

105TH CONGRESS  
2D SESSION

# H. R. 4469

To establish terms and conditions under which the Secretary of the Interior shall, for fair market value, convey certain properties around Canyon Ferry Reservoir, Montana, to the lessees of those properties.

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## IN THE HOUSE OF REPRESENTATIVES

AUGUST 6, 1998

Mr. HILL introduced the following bill; which was referred to the Committee on Resources

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## A BILL

To establish terms and conditions under which the Secretary of the Interior shall, for fair market value, convey certain properties around Canyon Ferry Reservoir, Montana, to the lessees of those properties.

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

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

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

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

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

16 **SEC. 2. PURPOSE.**

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

22 **SEC. 3. DEFINITIONS.**

23           In this Act:

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

4           (2) LESSEE.—The term “Lessee” means the  
5 leaseholder of any 1 of the cabin sites described in  
6 section 4(b) on the date of enactment of this Act  
7 and the leaseholder’s heirs, executors, and assigns of  
8 their leasehold interest in that cabin site.

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

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

14           (5) PURCHASER.—The term “Purchaser”  
15 means a person or entity, excluding CFRA, that  
16 purchases the Properties under section 4.

17           (6) RESERVOIR.—The term “Reservoir” means  
18 the Canyon Ferry Reservoir in the State of Mon-  
19 tana.

20           (7) SECRETARY.—The term “Secretary” means  
21 the Secretary of the Interior.

22           (8) TRUST.—The term “Trust” means the Can-  
23 yon Ferry Lake Trust established pursuant to sec-  
24 tion 6.

1 **SEC. 4. SALE OF PROPERTIES.**

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

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

9 (2) easements for—

10 (A) vehicular access to each Property;

11 (B) access to and the use of 1 dock per  
12 Property; and

13 (C) access to and the use of all boathouses,  
14 ramps, retaining walls, and other improvements  
15 for which access is provided in the Property  
16 leases as of the date of this Act.

17 (b) DESCRIPTION OF PROPERTIES.—

18 (1) IN GENERAL.—The Properties to be con-  
19 veyed are—

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

25 (B) any small parcels contiguous to the  
26 Properties (not including shoreline or land

1           needed to provide public access to the shoreline  
2           of the Reservoir) that the Secretary determines  
3           should be conveyed in order to eliminate  
4           inholdings and facilitate administration of sur-  
5           rounding land remaining in Federal ownership.

6           (2) ACREAGE; LEGAL DESCRIPTION.—The acre-  
7           age and legal description of each Property and of  
8           each parcel determined by the Secretary under para-  
9           graph (1)(B) shall be determined by agreement be-  
10          tween the Secretary and CFRA.

11         (c) PURCHASE PROCESS.—

12           (1) IN GENERAL.—The Secretary—

13                 (A) shall solicit sealed bids for the Prop-  
14                 erties;

15                 (B) shall, subject to paragraph (2), sell the  
16                 Properties to the bidder that submits the high-  
17                 est bid above the minimum bid determined  
18                 under paragraph (2); and

19                 (C) shall not accept any bid for less than  
20                 all of the Properties in one bundle.

21           (2) MINIMUM BID.—Before accepting bids, the  
22           Secretary, in consultation with CFRA, shall estab-  
23           lish a minimum bid based on an appraisal of the fair  
24           market value of the Properties, exclusive of the value  
25           of private improvements made by the leaseholders

1 before the date of the conveyance, by an appraisal  
2 conducted in conformance with the Uniform Stand-  
3 ards of Professional Appraisal Practice.

4 (3) RIGHT OF FIRST REFUSAL.—If the highest  
5 bidder is a person other than CFRA, CFRA shall  
6 have the right to match the highest bid and pur-  
7 chase the Properties at a price equal to the amount  
8 of that bid.

9 (d) TERMS OF CONVEYANCE.—

10 (1) PURCHASER TO EXTEND OPTION TO PUR-  
11 CHASE OR TO CONTINUE LEASING.—

12 (A) IN GENERAL.—The Purchaser or  
13 CFRA shall give each leaseholder of record of  
14 a Property conveyed under this section an op-  
15 tion to purchase the Property at fair market  
16 value as determined under subsection (c)(2).

17 (B) NONPURCHASING LESSEES.—

18 (i) RIGHT TO CONTINUE LEASE.—A  
19 Lessee that is unable or unwilling to pur-  
20 chase a Property shall be provided the op-  
21 portunity to continue to lease the Property  
22 for fair market value rent under the same  
23 terms and conditions as apply under the  
24 existing lease for the property, including

1 the right to renew the term of the existing  
2 lease for 2 consecutive 5-year terms.

3 (ii) COMPENSATION FOR IMPROVE-  
4 MENTS.—If a Lessee declines to purchase  
5 a Property, the Purchaser shall com-  
6 pensate the Lessee for the fair market  
7 value, as determined pursuant to cus-  
8 tomary appraisal procedures, of all im-  
9 provements made to the Property. The  
10 Lessee may sell the improvements to the  
11 Purchaser at any time, but the sale shall  
12 be completed by the final termination of  
13 the lease, after all renewals as provided in  
14 clause (i).

15 (2) HISTORICAL USE.—The Purchaser shall  
16 honor the Property descriptions and historical use  
17 restrictions for the leaseholds.

18 (3) CFRA PURCHASES.—

19 (A) CONVEYANCE IN LIEU OF PAYMENT.—  
20 If CFRA is the highest bidder, or matches the  
21 highest bid, it may convey to the Trust in lieu  
22 of payment, the fee title to any Property not  
23 purchased by a Lessee under paragraph (1).  
24 The value of each Property contribution under

1 this paragraph shall be the fair market value of  
2 the Property under this section.

3 (B) CONTINUATION OF LEASES.—

4 (i) IN GENERAL.—The Trust shall  
5 allow a Lessee that is unable or unwilling  
6 to purchase a Property under paragraph  
7 (1) to continue to lease the Property pur-  
8 suant to the terms and conditions of the  
9 lease in effect for the Property on the date  
10 of enactment of this Act.

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

14 (iii) LIMITATION ON RIGHT TO TRANS-  
15 FER LEASE.—Subject to valid existing  
16 rights, a Lessee may not sell or otherwise  
17 assign or transfer the leasehold without  
18 purchasing the Property from the Trust  
19 and conveying the fee interest in the Prop-  
20 erty.

21 (C) CONVEYANCE BY TRUST.—All convey-  
22 ances of a Property and any related parcels  
23 under subsection (b)(1)(B) by the Trust shall  
24 be at fair market value as determined by a new  
25 appraisal, but in no event may the Trust convey

1           any Property to a Lessee for an amount less  
2           than the value established for the Property by  
3           the appraisal conducted pursuant to subsection  
4           (c)(2).

5           (e) ADMINISTRATIVE COSTS.—Any reasonable ad-  
6           ministrative cost incurred by the Secretary incident to the  
7           conveyance under subsection (a) shall be reimbursed by  
8           the Purchaser or CFRA.

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

12          (g) CLOSING.—Real estate closings to complete the  
13          conveyance under subsection (a) may be staggered to fa-  
14          cilitate the conveyance as agreed to by the Secretary and  
15          the Purchaser or CFRA.

16          (h) CONVEYANCE TO LESSEE.—If a Lessee pur-  
17          chases a Property from the Purchaser or CFRA, the Sec-  
18          retary, upon request by the Lessee, shall have the convey-  
19          ance documents prepared in the Lessee's name or names  
20          in order to minimize the time and documents required to  
21          complete the closing for the Property.

22          (i) COSTS.—The Lessee shall reimburse CFRA for a  
23          proportionate share of the costs to CFRA of completing  
24          the transactions contemplated by this Act, including any  
25          interest charges.

1 (j) COSTS.—The Lessee shall reimburse the Trust for  
2 a proportionate share of the costs to the Trust of complet-  
3 ing the transactions contemplated by this Act, including  
4 any interest charges. In addition, the Lessee shall reim-  
5 burse the Trust for costs, including costs of the new ap-  
6 praisal, associated with conveying the Property from the  
7 Trust to the Lessee.

8 **SEC. 5. AGREEMENT.**

9 (a) REQUIREMENT.—Not later than 6 months after  
10 the date of the enactment of this Act, the Secretary, acting  
11 through the Bureau of Reclamation, shall negotiate and  
12 enter into an agreement with the Broadwater County,  
13 Montana, Board of Commissioners to transfer to the  
14 Board the authority to manage the Silo’s recreation area.  
15 The Secretary shall grant easements to the Board for ac-  
16 cess roads to the area.

17 (b) EIS AND SAFETY ANALYSIS.—Not later than 6  
18 months after the date of the enactment of this Act, the  
19 Secretary, acting through the Bureau of Reclamation,  
20 shall assess the need for creating a harbor adjacent to the  
21 eastern shore of the south half of the Reservoir.

22 **SEC. 6. USE OF PROCEEDS.**

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

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

5           (2) 45 percent of the proceeds shall be depos-  
6           ited into a separate account in the Treasury and  
7           shall be available to the Secretary, subject to appro-  
8           priations, for purchasing land or conversion ease-  
9           ments in the State of Montana.

10          (3) 45 percent of the proceeds shall be available  
11          without further appropriation to the Canyon Ferry  
12          Lake Trust established under subsection (b), for the  
13          purposes of enhancing recreation, fisheries, and con-  
14          servation in and around the Reservoir.

15          (b) CANYON FERRY LAKE TRUST.—

16           (1) IN GENERAL.—The County Commissions of  
17           Broadwater County and Lewis and Clark County,  
18           Montana, may jointly establish in accordance with  
19           this subsection a perpetual public trust for purposes  
20           of this Act. The trust shall be known as the “Can-  
21           yon Ferry Lake Trust”. The corpus of the Trust  
22           shall consist of amounts made available under sub-  
23           section (a)(3).

24           (2) REQUIREMENTS.—A trust established under  
25           this subsection must—

1 (A) be established in accordance with the  
2 laws of the State of Montana governing public  
3 trusts, for the purposes of enhancing recreation,  
4 fisheries, and conservation in and around the  
5 Reservoir; and

6 (B) be held by a board of trustees that has  
7 sufficient legal authorities to enable it to man-  
8 age and use, in accordance with this subsection,  
9 amounts made available to the Trust under  
10 subsection (a)(3).

11 (3) TRUSTEES.—The board of trustees for the  
12 Trust shall be comprised of the following:

13 (A) One appointee of the County Commis-  
14 sion of Broadwater County, Montana.

15 (B) One appointee of the County Commis-  
16 sion of Lewis and Clark County, Montana.

17 (C) One local agricultural landowner, ap-  
18 pointed by the Lewis and Clark and  
19 Broadwater County Commissions, Montana.

20 (D) One representative of a local hunting  
21 organization, appointed by the Lewis and Clark  
22 and Broadwater County Commissions, Mon-  
23 tana.

24 (E) One representative of a fisheries con-  
25 servation organization, appointed by the Lewis

1 and Clark and Broadwater County Commis-  
2 sions, Montana.

3 (F) One appointee of the Commissioner of  
4 the Bureau of Reclamation or his or her des-  
5 ignee.

6 (G) One appointee of the Director of the  
7 Montana Fish, Wildlife and Parks Department  
8 or his designee.

9 (4) USE OF CORPUS.—The corpus of the Trust  
10 shall be used by the board of trustees for the Trust  
11 as follows:

12 (A) An amount equal to  $\frac{1}{3}$  of amounts  
13 available to the Trust under subsection (a)(3)  
14 shall be made available to Broadwater County,  
15 Montana, to improve access in the Broadwater  
16 County portion of the Reservoir.

17 (B) An amount equal to  $\frac{2}{3}$  of amounts  
18 available to the Trust under subsection (a)(3)  
19 shall be used for the following:

20 (i) Improvement of fisheries of the  
21 Reservoir.

22 (ii) Improvement of campgrounds at  
23 the Reservoir.

24 (iii) Lakeshore conservation, conserva-  
25 tion easements, and public access to the

1 Reservoir and the watershed of the Mis-  
2 souri River from Canyon Ferry Dam to the  
3 confluence of the Madison, Jefferson, and  
4 Gallatin Rivers.

