

105<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# S. 2414

To establish terms and conditions under which the Secretary of the Interior shall convey leaseholds in certain Properties around Canyon Ferry Reservoir, Montana.

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## IN THE SENATE OF THE UNITED STATES

JULY 31, 1998

Mr. BURNS introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

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## A BILL

To establish terms and conditions under which the Secretary of the Interior shall convey leaseholds in certain Properties around Canyon Ferry Reservoir, Montana.

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. FINDINGS.**

4 Congress finds that the conveyance of the Properties  
5 described in section 4(b) to the Lessees of those Properties  
6 for fair market value would have the beneficial results of—

7 (1) reducing Pick-Sloan project debt for the  
8 Canyon Ferry Unit;

1           (2) providing a permanent source of funding for  
2 projects that develop and maintain public recreation,  
3 and that conserve and enhance fish and wildlife op-  
4 portunities in the State of Montana;

5           (3) eliminating Federal payments in lieu of  
6 taxes and associated management expenditures in  
7 connection with the Government's ownership of the  
8 Properties while increasing local tax revenues from  
9 the new owners; and

10          (4) eliminating expensive and contentious dis-  
11 putes between the Secretary and leaseholders while  
12 ensuring that the Federal Government receives full  
13 and fair value for the acquisition of the Properties.

14 **SEC. 2. PURPOSE.**

15          The purpose of this Act is to establish terms and con-  
16 ditions under which the Secretary of the Interior shall, for  
17 fair market value, convey certain Properties around Can-  
18 yon Ferry Reservoir, Montana, to the Lessees of those  
19 Properties.

20 **SEC. 3. DEFINITIONS.**

21          In this Act:

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

1           (2) LESSEE.—The term “Lessee” means the  
2 leaseholder of 1 of the Properties described in sec-  
3 tion 4(b) on the date of enactment of this Act and  
4 the leaseholder’s heirs, executors, and assigns of  
5 their leasehold interest.

6           (3) PROPERTY.—The term “Property” means  
7 any 1 of the cabin sites described in section 4(b).

8           (4) PROPERTIES.—The term “Properties”  
9 means all 265 of the cabin sites (and related par-  
10 cels) described in section 4(b).

11          (5) PURCHASER.—The term “Purchaser”  
12 means a person or entity, excluding CFRA, that  
13 purchases the 265 Properties under section 4.

14          (6) RESERVOIR.—The term “Reservoir” means  
15 the Canyon Ferry Reservoir in the State of Mon-  
16 tana.

17          (7) SECRETARY.—The term “Secretary” means  
18 the Secretary of the Interior.

19          (8) TRUST.—The term “Trust” means the Can-  
20 yon Ferry Lake Trust described in section 6.

21 **SEC. 4. SALE OF PROPERTIES.**

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

1           (1) all right, title, and interest of the United  
2 States in and to all (but not fewer than all) of the  
3 Properties described in subsection (b), subject to  
4 valid existing rights; and

5           (2) easements for—

6                 (A) vehicular access to each Property;

7                 (B) access to and the use of 1 dock per  
8 Property; and

9                 (C) access to and the use of all boathouses,  
10 ramps, retaining walls, and other improvements  
11 for which access is provided in the leases as of  
12 the date of this Act.

13         (b) DESCRIPTION OF PROPERTIES.—

14           (1) IN GENERAL.—The Properties to be con-  
15 veyed are—

16                 (A) the 265 cabin sites of the Bureau of  
17 Reclamation located along the northern portion  
18 of the Reservoir in portions of sections 2, 11,  
19 12, 13, 15, 22, 23, and 26, Township 10 North,  
20 Range 1 West; plus

21                 (B) any small parcels contiguous to the  
22 Properties (not including shoreline land needed  
23 to provide public access to the shoreline of the  
24 Reservoir) that the Secretary determines should  
25 be conveyed in order to eliminate inholdings

1           and facilitate administration of surrounding  
2           land remaining in Federal ownership.

3           (2) ACREAGE; LEGAL DESCRIPTION.—The acre-  
4           age and legal description, including any related par-  
5           cels determined by the Secretary under (b)(1)(B) of  
6           this section, of each Property shall be agreed on by  
7           the Secretary and CFRA.

8           (c) PURCHASE PROCESS.—

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

10                   (A) solicit sealed bids for the Properties;

11                   (B) subject to paragraph (2), sell the  
12           Properties to the bidder that submits the high-  
13           est bid above the minimum bid determined  
14           under paragraph (2); and

15                   (C) no bid shall be accepted for less than  
16           all of the Properties in one bundle.

17           (2) MINIMUM BID.—Before accepting bids, the  
18           Secretary, in consultation with CFRA, shall estab-  
19           lish a minimum bid based on an appraisal of the fair  
20           market value of the Properties, exclusive of the value  
21           of private improvements made by the leaseholders  
22           before the date of the conveyance by means of an  
23           appraisal conducted in conformance with the Uni-  
24           form Standards of Professional Appraisal Practice.

1           (3) RIGHT OF FIRST REFUSAL.—If the highest  
 2 bidder is other than CFRA, CFRA shall have the  
 3 right to match the highest bid and purchase the  
 4 Properties at a price equal to the amount of that  
 5 bid.

6           (d) TERMS OF CONVEYANCE.—

7           (1) Purchaser to extend option to purchase or  
 8 to continue leasing.

9           (A) IN GENERAL.—The Purchaser shall  
 10 give each leaseholder of record of a Property  
 11 conveyed under this section an option to pur-  
 12 chase the Property at fair market value as de-  
 13 termined in subsection (c)(2).

14           (B) NONPURCHASING LESSEES.—

15           (i) RIGHT TO CONTINUE LEASE.—A  
 16 Lessee that is unable or unwilling to pur-  
 17 chase a Property shall be permitted to con-  
 18 tinue to lease the Property for fair market  
 19 value rent under the same terms and con-  
 20 ditions as the existing leases, including the  
 21 right to renew the term of the existing  
 22 lease for 2 consecutive 5-year terms.

23           (ii) COMPENSATION FOR IMPROVE-  
 24 MENTS.—If a Lessee declines to purchase  
 25 a Property, the Purchaser shall com-

1           pensate the Lessee for the fair market  
2           value, as determined pursuant to cus-  
3           tomary appraisal procedures, of all im-  
4           provements made to the Property. The  
5           Lessee may sell the improvements to Pur-  
6           chaser at any time, but the sale shall be  
7           completed by the final termination of the  
8           lease, after all renewals as provided in  
9           clause (i).

10           (2) HISTORICAL USE.—The Purchaser shall  
11           honor the existing Property descriptions and histori-  
12           cal use restrictions for the leaseholds.

13           (3) CFRA PURCHASES.—If CFRA should be  
14           the highest bidder, or match the highest bid, it may  
15           convey to the Trust in lieu of money, the title to any  
16           Property where the Lessee is unable or unwilling to  
17           purchase their Property.

18           (A) CONTINUATION OF LEASES.—

19           (i) IN GENERAL.—A Lessee that is  
20           unable or unwilling to purchase a leasehold  
21           shall be permitted to continue to lease the  
22           Property pursuant to the terms and condi-  
23           tions of the lease, existing on the date of  
24           enactment of this Act, from the Trust.

1 (ii) RENTAL PAYMENTS.—All rents re-  
2 ceived during the continuation of a lease  
3 under clause (i) shall be paid to the Trust.

4 (iii) LIMITATION ON RIGHT TO TRANS-  
5 FER LEASE.—Subject to valid existing  
6 rights, a Lessee may not sell or otherwise  
7 assign or transfer the leasehold without  
8 purchasing the Property from the Trust  
9 and conveying the fee interest in the Prop-  
10 erty.

11 (B) CONVEYANCES BY TRUST.—All convey-  
12 ances by the Trust shall be a fair market value  
13 as determined by a new appraisal, but in no  
14 event may the Trust convey any Property to  
15 Lessee for an amount less than the value estab-  
16 lished for the leasehold by the appraisal con-  
17 ducted pursuant to subparagraph (c)(2).

18 (e) ADMINISTRATIVE COSTS.—Any reasonable ad-  
19 ministrative cost incurred by the Secretary incident to the  
20 conveyance under subsection (a) shall be reimbursed by  
21 the Purchaser or CFRA.

22 (f) TIMING.—The Secretary shall make every effort  
23 to complete the conveyance under subsection (a) not later  
24 than 1 year after the date of enactment of this Act.

1 (g) CLOSING.—Real estate closings to complete the  
2 conveyance under subsection (a) may be staggered to fa-  
3 cilitate the conveyance as agreed to by the Secretary and  
4 the Purchaser or CFRA.

5 (h) CONVEYANCE TO LESSEE.—Where the Lessee  
6 will purchase the Property from the Purchaser or CFRA,  
7 the Lessee may request the Secretary to have the convey-  
8 ance documents prepared in the Lessee's name or names  
9 in order to minimize the time and documents required to  
10 complete the closing for each Property.

11 (i) COSTS.—The Lessee shall reimburse CFRA for a  
12 proportionate share of the costs to CFRA in completing  
13 the transactions contemplated by this Act, including any  
14 interest charges.

15 (j) COSTS.—The Lessee shall reimburse the Trust for  
16 a proportionate share of the costs to the Trust in complet-  
17 ing the transactions contemplated by this Act, including  
18 any interest charges. In addition, the lessee shall reim-  
19 burse the Trust for all costs, including the new appraisal,  
20 associated with conveying the Property from the Trust to  
21 the Lessee.

22 **SEC. 5. AGREEMENT.**

23 (a) REQUIREMENT TO NEGOTIATE.—The Secretary,  
24 acting through the Bureau of Reclamation, shall negotiate  
25 an agreement with the Broadwater County, Montana,

1 Board of Commissioners to transfer management of the  
2 Silo's and White Earth recreation areas. The Secretary  
3 shall grant an easement for an access road to these recre-  
4 ation areas.

5 (b) ASSESSMENT OF NEED FOR HARBOR.—Not later  
6 than 6 months after the date of the enactment of this Act,  
7 the Secretary, acting through the Bureau of Reclamation,  
8 shall assess the need for creating a harbor adjacent to the  
9 eastern shore of the south half of the Reservoir.

10 **SEC. 6. USE OF PROCEEDS.**

11 (a) IN GENERAL.—Proceeds of conveyances under  
12 this Act shall be available as follows:

13 (1) 10 percent of the proceeds shall be applied  
14 by the Secretary of the Treasury to reduce the out-  
15 standing debt for the Pick-Sloan project at Canyon  
16 Ferry Reservoir.

17 (2) 45 percent of the proceeds shall be depos-  
18 ited into a separate account in the Treasury and  
19 shall be available to the Secretary, subject to appro-  
20 priations, for purchasing land or conservation ease-  
21 ments in the State of Montana.

22 (3) 45 percent of the proceeds shall be available  
23 without further appropriation to the Canyon Ferry  
24 Lake Trust established under subsection (b) for the

1 purposes of enhancing recreation, fisheries, and con-  
2 servation in and around the Reservoir.

3 (b) In lieu of a cash contribution to the Trust under  
4 section 6(a)(3), CFRA may convey to the Trust the fee  
5 title for any Property not purchased by the Lessee. The  
6 value of each Property contribution under this paragraph  
7 shall be the fair market value of the Property under sec-  
8 tion 4 of this Act.

9 (c) CANYON FERRY LAKE TRUST.—(1) There shall  
10 be established an entity to be known as the Canyon Ferry  
11 Lake Trust, the corpus of which shall initially include, at  
12 a minimum, the following funds:

13 (A) One-third of amounts received by the Trust  
14 under (6)(a)(3) shall be made available by the Trust  
15 to Broadwater County, Montana, to improve access  
16 in the Broadwater County portion of the Reservoir.

17 (B) Two-thirds of amounts received by the  
18 Trust under (6)(a)(3) shall be deposited into a per-  
19 manent endowment that may be used in the follow-  
20 ing manner:

21 (i) Fisheries improvement.

22 (ii) Improvement of campgrounds.

23 (iii) Lakeshore conservation, conservation  
24 easements, and public access to Canyon Ferry  
25 Reservoir and the watershed of the Missouri

1 River from Canyon Ferry Dam to the con-  
2 fluence of the Madison, Jefferson, and Gallatin  
3 Rivers.

4 (2) The Canyon Ferry Lake Trust shall be advised  
5 by a board composed of representatives from the following:

6 (A) One appointee for the County Commission  
7 of Broadwater County, Montana.

8 (B) One appointee for the County Commission  
9 of Lewis and Clark County, Montana.

10 (C) One local agricultural landowner, as agreed  
11 to by Lewis and Clark and Broadwater County Com-  
12 missions, Montana.

13 (D) One representative of a local hunting orga-  
14 nization, as agreed to by the Lewis and Clark and  
15 Broadwater County Commissions, Montana.

16 (E) One representative of a fisheries conserva-  
17 tion organization, as agreed to by Lewis and Clark  
18 and Broadwater Counties, Montana.

19 (F) One representative appointed by the Com-  
20 missioner of the Bureau of Reclamation or his or  
21 her designee.

22 (G) One representative appointed by The Direc-  
23 tor of the Montana Fish, Wildlife and Parks Depart-  
24 ment or his designee.

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