

St. Mary Rehabilitation Working Group 2016-2017 Strategic Plan Update and Proposed Budget

The St. Mary Rehabilitation Working Group (SMRWG) hired a coordinator in 2014 to begin implementing a strategic plan developed in 2013. Due to schedule conflicts, the coordinator was not able to engage in SMRWG efforts until late 2014. After meeting with various parties, the coordinator determined that a lack of financial resources made moving forward with the goals of the SMRWG (see attached goals from original Strategic Plan) very difficult. The SMRWG approved engaging a firm in Helena, MT, to work on securing funding for SMRWG efforts in 2015 and 2016. This effort was funded from monies set aside for payments for the coordinator position in 2014. As a result of this effort, \$300,000 was approved by the 2015 Montana legislature to fund SMRWG activities.

The SMRWG, working through Bear Paw Development, has engaged the services of Water Strategies, a Washington, D.C. firm specializing in federal water issues. After meeting with the SMRWG, Water Strategies is currently working on the following issues, as developed and approved by the SMRWG and the Milk River Joint Board of Control:

1. **Fix WRDA authorization issue.** The WRDA authorization is serving as an impediment to a fix, with two federal agencies each saying the other is responsible. The Corps of Engineers (COE) has nothing to do with this BOR project. The authorization needs to be removed, ensuring all responsibility is with BOR and avoiding potential confusion. The goal is to change the authorization from the Secretary of the Army to the Secretary of Interior. **At this time (08/2016) this issue appears to have been resolved, with the Corps of Engineers delisting all projects that have received no federal funding from the COE budget in the past five years.**
2. **Adjust cost allocation formula.** Currently irrigators are responsible for 74% of all maintenance, repairs and rehabilitation. The ability of irrigators to repay the costs associated with rehabilitation of the St. Mary Diversion has been exceeded. It is proposed that an allocation of 15%-25% of reimbursable funds for irrigators is more realistic and in line with their ability to pay. This will require DC lobbying help. The SMRWG should engage the services of a Washington, D.C. government relations firm to assist with this. This needs to be done before any discussion of specific funding requirements begins. This may be the most difficult of these priorities to achieve, and at least as difficult, if not more so, than actually finding the money. **At this time, Water Strategies and the SMRWG is working with the Montana Congressional Delegation to develop legislation authorizing a project meeting specific criteria to receive federal funding with a 75% federal cost share for specific projects. This proposed legislation is currently in the Congressional Drafting office as of this date (08/2016).**
3. **Determine realistic costs of rehabilitation.** Will require coordination, cooperation with Blackfeet, BOR and MRJBC. A \$3.7 million feasibility study for the St. Mary Diversion rehabilitation is contained in the Blackfeet Compact legislation and will assist in this effort. It may also be necessary to issue an RFP for engineering services to develop realistic and affordable rehabilitation plans. **The Blackfeet Compact has been introduced in Congress, approved by the Senate Committee on Indian Affairs, received a House Natural Resources**

Committee hearing and is pending action. The legislation contains a \$3.7 million dollar engineering feasibility study for BOR to develop rehabilitation plans for the St. Mary Diversion Project.

4. **Seek funding sources.** Rehabilitation of the St. Mary Diversion will require local, state, federal contributions. The federal government is in a difficult financial situation, and this is not going to be easy, but this project has some features and relationships going for it that other projects do not, including two Indian water right settlement agreements, ESA issues, and international use of water. **Ongoing, pending resolution of priorities 2 & 3 above.**

**St. Mary Rehabilitation Working Group
Annual Budget Proposal
Years 2016/2017**

<u>Description</u>	<u>Amount</u>	<u>Notes</u>
Coordinator Position	\$ 67,000	This is a maximum amount, unless changed in writing by both parties (SMRWG and Coordinator). Actual amount will be billed on a time basis.
Coordinator Expenses	5,000	This may need to be adjusted slightly upward to reflect at least one trip to Washington, D.C. to set up relationship between SMRWG and a government relations firm. Any upward adjust can probably be deducted from the Coordinator position.
MWRA Membership	5,000	Montana Water Resources Association provides great service to water development groups in Montana. This also includes money to attend some NWRA national meetings (National Water Resources Association)
Government Relations	72,000	Current proposal is \$5,000/mo. \$1,000/mo. has been added for potential expenses
BKBH 2017 MT Leg.	20,000	\$17,500 for lobbying fees, \$2,500 expenses
SMRWG Travel	10,000	Travel to Washington, D.C. (This may need to be increased, if so, proposed to take money from Engineering Services. Also used for potential Project tours with legislators.
Engineering Services	12,000	Potential services to support legislative effort.
Administration	<u>6,000</u>	Bear Paw Development management costs
Total	\$197,000	This is the same figure as the 2015/2016 budget, plus \$20,000 for MT leg. work. The MT legislative work must be paid from Basin funds, not grant funds. Virtually all expenses in that budget came in well under these estimates. These remain conservative, achievable figures for the 2016/2017 budget year.

Funding Sources:

DNRC Grant: \$170,000

SMRWG: 27,000

Total \$197,000