mike Bishop.

STATEMENT OF BILL JANECKE, ANACONDA, MT

Mr. JANECKE. Good afternoon, Senator Baucus. I'm Bill Janecke, from Anaconda. I'm representing myself, as well as George Grant Chapter of Trout Unlimited. I would like to point out, as we've seen from our friend from Havre, that this is more than a regional interest, it's a statewide interest. I think the crowd here today reflects that to some extent, too.

With respect to how we proceed, we feel it's crucial that the bill that you currently have, with the endowments or trusts for wildlife habitat and access remain as they are. I would point out, too, a little discussion we had earlier as to the reason why. Wildlife doesn't use \$2,500 outhouses. So we feel that any redirection of these funds is really going to be a failure and a shortcoming.

I would like to thank you very much for your efforts to be here. We really appreciate it, and we're wonderfully happy to have the opportunity to comment.

Senator BAUCUS. Thank you, Bill.

**STATEMENT OF MARY BENEVENTI, CANYON FERRY
RESERVOIR LEASEHOLDER**

Ms. BENEVENTI. Hi, Max.

Senator BAUCUS. Hi.

Ms. BENEVENTI. I'm Mary Beneventi, and I've lived at Canyon Ferry Lake on the West Shore since 1978. I wish to thank not only Max, but the rest of the congressional delegation. I looked for my children for years and couldn't find them. They were at the lake. I didn't have a cabin then. Finally, I was able to get a cabin when the last one was in high school. But I'm spending my retirement time there, and I love it. Please let us buy that cabin. Thank you.

Senator BAUCUS. Thank you very much.

STATEMENT OF MIKE BISHOP, HELENA, MT

Mr. BISHOP. Senator Baucus, I'm Mike Bishop, I'm from Helena. I had the opportunity to thank you yesterday personally for your leadership as you were so kindly handing out the medals for the special needs children, of which one was my son.

I feel that we're a group with special needs here, too. A lot of effort and expense has gone into getting to this point that might allow us this opportunity to purchase these properties. I would just like to convey our thanks to you and the rest of the congressional delegation, and just urge you to please hang with us and to see this through and to allow us to come to fruition this time. Because I don't know what hardship we might have in front of us if we're not successful at this point in time.

So again, thank you very much for all your efforts and for the efforts of the Recreational Association and the other resource groups that have been present today.

Senator BAUCUS. Mike, you make a very good point, thank you.

That raises another point, the joint efforts we're all going to have to undertake if we want to get this legislation passed this year. There are not a lot of days left in this Congress, believe it or not, even though it's June. Theoretically, you'd think that we have over half a year left, but we don't. There are, I would guess, no more than 50, perhaps 60 legislative days left this year. After the election this fall, it will be a whole new Congress next year, and who knows what will happen. We may have to start all over again.

So what I'm saying is this: I urge all of us to urge all of us; the second thing is to get the congressional delegation to move on this forthrightly, to keep moving and not let up. There are going to be a couple wrinkles that we're going to have to work out, but follow this legislation very closely in both the House and the Senate. Call all our offices. Call us weekly to keep abreast of what's going on and ask where it is, ask what the latest provisions are, so that you're involved.

But the main thing is that we've got to work hard and we have to work together to put this thing together on a bipartisan basis—Republicans and Democrats. It also has to be done bicamerally—both the House and the Senate—so it can pass this year. It's going to take a joint effort on the part of all of us. You can help us very much by calling us frequently and urging us to resolve it, not only along the lines that you want, but also to compromise where you think that that's appropriate to get this passed this year.

Ms. LUCK. Lyle Eggum, Mike Sedlock, Jeff Doggett.

**STATEMENT OF LYLE EGGUM, CANYON FERRY RESERVOIR
LEASEHOLDER**

Mr. EGGUM. Senator, I'm Lyle Eggum, and I am one of the permittees, as John so aptly put it, on the East Shore. My purpose here today is to say to you that we certainly appreciate three Montana guys working together, forgetting party lines, seeing a problem, and helping us solve it. We're in support. Please help us. Thank you.

Senator BAUCUS. That's a good statement. It's right to the point. Thank you, Lyle.

STATEMENT OF MIKE SEDLOCK

Mr. SEDLOCK. Good afternoon, I'm Mike Sedlock. I don't want anybody confusing me with Walleyes Unlimited at this point, because that's where most of you know me from. But I am speaking on my own behalf today as a general angler.

I sympathize with the position that you people are in. I wouldn't want to be there myself. I know many of you, and I hope everything comes out for you. I'm not opposed or supportive of the sale or the leases be continued at this point because I'm observing all the process. But I would like to let you know, as a general angler, living here in Helena, my view.

I go to Canyon Ferry quite often, along with Hauser, Holter. I fish all over the State, as a matter of fact. It's about a 20-minute drive from my house out to the lake. When you people and the process has shown that, you know, the best access sites are other parts on the lake, I don't really agree with that statement.

The only access sites that we have on the north end of the lake at this point is Shannon, Chinaman, and a little boat ramp up on the dam end. If you've ever been out there on a weekend and tried to get your boat in, you're lined up on places that there's one concrete ramp. Chinaman and Shannon have no boat ramps. You're trying to load on dirt banks, gravel banks, getting your truck stuck. The camping sites are limited. There is no opportunity to expand any of those sites at all for public use. I do believe that this reservoir is for public use.

The next site, closest one for me to travel to when I'm backed up, trying to get in and out on boat ramps to do a little fishing and enjoy the lake myself, is Hellgate. Hellgate has had some improvements. There again, a single-lane boat ramp, a gravel road, three miles of gravel, rough road that tears a boat trailer apart, the transom and stuff on vehicles. If any of you ever purchased a \$30,000 truck and a \$20,000 boat, it's expensive to keep them up on roads like that.

I feel that we need some better access on the north end of that lake for the general public. Where it is, I'm not sure. I know that I would like to see it somewhere between Kim's Marina and Magpie Bay. I'm sorry if you don't agree with me on this, because you have homes there. Like I say, I do sympathize with you. But this is public land. Once it is sold, we will not have access to it.

I think that the bill needs to involve people being able to retain these accesses, make improvements on the lake for the general recreationists. I don't agree with the Montana Wildlife Federation or Prickly Pear Sportsmen's Association of the monies only going to land use, of buying more access. We need more recreation for us people that are unfortunate enough to be living in the town and not having homes on lakes or cabins up in the mountains and stuff like that. So I would appreciate you giving us some thought, too.

I hope that however it comes out, on the sale or your leases are continued, that everything works out fine for you.

Senator BAUCUS. Mike, you say you think the best new access could be between Magpie and where?

Mr. SEDLOCK. Kim's Marina. That would be south towards Magpie.

If you look at a lot of the rest of the lake, down to the south end of the lake, it's mainly all cliffs or shallow areas. There are a few bays there that access could be put into. It would be very expensive to put roads into it. Crittenton, the bays north of White Earth, et cetera, it's a lot of ground with very little access. Like I say, just like Tom Budewitz was saying, on the site down at the silos, in order to get a decent boat docking area in, you'd have to dig out one of the bays. That would be a very expensive process.

You know, when you got a \$20,000 boat and stuff, it gets a little rough jamming it into a rocky shoreline all the time to try and dock it to even get out to go get your truck to come down to load your boat up.

Senator BAUCUS. How much would it cost? Because there's always a big bill that goes to the Congress that generally involves the Army Corps of Engineers. I was thinking of all the dredge and fill operations this country undertakes, particularly along the Mississippi and down in Louisiana and other ports and so forth. We

don't have big seaports and we don't have the big barge traffic in our State, but, you know, maybe there's an opportunity here. Has anybody done any assessment on how much it would cost to deepen one of those bays down by the silos?

STATEMENT OF STEVE MCCULLOUGH, BROADWATER COUNTY COMMISSIONER

Mr. MCCULLOUGH. We don't have a cost estimate. There's—

Senator BAUCUS. Will you stand up and give your name, please, for Cheryl.

Mr. MCCULLOUGH. Steve McCullough, Broadwater County Commissioner.

There's 75,000 yards of material that would need to be removed out of that bay. We don't have a cost estimate on it. Broadwater County would provide some of the equipment to remove that.

Senator BAUCUS. So 75,000 yards.

Mr. MCCULLOUGH. Yes.

Senator BAUCUS. Any contractor with us that can tell us how much it takes to remove 75,000 yards from the bay?

Mr. MCCULLOUGH. Hal left, I think.

Senator BAUCUS. Oh, Hal left. He's out bidding on the outhouses.

Mr. MCCULLOUGH. Broadwater County put in an outhouse for \$5,800, not 25,000.

Senator BAUCUS. Could you speak up a little bit. Cheryl is having a hard time if you don't speak directly into the microphone.

Mr. MCCULLOUGH. The rodeo club just put in a outhouse, self-contained, a nice outhouse, built in Three Forks, all concrete vaults, for \$5,800. So \$25,000 is just a waste of taxpayers' money.

Senator BAUCUS. Do you know how much the outhouse up in Glacier Park cost?

Mr. MCCULLOUGH. We can build a lot of those.

Mr. SEDLOCK. I believe what Steve is saying is that us organizations can do things at a much more reasonable and sensible cost than what the Government generally can.

But I do support the Broadwater County Commissioners and their efforts down there to get improvements done. I would like to see them on my end of the lake, too, instead of having to drive the extra 20 or 30 miles all the time to go down to other boat ramps that are still sticking out of the water because it's been lowered 30 feet.

Senator BAUCUS. I hear you. Thanks, Mike.

Ms. LUCK. Stan Frasier, Heidi Yakawich, Clark Pyfer.

STATEMENT OF STAN FRASIER, MONTANA WILDLIFE FEDERATION

Mr. FRASIER. Good afternoon, I'm Stan Frasier, from Helena, President of the Montana Wildlife Federation. I want to reiterate that the Montana Wildlife Federation's support for this proposal is contingent upon this money being used to replace public lands. We are opposed to the sale of public lands, and we only supported this because this money was designed to be put into a fund which would then buy other public lands.

With the increasing population, there is always greater demand for recreation, greater demand for access to public lands. We are

going to oppose this bill if it is diluted by the provisions that Peggy mentioned earlier that Congressman Hill has in his bill. We are opposed to this money going into the Land and Water Conservation Fund, and we are opposed to this money being under the control of politicians. I think we would all agree that money is at risk anytime it's controlled by politicians.

This is, I think a real opportunity to help these people that have these cabin sites. I know that this whole thing has been up in the air for a long time. I think it was a mistake to build the dam in the first place, and it was a mistake to lease those cabin sites and allow those cabins to be built on that public land. But we're stuck with that. If we can get out of this and help those people own those sites and exchange that public land for other public lands and other wildlife habitat and other recreational opportunity, we think that's the best possible solution. Thank you.

Senator BAUCUS. Thank you, Stan.

Audience Member. Heidi had to leave. She said she supports the legislation, but she had another appointment.

Senator BAUCUS. Okay, thank you.

**STATEMENT OF CLARK PYFER, CANYON FERRY RESERVOIR
LEASEHOLDER**

Mr. PYFER. Thank you, Senator Baucus, I really appreciate it. My name is Clark Pyfer, and we have a cabin at 175 on the lake. I'm the first generation, but I think we're into about the third or fourth out there now.

But I just want to be sure that we all appreciate what this delegation has done on a bipartisan basis. It isn't easy to get both Republicans and Democrats on the same page.

I'm terribly distressed by the last three or four speakers, because I know, I've been around legislation long enough that you have just seen a deal breaker. Because if we do not present a totally united front, if the county commissioners in Lewis and Clark County and in Broadwater insist that there be changes made in this bill, I guarantee you that nothing will be passed this Legislature, this Congress, and I'll guarantee you that we'll probably not be, the older ones of us, around to see it done.

So let's present a united front. I defer to Gay Ann as far as my good friend, her dad, Dan Sullivan, having been there when the water came up and a long time before. My family lived at Canton, and my father and his father went broke there on the dry land. So we go back a few years, too.

We've been on the lake there in a cabin now since 1960. I recognize all of the questions and so on that have been raised. However, keep in mind, if there isn't a sale, all of this is academic. If this bill does not go through, if the cabin sites are not put up for sale, then you aren't going to have any arguments about whether the commissioners use it in Broadwater County or whether they use it in Lewis and Clark County. So let's present a united front.

I can see our friends at BOR and the BLM rubbing their hands together. When you can get people like my friend Mike come up here and say, "We've got to change the bill," or Budewitz get up here and say, "We've got to make changes to the bill," you know

as well as I do, Senator, if they start making changes to this bill, it's dead in the water.

So let's present a united front. I say that we should support it 99 percent, even if we don't like every part of it. Thank you very much, Senator.

Senator BAUCUS. Actually, Clark makes a very good point; that is, the more this bill that's been introduced, particularly in the Senate—all deference to Rick's bill, but I say the Senate bill because it does provide where the proceeds are going to be used and spent, whereas Congressman Hill's bill—Peggy, correct me if I'm wrong—is silent on expenditure. But if we don't support the basic bill close to 99 percent, it's going to slow down and impede passage of the bill. The more there are splits and differences, the more someone who doesn't like it is going to take advantage of those splits and differences. You know, it's divide and conquer.

Clark makes a very good point: we've got to come together here. If we all are together, the congressional delegation and the groups together push the same bill, then we can go to the committee members in both the House and the Senate and say, "We're all united on this. We've got to get this through." Otherwise, there's no reason for committee members, House members, and other Senators to really pay any attention to this. If they think this is good for everybody and there's no significant difference of opinion in Montana on this, then they'll say, "Oh, okay, let's just pass it and go on."

On the other hand, if they hear one group wants this, another group wants that, then different groups will tend to go to different House members and Senators and slow things down and gum up the works.

So it's like most things. It reminds me a little bit of a photo cartoon, "We met the enemy, and he is us." The solution is in this room. It's by and large among all of us here. If we want it, we need to get together. I think the bill that has been introduced is the combination of the efforts of a lot of different groups. So we need to get behind a single bill.

I'm open for changes. That's the whole point of this hearing. But I give us a little bit of a warning that the more we start making changes and the more we tend to get split apart, then the more nothing is going to pass. We don't want that.

Now, some concerns have been raised on other issues, on other legislation or other avenues. I think Tom has said well—nothing has really worked out in the past years. Well, I don't want to sound presumptuous, but, I've not worked on it in the past. I'd like to think that I can help find some solution here that's generally satisfying. But anyway, heed Clark's words, they're very important.

Ms. LUCK. The final three from the list are Bill Trumly, Bill Simons, Commissioner Mike Griffith.

STATEMENT OF BILL TRUMLY, BUTTE, MT

Mr. TRUMLY. Senator Baucus, my name is Bill Trumly. I'm out at Cabin Site 77.

Senator BAUCUS. 77, where is that?

Mr. TRUMLY. It's on the East Shore, Magpie Bay.

Senator BAUCUS. Okay.

Mr. TRUMLY. I'm from Butte. I really just came here to be brief. I wanted to thank you and the rest of the delegation on this proposal. Really, more than anything, anything that I think about is I want to be able to purchase this lease land at fair market value. I hope the proceeds of this sale can benefit others in the State of Montana. However it's used, I don't really care. I just want this to happen. I really hope that this bill passes, and I thank you for your continued support.

I also have a statement right here. I have a fellow cabin owner who couldn't make it here today, but he just wanted to get his two bits in as well. He's also from Butte. He just really reads, "Dear Senator Baucus, thank you for proposing the Canyon Ferry cabin site sale. We're extremely hopeful of its passage and your continued support of its passage. Sincerely, Rich and Karen McLaughlin." They're Cabin Site 84, and they're also from Butte. Thank you very much.

Senator BAUCUS. Thank you, Bill. Appreciate it.

STATEMENT OF BILL SIMONS, HELENA, MT

Mr. SIMONS. Senator Baucus, I'd like to thank you for all of the work you've done on this bill. I'm in strong support of—

Senator BAUCUS. You're Bill?

Mr. SIMONS. Bill Simons, from Helena, via Shelby.

I would like to address pride of ownership and what that brings to taking care of the land. My heritage is my mother is a Basque immigrant, and they took homestead land in the Shelby area. Many of the Basque people sacrificed everything to come to this country because of ownership. They have farmed up there now for 80, 90 years.

I can tell you that when you own, that you become a steward of the land, you take care of it better. It's been very difficult owning a cabin at Canyon Ferry for 10 years, trying to decide if you're really going to own it or if you're even going to have a lease. The BOR has been very difficult to work with.

A lot of funds that would have gone into stewardship of the land have not reached the land because of the insecurity of all the leaseholders. There's no doubt in my mind that pride of ownership will increase the funds for erosion, weed control, and all the other things that everybody is waiting on, not sure. You know, it's like quicksand, you're not sure what you're going to have in the end.

So I hope everybody comes together and passes this bill. There's no doubt in my mind, it's the American way, and God bless America.

Senator BAUCUS. Thank you, Bill.

Mike.

STATEMENT OF MIKE GRIFFITH, LEWIS AND CLARK COUNTY COMMISSIONER

Mr. GRIFFITH. Senator, welcome home.

Senator BAUCUS. Thank you.

Mr. GRIFFITH. Gay Ann Masolo talked about the historic character of this lake. I thought it was Lake Sewell in fact that used to lap at her father's doorstep, and Clark's.

Senator, I'm here as a representative of Lewis and Clark County Board of County Commissioners. The board of county commissioners earlier went on the record to support your legislation. We appreciate very much your leadership. We applaud it, and we hope that you'll continue to maintain it, for not only the residents of the local Canyon Ferry community, but the greater good of the residents of the State of Montana.

Senator, I'm also here representing Montana Power in a sense. Montana Power asked me to speak on behalf of the Madison-Missouri River Corridor, which is part of the process of re-permitting the Montana Power dams. I'm a representative, one of the members of the steering committee of the Montana Power effort in the re-permitting process.

Bob Robinson referred to the hole in the doughnut that exists with Canyon Ferry Lake relative to the entire corridor, Madison-Missouri River Corridor that extends from Hebgen Dam to Ryan Dam in Great Falls. Montana Power, in partnership with the Bureau of Land Management, Fish, Wildlife and Parks, the Forest Service, other Federal agencies, is involved in a very major conservation/recreational effort for the entire area extending, again, from Hebgen to Ryan Dams. The only exception in the corridor, the Madison-Missouri River Corridor, is in fact Canyon Ferry, and that is because of the fact that Canyon Ferry is outside of that purview of Montana Power dams.

But about a year ago, Montana Power did invite the Canyon Ferry involvement, and Broadwater County. Broadwater County is represented now on the steering committee. The people, the very few people who have expressed any concern here today in respect to the lack of recreational access to the, to the corridor, particularly at Canyon Ferry Lake, I feel can relax to some extent because I believe that Montana Power is, is very much involved, very dedicated to maintaining access throughout this entire corridor, the Madison-Missouri River Corridor. That will include, as much as possible, Canyon Ferry Lake.

People may be aware of a very major effort on the part of the Bureau of Land Management below Canyon Ferry on Hauser Lake at Devil's Elbow, which will come about hopefully beginning in about the year 2000.

As far as the trust account, Senator, and with the trust funds, I, too, would encourage, as Tom mentioned over here, in respect to the infrastructure, the road network. I think it is one thing to protect the, the wildlife and other riparian interests, wildlife, fish, et cetera. But unless we have a very strong and ongoing transportation network—and that means Highway 284 Tom referred to in Broadwater County. Likewise, Lewis and Clark County would go on record as supporting the continued improvement or the ongoing improvement and maintenance of Highway 284.

Clark, with respect to the three-mile corridor extending from Broadwater County into Lewis and Clark County, from Confederate Gulch to Magpie Gulch: Lewis and Clark County is likewise very interested in seeing that three-mile stretch of road improved. Lewis and Clark County is under the same dilemma as every other local government agency—the lack of funding.

Whether it is through the Highway Trust Fund, Federal Highway Trust Fund, or through this trust fund, Senator, I would encourage, in this particular case, rather than monies being allocated from the Federal trust fund, that there be a mechanism set aside so that funding of the ongoing improvements and maintenance to this highway or the road network that Canyon Ferry depends upon, that it possibly come from these trust dollars.

That concludes my remarks. Again, I appreciate very much your dedication, Max, to this project, and we'll continue to support it. Thank you.

Senator BAUCUS. Thanks, Mike, very much.

Now, since we began, we have more who want to speak. More, I guess have signed up or just indicated they wanted to speak. I think Holly has those.

Ms. LUCK. There are four on the list, if they all just want to come up to the microphone, Gil Alexander, Mary Doggett, John Wilson, John Larson.

Senator BAUCUS. That's not to restrict anybody else. We are going to end the hearing soon, but if others want to stand up and say something because someone else has said something that's so outrageous it has to be addressed, here's your chance.

**STATEMENT OF GIL ALEXANDER, CANYON FERRY RESERVOIR
LEASEHOLDER**

Mr. ALEXANDER. Max, I'm Gil Alexander.

Senator BAUCUS. Hi, Gil.

Mr. ALEXANDER. I operate a science institute out at Canyon Ferry Lake, as well as I am one of the leaseholders and permittees. I did prepare some remarks. I'm speaking in support of your proposed legislation to allow the 265 cabin sites located along the shoreline to be sold to the highest bidder at an auction.

I believe that your bill encompasses the necessary language to allow for fair disposition of this property, and at the same time, it protects and enhances the rights of all citizens to use Canyon Ferry as a prime recreation site. Further, your bill will reduce conflicts that could arise between the existing management agency—you know who that is—and the cabin owners, thereby reducing administrative time that is presently spent in conflict management as opposed to producing power and water. In short, your bill should result in a win/win situation for all parties.

I appreciate your efforts and the efforts that your staff have made to resolve the issue and especially appreciate the many hours that Holly Luck has spent meeting with cabin owners and others to help structure the bill.

Those were the prepared statements, but since that time, there have been some other things that I think are worth addressing. First of all, I know that you have worked very hard with other States up and down the Missouri River to acquire some of the funding from the Pick-Sloan money that was initially allocated for both recreation and transportation. As we all know, the upstream States have never received their fair share of recreation money. Those monies could be used for enhancement of camping facilities and could be used for access to the lake.

Likewise, as you addressed, the money that is available through the Highway Act that you were responsible for could also work to improve the Highway 284 along the northeast side of the lake, as well as that section of road between Canyon Ferry and York, which will, over the next 7 years receive increased traffic because of the interest in the Lewis and Clark Bicentennial.

I would like to suggest also that monies could be available through the fishing tackle sales dollars that are available to each State that are specifically allocated for fishing improvement and fishing access locations. But those have not been used, to my knowledge, on the Canyon Ferry Lake.

There are many, many other opportunities, I suspect, for funding without subterfuge of this particular bill as it stands. I know that there are many, many people in this nation who want to ensure that whatever happens, that the Federal Government and the people of the United States receive market value. So regarding any particular comfort level, I think most of us are willing to undergo a little more discomfort in order to see that the process goes forward. Thank you.

Senator BAUCUS. Thank you, Gil. That's a very good statement, thank you.

STATEMENT OF JOHN WILSON, TROUT UNLIMITED

Mr. WILSON. Senator, my name is John Wilson, and I am Vice Chairman of the State Council of Trout Unlimited. I'm here representing the State Council of Trout Unlimited. We represent over 3,000 anglers across the State and about 13 chapters. We're dedicated to the preservation and rehabilitation of cold water fisheries in Montana.

We're here in strong support of your Senate Bill 1913. We feel that we're unified with the cabin owners, cabin holders on this bill in terms of the direction of how the funding is going to go and what's going to happen. We, too, have grave concerns when people come in and start to peck around the edges of these things. I think Hal said it well, Representative Harper, that we should not exchange development for development. It's conservation for conservation at this particular point.

There are a couple little tweaks. I mean, we don't want to pick around the edges, but we see these as administrative things. In there right now, there's a representative from a fishing conservation organization. We think that that should delineate a Montana fishing organization or a statewide fishing organization, so that it doesn't end up being a national or someone outside of Montana. That's just a little tweak.

Secondly, we think it would maybe be wise to expand the geographic region of the area that the trust could be used to include downstream. We might—

Senator BAUCUS. You mean the first trust.

Mr. WILSON. The first trust, yes, perhaps to Cascade. Because there's high usage in that area, recreational usage, there's high development pressure in that area. Although Mike pointed out that in the FERC licensing processing process, there will potentially be a Madison-Missouri Corridor Trust, that's not a reality right now.

That's not the case, and it hasn't been decided, and that hasn't happened.

Similarly, or maybe in addition, as Montana Power divests, through the deregulation of their generating facilities, there's a great deal of land along these rivers that is currently owned by Montana Power that we're uncertain about the ultimate disposition of those lands, which is now available to the public generally, but may not be in the future.

So we think it might be wise, if it doesn't disrupt the bill, to expand the geographic area, not just from Three Forks down to the Canyon Ferry Dam, but to go all the way down to Cascade, for the trust purposes. So we'd ask that you take a look at it. But our support is unified with the cabin owners, and we commend you for taking the time to do all this. Thanks.

Senator BAUCUS. You bet, John, thank you.

STATEMENT OF JOHN LARSON, CANYON FERRY RECREATION ASSOCIATION

Mr. LARSON. Senator Baucus, I'm John Larson, Cabin 126. I'm Chairman of the Canyon Ferry Recreation Association's Appraisal Committee. Just, I'm here for your information. On May 18, we signed a settlement agreement with the BOR to do a new appraisal, and we put a process together that's agreed upon between both the BOR and the Canyon Ferry Recreation Association. So what I'm doing here is, any of that information that you or your staff or Senator Burns needs or would like to review, if that information will help you in any way, I can get that to you.

Senator BAUCUS. That will be very helpful, John. Thank you very much.

Mr. LARSON. Thank you for all your great work, and thanks to Senator Burns and Mr. Hill, too.

Senator BAUCUS. You bet. I'll pass that on.

Is there anybody else that wants to . . .
John.

STATEMENT OF JOHN BLACKER

Mr. BLACKER. Thank you, Senator. My name is John Blacker. My wife spoke earlier. She was the prettier one of the family. I did want to clear up a couple of issues that have been brought forth. I also wanted to thank you, on a side issue, being a Department of Transportation administrator, for the highway funding bill that just came to Montana. I don't believe people understand how truly significant it's going to be for transportation in Montana.

Senator BAUCUS. It really is a big deal for the State.

Mr. BLACKER. Yes. It's unbelievable. It has our heads spinning at this point really. There's plenty of needs, there's plenty of places it needs to go. I would hope, before we consider clouding up this particular piece of legislation with transportation type issues in that manner, that we get the opportunity at least to decipher where everything is at. I've heard the word Highway 284, which is a Federal aid secondary, which is eligible for those Federal aid type funds.

Again, we're talking some major type monies here. From our standpoint, from a transportation standpoint, it's going to be a

ramping-up effect. Although I've heard you say \$260 million a year for up to 6 years, it takes a little bit of time to move into that. I think the first year for us is roughly—which is the current year right now, roughly, we don't have exact figures, it's going to be about \$220 million, \$210 million; the following year, about \$235 million.

Senator BAUCUS. But still, that's a lot more than we've been getting.

Mr. BLACKER. Well, by the end of the bills, we'll be at \$300 million-plus annual bid lettings. Now, that's unbelievable. When you throw that in with the State dollars and stuff, that's double what we've done at any time in the past.

Now, the good news is, we're going to have a lot better highways, they're going to be a lot nicer. The bad news is, you people that don't like to travel through work zones, you're going to see them double over. There's only so much opportunity to do something.

So on that issue, I want to thank you for that. I would hope that we don't cloud this issue with trying to get in some transportation or highway type funding issues with that.

Secondly, I think, the other thing I just wanted to say was, I've always—I'm 46 years old, and I've been at Canyon Ferry for 40 years. So for the best part of my life, I've been around Canyon Ferry. My folks started there, and both have passed on and have left me somewhat into trust the family cabin. I take care of it for myself, my sisters, my families. I have two grown daughters who have since left the State, but they come back every year for their vacations. They could go anywhere. They come back every year and spend their vacations at the family cabin.

With those issues, I've always thought of Canyon Ferry as being a joint effort. It didn't have to be for the cabin owners only or the recreationists only. I think it takes both of those groups to make it a successful operation. Some people say, "Oh, gee whiz, it's kind of crowded, it might be too crowded." You know, I've been there a long time. I don't see those crowds. But, you know, part of having people around doing things and watching people enjoy life, that's what makes it fun to go to those places.

The NBA playoffs are on right now. I don't think anybody would get excited if there was only ten people at the game. They like the crowd. They like the ambience of having things going on.

So I think there's a joint effort here. I heard somebody else say it earlier, it's a win/win for everybody. I appreciate and I want to thank you very much for everything you're doing.

Senator BAUCUS. Thank you, John, very much. Appreciate it.

Well, those words that encourage everybody to cooperate together, I think is a good way to end this hearing.

I first want to thank all of you very much. You've sat here for a couple hours at least. I appreciate it. Thank you on behalf of yourselves and others that you're working with.

Second, we will take this testimony and questions that you've posed to Congressman Hill and Senator Burns. We'll meet together and talk this out so that we can get it wrapped up and on a fast track.

Your efforts will be very helpful; that is, calling us, writing us letters, talking to us. Don't forget, you're in charge. I mean, you're

the employers, we're the employees. You've got to act like employers, you've got to give us our directions, our marching orders, what you want, recognizing that only one bill is going to pass here and we've got to agree on the provisions of the bill; but also recognizing, as I mentioned earlier, there are lots of ways to solve problems. That is, perhaps we can solve some problems that need to be solved—and I'm talking about recreation and capital improvements—not as much in this bill as some would like, but in another bill.

When I'm saying that, I don't mean to pass the buck, at all. I'm just saying that if we don't, we run the risk of nothing. We want something. The something we want to is address all the concerns. As I said, I feel quite confident that there are a lot of ways to solve all of these concerns. The longer I've been around, the more I realize that there's a lot of different ways to accomplish something. It's not always the first way that comes to mind. I mean, there's a totally different way to reach the objective which turns out to be just as easy.

Finally, I want to thank a lot of people working very hard at this, not only those of you, Bob and Bill and Mike, who have worked so hard, but I want to particularly thank some people who are not really recognized as much as they should be for all the work that they do. They're our staff people. So I'll have them all stand and stay standing until I call all their names, so we can all give them a big round of applause.

I'll start with Peggy Trenk, who works for Congressman Hill. I understand Michael Harris, who works for Senator Burns, is here. Michael is standing back there. I want to particularly thank Doug Mitchell, who works on my staff, as well as Bill Lombardi, who works for me. Chris Niedermeier is my Chief of Staff, and she's standing back there. But even for me personally, the most important person, who has really worked hardest on this, is Holly Luck. So Holly, could you stand, please.

Let's give them all a big round of applause.

[Applause.]

Senator BAUCUS. I forgot Cheryl. Cheryl, our stenographer. Can you stand, Cheryl?

[Applause.]

Senator BAUCUS. Okay, thanks, everybody, and we'll take it from here.

[Whereupon, at 2:39 p.m., the committee was adjourned, to reconvene at the call of the Chair.]

[The bill, S. 1913, and additional material submitted for the record follows:]

I

II

105TH CONGRESS
2D SESSION

S. 1913

To require the Secretary of the Interior to sell leaseholds at the Canyon Ferry Reservoir in the State of Montana and to establish a trust and fund for the conservation of fish and wildlife and enhancement of public hunting and fishing opportunities in the State.

IN THE SENATE OF THE UNITED STATES

APRIL 2, 1998

Mr. BAUCUS (for himself and Mr. BURNS) introduced the following bill; which was read twice and referred to the Committee on Environment and Public Works

A BILL

To require the Secretary of the Interior to sell leaseholds at the Canyon Ferry Reservoir in the State of Montana and to establish a trust and fund for the conservation of fish and wildlife and enhancement of public hunting and fishing opportunities in the State.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Montana Fish and
5 Wildlife Conservation Act of 1998".

6 **SEC. 2. FINDINGS.**

7 Congress finds that—



1 (1) it is in the interest of the United States for
2 the Secretary of the Interior to sell leaseholds at
3 Canyon Ferry Reservoir in the State of Montana for
4 fair market value if the proceeds from the sale are
5 used—

6 (A) to establish a trust to provide a perma-
7 nent source of funding to acquire access or
8 other property interests from willing sellers to
9 conserve fish and wildlife and to enhance public
10 hunting and fishing opportunities at the Res-
11 ervoir and along the Missouri River;

12 (B) to establish a fund to be used to ac-
13 quire access or other property interests from
14 willing sellers to increase public access to Fed-
15 eral land in the State of Montana and to en-
16 hance hunting and fishing opportunities; and

17 (C) to reduce the Pick-Sloan project debt
18 for the Canyon Ferry Unit;

19 (2) existing trusts in the State of Montana, in-
20 cluding the Rock Creek Trust and the Montana
21 Power Company Missouri-Madison Trust, have pro-
22 vided substantial public benefits by conserving fish
23 and wildlife and by enhancing public hunting and
24 fishing opportunities in the State of Montana;

1 (3) many Federal lands in the State of Mon-
 2 tana do not have suitable public access, and estab-
 3 lishing a fund to acquire easements to those lands
 4 from willing sellers would enhance public hunting
 5 and fishing opportunities in the State of Montana;

6 (4) the sale of the leaseholds at the Reservoir
 7 will reduce Federal payments in lieu of taxes and as-
 8 sociated management expenditures in connection
 9 with the ownership by the Federal Government of
 10 the leaseholds while increasing local tax revenues
 11 from the new owners of the leased lots; and

12 (5) the sale of the leaseholds at the Reservoir
 13 will reduce expensive and contentious disputes be-
 14 tween the Federal Government and leaseholders,
 15 while ensuring that the Federal Government receives
 16 full and fair value for the acquisition of the prop-
 17 erty.

18 **SEC. 3. DEFINITIONS.**

19 In this Act:

20 (1) CFRA.—The term “CFRA” means the
 21 Canyon Ferry Recreation Association, Incorporated,
 22 a Montana corporation.

23 (2) FUND.—The term “Fund” means the Mon-
 24 tana Hunter and Fisherman Access Fund estab-
 25 lished under section 6(a).

1 (3) LESSEE.—The term “lessee” means the
2 holder of a leasehold described in section 4(b) as of
3 the date of enactment of this Act, and the holder’s
4 heirs, executors, and assigns of the holder’s lease-
5 hold interest.

6 (4) PURCHASER.—The term “Purchaser”
7 means the person or entity that purchases the 265
8 leaseholds under section 4.

9 (5) RESERVOIR.—The term “Reservoir” means
10 the Canyon Ferry Reservoir in the State of Mon-
11 tana.

12 (6) SECRETARY.—The term “Secretary” means
13 the Secretary of the Interior.

14 (7) TRUST.—The term “Trust” means the Can-
15 yon Ferry-Missouri River Trust established under
16 section 5(a).

17 **SEC. 4. SALE OF LEASEHOLDS.**

18 (a) IN GENERAL.—Subject to subsection (c) and not-
19 withstanding any other provision of law, the Secretary
20 shall sell at fair market value—

21 (1) all right, title, and interest of the United
22 States in and to all (but not fewer than all) of the
23 leaseholds described in subsection (b), subject to
24 valid existing rights; and

25 (2) easements for—

5

- 1 (A) vehicular access to each leasehold;
- 2 (B) access to and the use of 1 dock per
- 3 leasehold; and
- 4 (C) access to and the use of all boathouses,
- 5 ramps, retaining walls, and other improvements
- 6 for which access is provided in the leases as of
- 7 the date of this Act.

8 (b) DESCRIPTION OF LEASEHOLDS.—

9 (1) IN GENERAL.—The leaseholds to be con-

10 veyed are—

11 (A) the 265 cabin sites of the Bureau of

12 Reclamation located along the northern portion

13 of the Reservoir in portions of sections 2, 11,

14 12, 13, 15, 22, 23, and 26, Township 10 North,

15 Range 1 West; plus

16 (B) any small parcels contiguous to the

17 leaseholds (not including shoreline property or

18 property needed to provide public access to the

19 shoreline of the Reservoir) that the Secretary

20 determines should be conveyed in order to elimi-

21 nate inholdings and facilitate administration of

22 surrounding land remaining in Federal owner-

23 ship.

1 (2) ACREAGE; LEGAL DESCRIPTION.—The acre-
2 age and legal description of each property shall be
3 agreed on by the Secretary and the Purchaser.

4 (c) PURCHASE PROCESS.—

5 (1) IN GENERAL.—The Secretary shall—

6 (A) solicit sealed bids for all of the lease-
7 holds; and

8 (B) subject to paragraph (2), sell the
9 leaseholds to the bidder that submits the high-
10 est bid above the minimum bid determined
11 under paragraph (2).

12 (2) MINIMUM BID.—Before accepting bids, the
13 Secretary, in consultation with interested bidders,
14 shall establish a minimum bid based on an appraisal
15 of the fair market value of the leaseholds, exclusive
16 of the value of private improvements made by the
17 leaseholders before the date of the conveyance, by
18 means of an appraisal conducted in accordance with
19 the appraisal procedures used under Federal law, in-
20 cluding, to the extent practicable, the procedures
21 specified in sections 2201.3 through 2201.3-5 of
22 title 43, Code of Federal Regulations.

23 (3) RIGHT OF FIRST REFUSAL.—If the highest
24 bidder is other CFRA, CFRA shall have the right to

1 match the highest bid and purchase the leaseholds
2 at a price equal to the amount of that bid.

3 (d) CONDITIONS.—

4 (1) CONSIDERATION.—As consideration for the
5 conveyance under subsection (a), the Purchaser
6 shall—

7 (A) contribute to the Trust the amount
8 that is equal to 45 percent of the purchase
9 price of the leaseholds;

10 (B) contribute to the Fund the amount
11 that is equal to 45 percent of the purchase
12 price of the leaseholds; and

13 (C) pay the Secretary for deposit in the
14 Treasury of the United States an amount that
15 is equal to 10 percent of the purchase price of
16 the leaseholds.

17 (2) NO CHARITABLE DEDUCTION.—The Pur-
18 chaser, any owner, member, or other interest holder
19 in the Purchaser, and any leaseholder shall not be
20 entitled to a charitable deduction under the Internal
21 Revenue Code of 1986 by reason of the making of
22 the contribution under subparagraph (A) or (B) of
23 paragraph (1).

24 (3) OPTION TO PURCHASE.—

1 (A) IN GENERAL.—The Purchaser shall
2 give each leaseholder of record of a leasehold
3 conveyed under this section an option to pur-
4 chase the leasehold at fair market value.

5 (B) NONPURCHASING LESSEES.—

6 (i) RIGHT TO CONTINUE LEASE.—A
7 lessee that is unable or unwilling to pur-
8 chase a property shall be permitted to con-
9 tinue to lease the property for fair market
10 value rent under the same terms and con-
11 ditions as the existing leases, including the
12 right to renew the term of the existing
13 lease for 2 consecutive 5-year terms.

14 (ii) COMPENSATION FOR IMPROVE-
15 MENTS.—If a lessee declines to purchase a
16 leasehold, the Purchaser shall compensate
17 the lessee for the full market value of the
18 improvements made to the leasehold.

19 (4) HISTORICAL USE.—The Purchaser shall
20 honor the existing property descriptions and histori-
21 cal use restrictions for the leaseholds, as determined
22 by the Bureau of Reclamation.

23 (e) ADMINISTRATIVE COSTS.—Any administrative
24 cost incurred by the Secretary incident to the conveyance

1 under subsection (a) shall be reimbursed by the Pur-
2 chaser.

3 **SEC. 5. CANYON FERRY-MISSOURI RIVER TRUST.**

4 (a) ESTABLISHMENT.—The Secretary shall encour-
5 age establishment of a nonprofit charitable permanent
6 perpetual trust, similar in structure and purpose to the
7 existing trusts referred to in section 1(2), to be known
8 as the “Canyon Ferry-Missouri River Trust”, to provide
9 a permanent source of funding to acquire land and inter-
10 ests in land from willing sellers at fair market value to
11 conserve fish and wildlife, enhance public hunting and
12 fishing opportunities, and improve public access at the
13 Reservoir and along the Missouri River and its tributaries
14 from the confluence of the Madison River, Gallatin River,
15 and Jefferson River downstream to the Reservoir.

16 (b) BOARD OF TRUSTEES.—

17 (1) MEMBERSHIP.—The trust referred to in
18 subsection (a) shall have a Board of Trustees con-
19 sisting of 1 representative of each of—

20 (A) local agricultural landowners;

21 (B) a local hunting organization;

22 (C) a statewide hunting organization;

23 (D) a fisheries conservation organization;

24 and

1 (E) a nonprofit land trust or environ-
2 mental organization.

3 (2) CONSULTATION.—In managing the Trust,
4 the Board of Directors shall consult with representa-
5 tives of—

6 (A) the Bureau of Reclamation;

7 (B) the Forest Service;

8 (C) the Bureau of Land Management;

9 (D) the United States Fish and Wildlife
10 Service;

11 (E) the Montana Department of Fish,
12 Wildlife, and Parks;

13 (F) the Montana Science Institute at Can-
14 yon Ferry, Montana; and

15 (G) local governmental bodies (including
16 the Lewis and Clark and Broadwater County
17 Commissioners).

18 (e) USE.—

19 (1) PRINCIPAL.—The principal amount of the
20 Trust shall be inviolate.

21 (2) EARNINGS.—Earnings on amounts in the
22 Trust shall be used to carry out subsection (a) and
23 to administer the Trust.

1 (d) MANAGEMENT.—Land and interests in land ac-
2 quired under this section shall be managed for the pur-
3 poses described in subsection (a).

4 **SEC. 6. MONTANA HUNTER AND FISHERMAN ACCESS FUND.**

5 (a) ESTABLISHMENT.—There is established in the
6 Treasury of the United States an interest-bearing account,
7 to be known as the “Montana Hunter and Fisherman Ac-
8 cess Fund”, for the purpose of acquiring land and inter-
9 ests in land in the State of Montana from willing sellers
10 at fair market value to—

11 (1) improve public access to Federal land in the
12 State of Montana for hunting or fishing; and

13 (2) enhance public hunting and fishing opportu-
14 nities in the State of Montana through the conserva-
15 tion of fish and wildlife.

16 (b) USE.—

17 (1) PRINCIPAL.—The principal amount of the
18 Fund shall be inviolate.

19 (2) EARNINGS.—

20 (A) IN GENERAL.—Earnings on amounts
21 in the Fund shall be used to carry out sub-
22 section (a).

23 (B) ADMINISTRATION.—The earnings shall
24 be used at the joint direction of—

25 (i) the Chief of the Forest Service;

12

1 (ii) the Director of the Bureau of
2 Land Management; and

3 (iii) the Director of the United States
4 Fish and Wildlife Service.

5 (c) MANAGEMENT.—Land and interests in land ac-
6 quired under this section shall be managed for the pur-
7 poses described in subsection (a).

○

STATEMENT OF HON. RICK HILL, U.S. HOUSE OF REPRESENTATIVES

First I'd like to thank Senator Baucus for holding this important hearing. I would also like to thank the witnesses and others gathered here today for their efforts to address this important issue.

The Montana congressional delegation has agreed on the value of selling 265 leases on Canyon Ferry. This sale would allow current householders the opportunity for permanent ownership, while paying fair market value to the benefit of the taxpayer.

While we all share the common goal of providing more funding for conservation, I believe it is very important that we also make sure Lewis and Clark and Broadwater Counties have a stronger say in how their backyard will be managed. For this reason, I strongly support using the proceeds of this sale for not only land and water conservation measures, but also for giving these counties the resources to make long-term recreational improvements on the lake.

I'm confident the Montana congressional delegation and all the interested parties will come together to resolve the issue of what the sale of the leases will benefit. Be assured that legislation I have introduced in the House of Representatives on this matter will be one of my highest priorities in the remainder of this Congress. This hearing will assuredly help move us forward for the benefit of all Montanans. Again, thank you Senator Baucus for your efforts here today.

STATEMENT OF BOB ROBINSON, CANYON FERRY RECREATION ASSOCIATION

Good afternoon Senator Baucus. My name is Bob Robinson. I am the designated spokesman for the Canyon Ferry Recreation Association (CFRA). I serve as the Chair of the CFRA Cabin Site Acquisition sub-committee.

I am accompanied today by Larry LaRock, who is a fellow member of CFRA's Cabin Site Acquisition subcommittee. I will present a summary of CFRA's written testimony, and Dr. LaRock will join me in answering any questions that you might have regarding CFRA's interest in this legislation.

I should begin by thanking you, Senator Baucus, for holding this hearing and sponsoring S. 1913, the bill that is the subject of this hearing. I would also like to extend my thanks to the other two distinguished members of the Montana Congressional delegation who are working with you on Canyon Ferry legislation. Senator Burns (who is co-sponsoring S.1913 with you) and his staff have been most helpful to CFRA in answering our many questions and in assisting on this important legislation. Additionally, Congressman Rick Hill, who is a sponsor of a companion piece of legislation (HR 3963), has been most responsive in listening to the needs expressed by CFRA and other members of the public concerned about the best use of Federal resources at Canyon Ferry.

While extending thanks, I want also to single out the excellent staff work performed by the staff of the Montana congressional delegation on this legislative effort. Holly Luck, from Senator Baucus's Helena office, consistently attends the myriad meetings called on Canyon Ferry matters and has been most attentive to questions and concerns raised by CFRA members and the public who are so concerned about Canyon Ferry matters. Brian Kuehl, Senator Baucus's legislative assistant for natural resources in Washington D.C., has also been enormously attentive to details relative to the policy issues associated with S. 1913. Mr. Kuehl deserves special recognition for his efforts to work out the differences among the various groups that have a stake in the issues touched upon by S. 1913. There are many other interested parties to thank, but since the legislative process for the Baucus-Burns proposal is still in the formative stages, I prefer to wait until this bill (and its companion measure in the House—HR 3963) advances further in Congress before I thank others in the supporting cast who deserve public recognition for their efforts to improve and enact this important proposal.

As far as my personal involvement with this legislation, I am simultaneously humbled, excited and burdened in my appearance before you today. I am humbled by the opportunity to present the CFRA position to the Senate Environment and Public Works Committee. As member of a family holding a lease, an avid outdoors man and an active member of the Helena regional community, I am also excited about the potential that your legislative proposal offers to the cabin site lessees and the broader recreational community served by the Missouri River/ Canyon Ferry drainage. Finally, I feel seriously burdened by the responsibilities placed on us to implement the concepts embodied in S. 1913.

With those preliminary thoughts expressed, let me turn briefly to the public benefit of the proposed legislation itself. As CFRA sees it, the Baucus/Burns proposal authorizes an exchange of Federal land for significant private resources (\$15-20 million from the lease holders for the full market purchase price of their leased lots). The substantial sums of money potentially generated by this proposal can bestow far greater public benefit than what the 150 cabin site acres currently represent. Further, the Baucus-Burns proposal maintains all existing public access and improve public access opportunities at Canyon Ferry Reservoir and create a mechanism by which additional access and easements could be developed. S. 1913 improves wildlife habitat and related opportunities for hunting, fishing, wildlife viewing and other recreational resources in the Canyon Ferry and southern Missouri

River drainages. It will provide benefits to Broadwater County since 80 percent of the lake and Missouri-River tributaries up to Tosten are in Broadwater County. Lewis and Clark County will benefit from the increased tax base that ownership will provide. For the 265 cabin site leaseholders, it would provide the security that only ownership can provide.

These Important public benefits will be generated in the following manner. The bill authorizes a process that permits the Federal Government to transfer ownership of the underlying fee interests for the 265 cabin lots at Canyon Ferry in exchange for substantial sums of money that would permanently endow the perpetual acquisition of the public benefits previously identified above.

Background Facts Regarding Canyon Ferry Legislation

Permit me to offer some background information about the Canyon Ferry Reservoir and the 265 cabin sites that are the subject of this legislation. The public perception may be that cabin sites cover all of the banks of Canyon Ferry, but the contrary is true. The reservoir is 26 miles long with a shoreline of 76 miles. (Dr. LaRock is pointing to the relatively small portion of the lake devoted to the cabins.) Please note that none of the 265 cabin site lots contain shoreline, but all are near the shoreline. The 265 cabin site lots, with a total area of less than 150 acres, sit on land that is adjacent to less than 8.2 percent of the reservoir shoreline or 6.7 miles. All of the cabin lots, which average about one half acre per site, are located at the north end of the reservoir, and all are situated in Lewis and Clark County. The sites start about three miles from the dam and extend about three miles on each side, with numerous public facilities developed at the appropriate sites best suited for public use.

Here are a few facts about Broadwater County as it relates to Canyon Ferry. Roughly 80 percent of the shoreline of Canyon Ferry is in Broadwater County, but as noted earlier, no cabin site lots are in Broadwater County. The reservoir is shallower at the south end of the lake, which is near Townsend. This fact will be discussed later in my testimony when we get to the subject of environmental impacts. However, I do want to note at this point that the high water level of the reservoir is 3,800 feet, which is the height of the dam spillways. All cabin sites are above 3,810 feet, and for comparison, the Townsend county courthouse steps are reported to be 3,820 feet. Raising the level of the dam would create quite a problem for Townsend

I want to emphasize that, should S.1913 become law, as currently proposed, existing public access would remain the same. Additionally, if section 5 of S. 1913 (which provides for a Canyon Ferry-Missouri River trust) were enacted into law, significant additional public access can be provided through land or easement purchases near the Reservoir. This Trust is perpetual, thus providing these benefits forever as they are needed or as the opportunity arises.

It should be remembered that when the land at the North end of Canyon Ferry was leased to private permit holders (a process that began more than forty years ago), the current 265 lots that are now developed were raw and completely undeveloped land. When BOR began leasing these lots, permit holders legally obligated themselves to build cabins on their lots as a written condition of BOR's permit. Tents or trailers did not satisfy BOR's condition. Instead, the minimum BOR requirement was for the permit holders to build a permanent foundation for a structure of at least 600 square feet.

Many permit holders, who met the conditions of their lease requirements, have continued to improve their properties at their own expense, including drilling wells, installing septic systems, constructing access roads and the like. Further, it has not been uncommon to see dozens of trees planted by the permit holders, along with other valuable landscaping and erosion control activities all at their own expense.

While I will provide additional background information to this Senate Committee on the history of the project and the history of the cabin sites, my most important assignment is to identify and articulate the myriad public benefits that would ensue from the enactment of S. 1913. What are those benefits? They are summarized as Congressional findings in Section 2 of S. 1913, which provides that:

(1) it is in the interest of the United States for the Secretary of the Interior to sell leaseholds at Canyon Ferry Reservoir in the State of Montana for fair market value if the proceeds from the sale are used—

(A) to establish a trust to provide a permanent source of funding to acquire access or other property interests from willing sellers to conserve fish and wildlife and to enhance public hunting and fishing opportunities at the Reservoir and along the Missouri River:

(B) to establish a fund to be used to acquire access or other property interests from willing sellers to increase public access to Federal land in the State of Mon-

tana and to enhance hunting, and fishing opportunities; and (C) to reduce the Pick-Sloan project debt for the Canyon Ferry Unit:

A first benefit of the legislation (listed in "A" of the proposed Congressional findings) would be to provide improved access at Canyon Ferry and the Missouri River basin upriver to Three Forks. These benefits would occur from the implementation of the Canyon Ferry-Missouri River trust that is authorized under section 5 of the bill. Similar trusts are currently in place that provide public benefits for lands adjacent to the Missouri River sites both downstream from Canyon Ferry and upstream from Tosten Dam. While the Canyon Ferry section of the Missouri does not currently have a such a trust in place, this bill would help create and fund this important public benefit.

An associated benefit would be the development of wildlife habitat at Canyon Ferry and upriver to the Tosten Dam. Again, these benefits would come as a result of the spending expected to be generated by the proposed Canyon Ferry-Missouri River Trust. When the Canyon Ferry dam was built in the early 1950's, there were no Federal programs in place to mitigate adverse environmental impacts, such as the loss of wildlife habitat. Were this dam to be built today, such protections would protect against such losses. However, the proposed Canyon Ferry-Missouri River Trust, as proposed in S. 1913, could help mitigate the more than four decade loss of important wildlife habitat that was destroyed when the Reservoir began to fill in 1954.

A second public benefit generated by S. 1913 (see "B" of the Congressional findings) would be a State-wide fund for increasing public access to Federal land in the State of Montana. This benefit will be discussed in greater detail by witnesses who will testify later in the hearing.

The third benefit from the legislation (see "C" of the Congressional findings) is that BOR would receive 10 percent of the proceeds from the transfer of the cabins to the lease holders. While the total value of the transfer has not yet been determined, it could be more than \$20 million, and if it reached that level, BOR would receive \$2 million, which could be used to pay down the current debt on the Canyon Ferry Dam, a debt that now approaches \$37 million. It should also be remembered that the Canyon Ferry Dam was built from funds lent by the Federal Government. In enacting the "Pick Sloan" loan program, Congress contemplated that power and irrigation revenues pay project debt, and there is little evidence to suggest that Congress anticipated the prospect of debt repayment through the use of recreational lands that were increased in value due to the creation of a public lake, but that is certainly a benefit that S. 1913 would generate.

It should also be emphasized that none of the proceeds of the proposed Canyon Ferry Trust is contemplated for use on the 265 lots. In other words, the use of those lots would remain essentially unchanged. Those lots are now occupied by private permit holders, and the recreational amenities available to those permit holders are not contemplated to change under this legislation.

In preparing this testimony, CFRA's Cabin Site Acquisition Committee drew upon numerous historical documents that we are now providing to the committee for the public record. Listed below are the following documents that have been supplied to the Committee staff for inclusion in the hearing record:

Exhibit A: A masters thesis entitled "Private Use of Public Lands: Canyon Ferry Lake and Cabin Lease Sites", by Stephen Ray Clark, a professional paper in partial fulfillment of the requirements for the degree of Masters of Public Administration at Montana State University in Bozeman, MT, August 1987.

Exhibit B: "Canyon Ferry Lake-Recreation and Conservation Management Reserve", a proposal presented to United States Bureau of Reclamation and Montana Department of Fish, Wildlife & Parks. The proposal was prepared by American Public Land Exchange Company Inc. of Missoula, MT and was presented in May 1985. Attached to the report is a document entitled "Helena Valley Canyon Ferry Land Exchange Background Information", prepared at the request of Canyon Ferry Recreation Users Association by American Public Land Exchange Company Inc., dated September 12, 1984.

Exhibit C: Canyon Ferry State Park "Proposed" Management Plan by the Canyon Ferry Master Advisory Committee, the Montana Department of Fish, Wildlife & Parks, and the U.S. Bureau of Reclamation, 1993.

Exhibit D: United States Department of Interior Office of Inspector General Final Audit Report on Reclamation Management Activities at selected sites, May 17, 1995.

Exhibit E: List of cabin site owners at Canyon Ferry Reservoir.

Exhibit F: Rock Creek Fund Trust Agreement and related documents.

Exhibit G: Missouri-Madison Rivers Comprehensive Recreation Management Plan and related Revolving Trust Fund documents.

History of Canyon Ferry Reservoir

I would like to present to the Committee a brief history of the Canyon Ferry Reservoir. In preparing this history, CFRA relied extensively upon the 1987 thesis of Steven Ray Clarke, a BOR employee at the Canyon Ferry project. Mr. Clarke prepared this thesis for a Master Degree in Public Administration from Montana State University. He is still working for the Bureau of Reclamation.

Canyon Ferry Lake was formed when Canyon Ferry Dam was completed in 1954 as a part of the Pick-Sloan Missouri Basin Program. Recreation homesite leases at Canyon Ferry were first issued in 1958 as a result of a direct promotion by BOR. The Bureau supplied to the Montana Highway Commission drafts of recommended lease agreements, boat permits and licenses for docks. The State of Montana issued these permits pursuant to a State-Federal management agreement. Newspaper articles at the time noted that, prior to the identification of potential cabin sites, BOR first reserved the preferred public recreation sites around the Reservoir's shoreline. According to Mr. Clarke's thesis, an important reason for leasing summer home sites was the "multi-purpose authorization of the Canyon Ferry project and other Bureau projects built at that time." Clarke then observed:

"What better way to demonstrate the multi-purpose implementation and development than to lease 265 cabin or summer home sites and rapidly develop their recreational aspects of the multi-purpose authorization?"

By May 1958, summer home sites were leased, and 29 sites already had cabins constructed on them.

Initial leases for the cabin sites were for a period of 10 years with an option to extend for an additional 10 years. A practice began to occur where the ten year renewals were provided on a virtually automatic basis. Additionally, improvements were allowed to be sold by lessees to different persons, and new leases were drawn up to begin a new ten year lease term for owners of cabins.

According to Mr. Clarke's thesis, the following changes have evolved in BOR's leasing policy:

"The leasing policy in the Department of the Interior for private use of recreational lands has vacillated during the past thirty years. The policy has gone from one of open encouragement, to open discouragement, to status-quo, to support of a phase-out."

These precipitous changes in policy by the Federal Government, which continue to this day, have prompted CFRA members to seek ownership of their leased properties. According to Mr. Clarke, the Canyon Ferry Recreation Association first asked the Montana congressional delegation more than thirty years ago for authorization to purchase the land upon which their cabins are located.

In addition to the problems faced by the cabin owners, there have been a variety of other problems confronted by the public at Canyon Ferry. From the 1950's to the early 1980's, considerable dust was generated at the south end of the reservoir particularly, when the lake reached low levels. This dust caused considerable problems for Townsend area residents. In response, BOR spent roughly \$14 million to abate the dust by retaining more water at the southern end of the lake and providing more habitat for wildlife.

The dust abatement project is noteworthy, because the original design of the dam and the resulting reservoir ignored the negative impacts on the wildlife and the environment. This was so, because Federal environmental laws did not then require any assessment of the environmental impact of federally financed projects, such as Canyon Ferry Dam. Further, the primary purpose of the Canyon Ferry project was to generate electricity, improve irrigation and provide flood control. While recreation was later described by BOR as one of the multiple purposes of the project, it was then a relatively minor purpose.

Beginning in May 1958, once the leases were issued to private parties, who agreed to build cabins on BOR lands, certain additional requirements were established. First, it was required that a permit fee be paid each year for the lease. Further, the cabin owners were required to provide unobstructed public access to the lake. Over the years, because of changes in BOR policy, there have been numerous modifications in the lease documents. Cabin site leases have become increasingly restrictive and for shorter terms. Initially, these leases were for ten year periods with ten year renewal periods. In 1987, new leases were issued for 5 years with a 5-year renewal. The associated rent payments charged for the leases increased on an accelerated basis due to a combination of factors, including a change in BOR policy, and the recognition of increased values of the underlying land where the lease holders had built their cabins. The current leases for the cabin site properties expire in 2004, but they may be renewed for up to two consecutive five-year terms, or until the year 2014.

It should also be noted that the lease holders do not pay property tax on the land (since that land is owned by the BOR) but they do pay State and local property taxes for the value of all their improvements. Additionally, BOR pays to Lewis and Clark County a payment in lieu of taxes.

Most of the cabins on the leased sites can only be used in the summer, as they lack insulation for colder weather. Most lessees are not inclined to make substantial improvements due to the potential termination of their leases, including the requirement that the lessee must remove all improvements upon termination. However, private land ownership should generate substantial capital improvements, thereby increasing associated property tax revenue, which is yet another public benefit.

Further, it should be noted that CFRA and its members have been working with Lewis and Clark County in recent years to insure that waste water disposal systems (i.e. septic tanks and/or holding tanks) are in place and in conformance with applicable environmental requirements.

CFRA and BOR

CFRA's dealings with BOR over the years have generally been amicable and productive. While disputes have arisen in a few instances, much of that controversy has been associated with the increased annual lease payments for the permits for the 265 leased properties. Some of the cabin owners have experienced as much as eight-fold increases in their annual lease payments over the past 10 years. Such increases have caused CFRA to dispute BOR on the valuation of the underlying properties. Fortunately, the most recent dispute on the BOR's appraisal procedure was recently settled by CFRA and BOR. The new settlement procedure comes at a propitious time for several reasons. First, it may provide a basis for determining the fair market value of the cabin site lots to be transferred under this legislation. Second, the settlement minimizes the uncertainty that might otherwise constrain the transfer of lands associated with disputed property values. The phasing-out of leased land has greatly concerned the leaseholders and threatens their investment, work, time and memories that have been built up over almost four generations for many leaseholders.

A Brief Analysis of S. 1913

In its simplest form, the bill authorizes the U.S. Department of Interior to sell all of the cabin sites, as a group, to the highest bidder under a sealed bid process. The legislation also requires the successful bid to equal or exceed the appraised fair market value of the 265 lots combined. In the event that CFRA bids on the sites, and its bid is exceeded by another bidder, we have the right to match the highest bid. Whoever the high bidder is, it must sell the specific site at market value to the then permittee, assuming the permittee elects to purchase its lot. If the permittee does not want to buy the land on which their cabin sits, the permittee can continue to lease the cabin site for a period not to exceed the current terms allowed under its permit with BOR. In the event that the cabin owner chooses not to buy their lot, and doesn't want to keep leasing, the high bidder must buy the cabin improvements at a market value price set by appraisal.

CFRA is generally pleased with the current form of this bill. Our association has carefully avoided taking positions on exactly how the proceeds of the transfer are to be used, except we believe that much of the public benefits to be generated by the exchange should stay within the Canyon Ferry/Missouri River area. Further, we are seeking to avoid any appearance that these monies would be used in any way to benefit the cabin owners directly.

We are pleased that our recommendation to create a trust to benefit the Canyon Ferry/Missouri River area were accepted by Senators Baucus and Burns, who included this concept in their bill. Our ideas in that regard were strongly influenced by the Missouri-Madison Trust and the Rock Creek Trust.

I would also note that our organization has worked closely with the county commissioners of the two counties encompassing the Reservoir. Broadwater County contains approximately 80 percent of the shoreline of Canyon Ferry Reservoir, and Lewis and Clark County contains the balance. While all the cabins are located in Lewis and Clark County, CFRA is concerned that the proceeds of the sale generated by the transfer of the cabin-site lots should in some way provide benefit to the residents of Broadwater County who have arguably not received from BOR as many financial and recreational benefits from the lake as have Lewis and Clark County residents.

There are scheduled to be witnesses at this hearing representing various wildlife, hunting and fishing organizations. No doubt those witnesses will provide a full and compelling explanation of the various benefits that will occur to wildlife and fish habitat and associated recreational access and activities.

The experience of CFRA over the past four decades in working on the problems associated with leased lands at Canyon Ferry suggest to us that perceptions of public benefit are as varied as the members of the public who express their views about public needs and benefits. In that regard, I would highlight a statements recently communicated to CFRA by the President of the Montana Wildlife Federation:

"Canyon Ferry public lands have lost historic public wildlife value as a result of habitat alterations and destruction If those lands are to be permanently taken out of the public domain, then we believe that they must be replaced by lands that aim to provide the public with wildlife and recreational opportunities that once existed." We generally agree with the theme of the MWF statement, but we would also observe that the distribution of public benefits is best accomplished by representative legislative bodies, such as Congress. These bodies follow proven procedures for involving the public at all levels. Further, if experience is any guide, additional changes will likely be made to this legislation, as it advances through the legislative process. We hope that all parties now supporting this important legislation will continue to be able to support it.

In times of limited public budgets, it is a welcome sight to see another important source of funding that will allow greater public benefits to be bestowed. We at CFRA hope that we are given the opportunity to provide that funding through the implementation of your legislation.

Thank you. Senator Baucus for giving us the opportunity to present this testimony and we look forward to answering any questions you might have about the proposal from the standpoint of the 265 site owners at Canyon Ferry.

STATEMENT OF THE PRICKLY PEAR SPORTSMEN'S ASSOCIATION

The Prickly Pear Sportsmen's Association is a greater Helena area rod and gun club dedicated to the conservation and enhancement of the fish and wildlife resources of Montana. The sportsmen and women of our organization are active hunters and anglers and our club frequently engages in efforts to improve and protect fish and wildlife habitat on public and private lands. The idea of creating a fish and wildlife habitat trust fund from assets now held by the public around Canyon Ferry Reservoir came from within our organization. Members of our organization have considerable experience in the creation and administration of fish and wildlife conservation trust funds.

The lands in question around Canyon Ferry Reservoir are presently a public asset of considerable economic value. Although their value as wildlife habitat may have been diminished, their value as an asset with the potential to positively impact wildlife habitat, the preservation of agricultural land and the retention of open space protection remains substantial.

Representatives of our organization shared the concept of a wildlife habitat/land conservation trust fund with Canyon Ferry property owners as a way of converting a publicly held land asset (the cabin lease lands) into a land trust dedicated to the preservation and enhancement of wildlife habitat. This concept met the needs of the property owners and in the opinion of the Prickly Pear Sportsmen's Association also met the public trust responsibility associated with publicly held assets.

We appreciate the attention this proposal has received from the Montana Congressional delegation. You have all been responsive. Our immediate past president was active in the creation and administration of: The Rock Creek Trust Fund (a combination State/private managed effort) and the Forever Wild Endowment (a private non profit conservation organization).

Enthusiasm for this idea remains high and it is anchored in two features that must be retained as this legislation moves through Congress. The first is:

- the purpose of the trust must remain focused on the protection of fish and wildlife habitat, and the second is,
- the trustees of the fund likewise need to be representatives clearly dedicated to the purpose of the trust.

The Prickly Pear Sportsmen's Association also supports the idea in the legislation advanced by Senators Max Baucus and Conrad Burns to create a second trust dedicated to gaining access to public lands. The access trust, like the land trust must be focused and administered similar to the terms outlined for the land conservation trust. If these conditions are guaranteed our organization believes:

- the public interest will be served,
- wildlife habitat and agricultural open space protected, and
- a property ownership around Canyon Ferry equitably resolved.

Our organization's commitment to the principles outlined in this testimony is not casual. We recognize that there will be only one chance to deal with the public asset now held by the Federal Government at Canyon Ferry. To put this asset at risk by being either casual or vague about the use of the funds to be generated by sale of the cabin sites is a risk our organization is not willing to take. Therefore, we offer our support to the effort being made in the legislation sponsored by Senators Baucus and Burns. We suggest the language in the legislation addressing the purposes of both trusts and the make up of the entities that will administer them be given close and constant attention as the legislative process continues.

STATEMENT OF THE MONTANA WILDLIFE FEDERATION

I wish to first thank Senator Max Baucus for being present, I wish to also thank him for the invitation and the opportunity to testify on the Montana Fish and Wildlife Conservation Act of 1998 (S. 1913). The presence of Senator Baucus here demonstrates his concern for the leasee's, wildlife conservation and the interests of Montana sportsmen.

My name is Bill Orsello and I am here as a representative of the Montana Wildlife Federation comprised of 7500 members and 21 affiliate clubs. I am also here as a concerned hunter, angler, parent and outdoor recreationist.

The Montana Wildlife Federation recognizes the complexity of drafting legislation that attempts to come a problem, the loss of wildlife habitat and the concerns of lessees, that has existed since the 1950's. The MWF applauds and support the Senator's bill for the exchange of these public lands.

We feel Senate bill 1913's success depends on five features.

1. The exchange of public lands that have had their wildlife value diminished by the construction of cabins, elaborate homes, and landscaping for the ability to acquire lands access ? conservation easements that have equal or greater wildlife and recreational values.

2. Non-developed recreational opportunities have been lost and they should not be replaced by developed recreational opportunities. Primitive habitat was lost and it should not be replaced with developed habitat. This must be a land-related values exchange.

3. The creation of two endowments or trust funds that will only be used to guarantee the preservation of wildlife habitat and wildlife recreational opportunities in Montana.

4. That any trust funds developed from this exchange be administered by Montana representatives dedicated to Be perpetuation and conservation of wildlife, public access to public resources and the preservation of our hunting & fishing heritage.

5. We believe that Montana's wildlife and sports persons are best served by decisions at the local and State level for the dispersal of funds generated by the endowments. The intimate, on-the-ground, knowledge of local wildlife and sports person, needs would only be diluted by transferring the decision making process to a national influence.

We feel (uncompromisingly) this bill must stay on track with its original intent to create an exchange of degraded public properties with properties that will have a long-term benefit to the public and the preservation of wildlife habitat.

Any attempt to modify this bill or redirect monies generated from the exchange for programs, like the Land & Water Conservation Fund or projects not benefiting the enhancement of wildlife habitat and the greater public wildlife oriented recreational opportunities, will create many adversaries. We feel this proposal As a delicate balance, it only works if it is an exchange of diminished wildlife value land for useful public lands with high wildlife values. This bill must insure that the funds generated from lost publicly had assets are used to replace these assets with accessible lands, benefits to wildlife, and public recreational opportunities within the immediate geographical area.

The Montana Wildlife Federation remains enthusiastic toward the passage of S. 1913 and feels the bill will help preserve Montana's hunting and fishing heritage for future generations, if it is held intact and uncompromised.

I reiterate, this proposal must insure that funds generated from the exchange of our public lands, our public assets, must be used to replace these assets with publicly accessible lands in Montana wildlife habitat in Montana, and public wildlife opportunities in Montana—preferably in the immediate geographical area.

Again, we applaud and thank Senator Baucus for his effort.

Thank you.

STATEMENT OF ELUID L. MARTINEZ, COMMISSIONER, BUREAU OF RECLAMATION,
DEPARTMENT OF THE INTERIOR

Mr. Chairman and members of the committee, thank you for the opportunity to submit the Administration's views on S. 1913, the Montana Fish and Wildlife Conservation Act of 1998. The Bureau of Reclamation supports efforts to improve public access to rivers and lakes throughout the west. However, S. 1913 would grant exclusive private use of lake front property at Canyon Ferry Reservoir to a few beneficiaries, would foreclose future use of the land for project or other purposes, and would lead to a loss in future Federal receipts. The bill also would make management of the land at Canyon Ferry more difficult, without reducing the need for future Federal expenditures. In addition, S. 1913 is unclear on several critical questions of intent and procedure. Moreover, we do not believe there is a need for this legislation given that Reclamation and the Canyon Ferry Recreation Association recently agreed on a key issue concerning rental fees. For these reasons, the Administration strongly opposes S. 1913.

S. 1913 would direct the Secretary of the Interior to sell at fair market value all right, title and interest of the United States to leaseholds for the 265 cabin sites at Canyon Ferry Reservoir in Montana, along with easements for vehicular access to the leaseholds, docks, and boathouses.

The leaseholds and easements would be sold by auction, with the minimum bid established by the Secretary and based on a fair market appraisal, excluding the value of improvements made to a site. As drafted, it is unclear whether S. 1913 contemplates individual auctions for each leasehold or intends that all 265 be sold to a single purchaser.

Under S. 1913, the Canyon Ferry Recreation Association, (CFRA) a Montana corporation, would have the right to match any bid received and purchase the leaseholds. Any purchaser would be required to offer to sell to existing leaseholders the leasehold for fair market value. It is important for the Committee to understand that CFRA is a relatively small group of beneficiaries of this project that does not represent all taxpayers, all beneficiaries of the project, or even all existing lessees at Canyon Ferry Reservoir.

Under S. 1913, the United States would receive 10 percent of the purchase price paid for the leaseholds, while the remaining 90 percent would be equally divided between the Canyon Ferry-Missouri River Trust and the Montana Hunter and Fisherman Access Fund established in S. 1913. The Canyon Ferry-Missouri River Trust would provide a permanent revenue source of monies for the acquisition of land for fish and wildlife conservation, fishing, hunting, and recreation opportunities at specific sites at Canyon Ferry Reservoir and along the Missouri River. The Montana Hunter and Fisherman Access Fund would be dedicated to enhancing public hunting and fishing opportunities in Montana.

Mr. Chairman, the Canyon Ferry Unit was authorized and constructed by the Bureau of Reclamation as a part of the Pick-Sloan Missouri Basin Program as a multiple purpose project for irrigation, recreation, and hydroelectric power and it is Reclamation's role to balance these competing demands for the resources. Canyon Ferry Reservoir was formed when the Canyon Ferry Dam was completed in 1954. Reclamation and the State of Montana were land managing partners for 37 years until 1994, when the State terminated its role. Most of the cabin site permits were originally issued in the late 1950's, and lessees were given the option to renew the leases every 10 years.

Reclamation and the Bureau of Land Management now share the land management responsibility, except for the task of administering the cabin site leasing program which exclusively Reclamation's responsibility. The 265 cabin sites occupy scenic lakeshore areas around the northern end of the reservoir. The lot sizes vary from .2 acre to 1.4 acres, with the average size about 1 acre. These sites are unconsolidated scattered tracts within the reservoir lands. There is no large block of consolidated sites.

In the last few years, there has been controversy surrounding the rental fees at Canyon Ferry. The controversy centers on attempts to determine and charge fair market value for rental fees. Under 43 CFR Part 429.6(f), Reclamation is required to collect fair market value for the right to use Reclamation project lands. In 1986, the State raised the rental fees to approximately 1/3 of the then fair market value. The fees remained unchanged until 1995 when Reclamation raised the fees based on an increase in the Consumer Price Index. Reclamation also initiated an independent appraisal in 1995 to determine a new fair market value. Presently the cabin lessees are paying an average of about \$1,000 per site per year, significantly less than the fair market value of \$2,701 determined in the 1995 appraisal.

Reclamation committed to phase in a rate increase over a 5-year period beginning in 1997. However, the CFRA challenged the 1995 appraisal through the Department of the Interior's Office of Hearing and Appeals. CFRA had conducted a second appraisal which showed the value of the leases to be about 60 percent of that indicated in Reclamation's appraisal. That appraisal amount is still about 1.5 times the amount which had been collected prior to 1997. While Reclamation believes that the 1995 appraisal was properly conducted and accurately reflected the current market price, Reclamation, for the sake of goodwill and improving relations, recently agreed to a settlement with CFRA whereby Reclamation and CFRA would collaborate and conduct a third appraisal. It was agreed that the findings in the third appraisal will be the new basis for the fee increase. With this settlement, Reclamation and the cabin site lessees are working together to set fair and acceptable rental fees. As such, no current controversy exists that requires legislation.

Not only is the legislation unnecessary, it is not clearly drafted. As mentioned above, the bill is ambiguous as to whether the sites will be sold individually or in one bundle. In addition, S. 1913 is very unclear as to exactly what the Secretary is directed to sell and what, if anything, might remain in the hands of Reclamation. S. 1913 provides for the sale of the "leasehold" for these sites. While the bill fails to provide a definition of leasehold, it appears to be something less than fee simple title.

Canyon Ferry Reservoir, one of the most scenic and popular flat water recreation areas in Montana, is located within two hours of the five largest cities in Montana. The area is already overcrowded during peak visitation periods at several campgrounds and day-use areas. This legislation could exacerbate this situation by reducing the public access to additional areas of this reservoir.

We are concerned that if the intent of S. 1913 is to sell the leaseholds only, Reclamation's role would shift from that of a public agency managing public land, to that of a public agency managing private leaseholdings. If it is the intent of S. 1913 to sell the cabin sites on a fee simple basis, then Reclamation's role changes to that of a public agency managing private inholdings in public lands.

Further, actual or effective private fee simple ownership of these lands would complicate administration and management of the Canyon Ferry Project. The legislation would likely exacerbate existing difficulties around such issues as lake fluctuations, land use, and water quality concerns related to septic systems. In the past, lessees of cabin sites have complained about degradation of scenic qualities when the lake level declined due to operational constraints. Given that Canyon Ferry is a multipurpose project, we are concerned that this legislation could lead to an increase in disputes and hamper Reclamation's ability to balance operations at Canyon Ferry reservoir for all the authorized project purposes, especially in dry years.

The bidding process proposed in S. 1913 is inequitable and is unlikely to result in a bid that is higher than the minimum required. Section 4(c)(3) would give to the Canyon Ferry Recreation Association a preference over anyone else. If someone other than the CFRA is the highest bidder, CFRA would have the right to match the highest bidder and purchase the leasehold, thereby providing little incentive for anyone but CFRA to submit a bid.

In addition, Section 4(d)(3)(A) would reduce any incentive to bid up the price above the minimum appraised price by requiring the successful bidder to offer each of the existing lessees an option to purchase their leaseholds at the minimum allowable bid. Any bidder offering more would lose money if the individual lessees takes the option to purchase the leasehold.

Furthermore, Section 4(c)(2) provides that a minimum bid will be set "in consultation with interested bidders." It is unclear why interested parties should be invited into the process of making an objective determination of fair market value by a third party appraiser. This appears designed to skew the process.

Presently, the United States collects approximately \$290,000 per year in rental income from the cabin sites at Canyon Ferry Reservoir. By 2001, the receipts are expected to be approximately \$700,000 per year. It is estimated that the total value of the existing leaseholds is approximately \$21 million. Under S. 1913, the revenues that the United States presently receives and would receive in the future through the cabin site leasing program would be foregone and only 10 percent of proceeds from the auction would be paid to the United States. While 55 percent of the purchase price would be deposited in the Treasury, the bulk of this would be deposited in a new interest-bearing account established in Section 6. Because this section also directs the spending of the "earnings" from this account without further appropriations, the funds deposited in this new account would not have the effect of reimbursing the Federal Government for costs it has incurred for the project lands and cabin sites.

Reclamation plans to seek a non-Federal managing partner to manage the recreation opportunities and lands at Canyon Ferry. Reclamation law provides for such managing partners to be able to utilize user fees and other receipts from the use of the public lands that they manage to operate and maintain existing facilities, and to enhance public recreation or fish and wildlife benefits. Without the revenues generated by the cabin site leases, the ability to attract a managing partner would be significantly diminished. This will result in the need for continued Federal appropriations for recreational management.

In addition to those issues raised above, Reclamation has a number of technical concerns I would like to briefly highlight.

1) The legislation fails to address who will pay for maintenance activities that Reclamation is currently paying for such as road maintenance and law enforcement once the leaseholds are granted or the fee simple titles to the lands are sold. The County should bear some responsibility for these costs, especially if the County is able to secure tax revenues as the result of the lands becoming subject to local taxes. It is unclear how local tax revenues would be generated from the leaseholds if the United States will continue to own the lands at Canyon Ferry.

2) Under the existing arrangement at Canyon Ferry, licenses for boat docks are currently issued to cabin site lessees, but not to private landholders on other areas of the lake. If the cabin sites were sold, the question of whether to issue licenses would have to be addressed. S. 1913 is silent on the issue of boat dock licenses.

3) Section 2(1)(C) presents as a finding that it is in the interest of the Secretary to reduce the Pick-Sloan project debt for the Canyon Ferry Unit. Yet, the bill does not provide for any debt reduction.

4) Section 2(4) says the sale of leaseholds will reduce Federal payments in lieu of taxes. If fee simple title is not granted to the purchasers, payments in lieu of taxes (PILT) may continue to be required. If it is fee simple title that is to be auctioned, then the legislation should explicitly state that PILT payments will be discontinued. If it is only the leases that are to be sold, then absent legislative language, PILT payments would likely continue to be paid by the United States. In either case, it is not clear why PILT should continue.

5) Section 3(3) would extend the benefits of the legislation to parties who do not hold a current lease and may not have legal claim to the use of the cabins.

6) The issue of liability is not addressed. If S. 1913 proposes that it is fee simple title that is to be auctioned, then all liability for this land should be conveyed to the purchasers. If only the lease is to be auctioned, as we believe the bill to currently read, then unless otherwise stated, the liability remains with the United States—thereby eroding whatever benefit is to be gained for the United States in this legislation.

7) Section 4(b)(1)(B) calls for small parcels contiguous to the leaseholds to be conveyed in order to eliminate inholdings and facilitate administration of surrounding land remaining in Federal ownership. The bill assumes that the Secretary and the purchasers will be able to agree on each of these parcels. A public process should be undertaken to determine the size and shape of these parcels. Also, the fair market value of these areas should be determined.

8) In Section 4(c)(3) the word “than” appears to be missing following the clause, “If the highest bidder is other” and before the word “CFRA.”

9) Section 4(d)(3)(B)(ii) says that the purchaser shall compensate the lessee for the “full” market value of the improvements. It is not apparent whether the term “fair” should be substituted for “full” as occurs throughout the bill.

10) Section 5 fails to describe whether the members of the Canyon Ferry-Missouri River Trust will be compensated for their efforts, who will appoint them as members, and what their responsibilities will entail.

S. 1913 would affect direct spending or receipts and therefore be subject to the “pay-as-you-go provisions of the Omnibus Budget Reconciliation Act of 1990.

Again, Mr. Chairman, while we appreciate the interest of this Committee and the Montana delegation, we strongly oppose S. 1913 and do not believe this legislation is necessary.

3888 EAST SHORE DRIVE,
Helena, MT 59602, June 7, 1998.

SENATOR MAX BAUCUS,
Senate Hart Building,
Washington, DC 20510-2603.

DEAR MAX: I'm speaking in support of your proposed legislation to allow the 265 cabin sites located along the shoreline of Canyon Ferry Reservoir, Montana, to be sold to the highest bidder at auction.

I believe that your bill encompasses the necessary language to allow a fair disposition of this property and, at the same time, protects and enhances the rights of all citizens to use Canyon Ferry as a prime recreation site. Further, your bill will reduce future conflicts that could arise between the existing managing agency and the cabin owners; thereby, reducing administrative time presently spent in conflict management. In short, your bill should result in a win-win situation for all parties.

I appreciate the efforts you and your staff have made to resolve this issue and especially appreciate the many hours Holly Luck has spent in meeting with cabin owners and others to help structure this bill.

Sincerely,

GIL R. ALEXANDER

JOHN AND JULIE BLACKER,
2615 GOLD RUSH AVENUE,
Helena, MT 59601.

SENATOR MAX BAUCUS,
Senate Hart Building,
Washington, DC 20510-2602.

DEAR SENATOR BAUCUS: We again wanted to thank you for all your hard work and support of Senate Bill 1913. As you may know we are current lease holders at canyon ferry and sincerely wish to purchase the land that we now lease.

Our family has been the only lease holder of this site for over forty years, and in accordance with the lease agreement have added many improvements to this site. It would be easy to say that this site is now home. It has also been a long term goal of our family to someday purchase this site to preserve the memories and wonderful times our families have shared there.

We will continue to work toward our goal and support your efforts in this worthwhile bill. We are also aware that this bill offers many other opportunities and benefits with the trust funds that will be created.

Thank you again.

Sincerely,

JOHN AND JULIE BLACKER.

801 KNIGHT STREET,
Helena, MT 59601-2669, June 6, 1998.

SENATOR MAX BAUCUS,
Hart Senate Office Building,
Washington, DC 20510.

SENATOR BAUCUS, LADIES & GENTLEMEN: My family and I support Senate Bill 1913, the Montana Fish and Wildlife Conservation Act. It will alleviate a problem that has aggravated all parties involved for nearly half a century. I don't own property at Canyon Ferry, but in any given year I spend around 30 days on or around the reservoir. Being somewhat handicapped, I find that Canyon Ferry is one of the diminishing number of places I can still access successfully.

In Friday's Independent Record, an issue was raised concerning campgrounds. Believe me, there are innumerable bays and coves suitable for development, on both sides of the upper end of the reservoir, should more campgrounds become necessary in the future. As noted in the article, the present campgrounds are only open three weekends a year: Memorial Day, Fourth of July and Labor Day. One of the beauties of Canyon Ferry is that its size accommodates both the few and the many in any given month of the year.

Obviously S. 1913 has been carefully crafted to accomplish the greatest, and fairest, good to the greatest number and thereby has gained the support of our entire congressional delegation, no small feat in itself! The Federal agencies involved should be reminded their job is to carry out the will of Congress, not vice versa.

Two critical aspects of the bill are the Canyon Ferry-Missouri River Endowment and the Montana Hunter and Fisherman Access Fund endowment. Those features make the proposal a win-win situation. Refinements in terms of guaranteed shore-line public access and enhancement of the considerable wildlife habitat necessities could improve the concept. Tough language should protect the funds generated from being raided for other purposes, and leaseholders should have the right of first refusal.

Senate Bill 1913 is a golden opportunity to fix a festering problem, I urge the public, and Congress, to support it.

Sincerely,

ROBERT E. CARROLL

Name: DAN ERVING
 Address: 424 N. DAVIS
HELENA, MT
 Phone: 406-442-8609

COMMENTS:

Dear Senator BAUCUS,

I'm certainly in favor of your proposed legislation. Our family owns a cabin on the east side of Canyon Ferry Lake. We've been there since 1962.

Please don't let the bill ~~get~~ get muddied with a lot of Amendments
 Thanks a lot
 Dan Erving

Name: Guy C. & Betty Lou Crowe
Address: 901 Park Garden Rd.
Great Falls, MT 59404
Phone: 406-453-0638

COMMENTS: We support the legislation.
We would like direct purchase
from the BOR. We thank you
for your efforts on behalf of
all involved and for the
time you have spent on it.

Senator Baucus,

Sorry we are unable to be present at your hearing but we would like to thank you for your work on this bill and would like to purchase our lot when it becomes available to do so.

Sincerely,
George A. Amman
Cecilia Amman

Lot 80 Canyon Ferry.

Home address:
Box 22
Boulder, Wb. 59632