

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON LONG-RANGE PLANNING

Call to Order: By CHAIR MARY ELLEN CONNELLY, on March 12, 1991,
at 3:30 p.m.

ROLL CALL

Members Present:

Rep. Mary Ellen Connelly, Chair (D)
Sen. Bob Hockett, Vice Chairman (D)
Rep. Francis Bardanouve (D)
Sen. J.D. Lynch (D)
Rep. Bob Thoft (D)

Members Excused:

Sen. Ethel Harding (R)

Staff Present: Jim Haubein, Principal Fiscal Analyst (LFA)
Jane Hamman, Senior Budget Analyst (OBPP)
Claudia Montagne, Secretary

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

Announcements/Discussion:

The subcommittee met to informally discuss issues pending before
the committee as listed on the agenda. **EXHIBIT 1**

Jim Haubein distributed summary sheets of actions taken and
actions pending before the Long Range Planning Committee on the
Long Range Building Program. **EXHIBITS 2 & 3** He also distributed
a summary of the priority projects for the Galen Campus, **EXHIBIT**
4, and a synopsis of Prison Construction Projects' Inmate Labor
costs. **EXHIBIT 5**

REP. BARDANOUE announced that representatives of the
Architecture and Engineering Division (A&E) had reviewed each of
the proposed projects for Galen that were listed by Keith Colbo
at a previous hearing. He said they would come in with their
priorities at a later date. **EXHIBIT 4**

Jim Haubein announced the Legislative Council had looked at
combining the Water Development (WD) and Renewable Resource
Development (RRD) Grant programs. They advised that a whole new
chapter would be required for this alteration of the programs.
They suggested that be requested before the next session.

EXECUTIVE ACTION ON UNIVERSITY SYSTEM CAPITAL PROJECTS**Discussion:**

REP. BARDANOUE said the University system representatives had expressed concern about the 15% match requirement on the bonding program. The Commissioner of Higher Education was willing to sacrifice the hall at Eastern in order to reduce the bonding. This was particularly important for MSU, since UM had received a \$1,000,000 donation for the Business Administration building, but MSU did not have such a donor.

SEN. HOCKETT asked if MSU's request included the equipment. **REP. BARDANOUE** asked them to segregate out the costs of the equipment for presentation to the committee. They could issue a contract the following biennium for some of that, and use some cash to reduce up front money this biennium. **SEN. HOCKETT** suggested that the equipment money could be raised. **REP. BARDANOUE** said they could build the whole building without touching the laboratories.

SEN. LYNCH suggested the subcommittee address the issue of the 15% match. Many of the Senators feel that instead of the University system continuing to build, they should show some effort in raising some of the money. Private money funded 35% of the cost of a recent Tech project.

REP. THOFT suggested the amount of 12%. This would not be a big problem for UM since they have the \$1,000,000, and at MSU, the raising of private money or delaying financing for the fixture part of their project could help them.

The committee agreed that both the Administration Building and the Engineering/Physical Science Building were needed.

SEN. LYNCH said there was a difference between University buildings and other state buildings being required to supply a match. There are monies available to the University in the form of grants, etc. **REP. BARDANOUE** gave the example of the Fine Arts building at UM, for which \$1,000,000 was raised.

SEN. HOCKETT asked if there had been any discussion of downsizing the facilities if they had to raise the 12 or 15%. **REP. BARDANOUE** said they had not gotten that far.

Motion/Vote: **REP. THOFT** moved to require a 12% match. Motion **CARRIED 5-0, SEN. HARDING** absent.

Jim Haubein said no action had been taken to remove EMC's projects. **REP. BARDANOUE** said if the committee lowered the percentage match, they would have to come up with that money, or raise the bond issue, which the Governor would oppose. He added that Eastern's projects would not cover all of this decrease.

Motion: REP. BARDANOUVE moved to eliminate Apsaruke Hall from the bonding program.

Discussion: REP. BARDANOUVE pointed out this was not in the Regents' program, but had been given to Billings by the administration. EMC's priority is the high rise building.

Vote: Motion CARRIED 5-0, SEN. HARDING absent.

REP. BARDANOUVE said they would now have to calculate what money was needed to meet the motion made earlier. SEN. LYNCH asked if the General Classroom and Office Building at EMC was still in the bonding program. Mr. Haubein said the \$16,500,000 on EXHIBIT 3 had come from the Commissioner's Office, and is the building they want. He said the committee had just removed the \$1,300,000 for Apsaruke Hall. Mr. Haubein said the Metallurgy Building at Tech was in the same category; i.e., it had come from the University System.

Motion/Vote: REP. BARDANOUVE moved to not consider the EMC General Classroom/Office Building. Motion CARRIED 5-0, SEN. HARDING absent.

Motion/Vote: SEN. HOCKETT moved to eliminate the Metallurgy Building at Montana Tech. Motion CARRIED 4-1, SEN. LYNCH voting no, and SEN. HARDING absent.

REP. BARDANOUVE spoke about the shop at Northern Montana College (NMC) for the Northern Agricultural Research Station and its needs. It was a \$150,000 project for a building which had been built out of old materials from Fort Assiniboine. REP. BARDANOUVE said the project had been before the committee three or four sessions.

Motion: REP. THOFT moved to include the project in the amount of \$150,000.

Discussion: REP. BARDANOUVE said it was included in a separate House Bill, HB 469, and that Mr. Haubein could put the appropriation where it belonged.

Vote: Motion CARRIED 5-0, SEN. HARDING absent.

605

REP. BARDANOUVE brought up the topic of the use of inmate labor, mentioning that the bill had been killed in the House. This made a hole in the bonding program. REP. THOFT said that with the expenses incurred in paying off the bond, the \$1,900,000 increase in cost would grow to \$4,000,000. REP. BARDANOUVE asked for more consideration of this issue together with the Dept. of Administration and A&E.

REP. THOFT asked to address the "Must Do" list and Deferred Maintenance program for the University System. Mr. Haubein said that some of the "Must Do" list brought in by the Regents had been included in the Executive Budget. He said this \$5,455,805 was not in the Executive Budget. Approving any of this would reduce the funds available for the projects above it which are in the Executive Budget. He referred the committee to EXHIBIT 3, Actions to Date, and said that there was about \$2,300,000 remaining to fund the pending projects funded out of the Cash Account.

REP. BARDANOUVE said there was not enough money for the University System "Must Do" and Deferred Maintenance Projects. Mr. Haubein agreed and said everything from those two categories of projects that was in the Executive Budget had already been passed.

REP. BARDANOUVE said there was a building not included in the Long Range Building Program, but was addressed in HB 963, the \$8,000,000 project at the Montana Developmental Center at Boulder. It was proposed, but not funded by the Governor's Office. All buildings on the south side of the river would be abandoned and a new building would be built to meet all Medicaid requirements. Early in the session, Rep. Menahan and the Legislative Auditor found that the Dept. of Institutions had not billed the Federal Government for all the Medicaid payments they were eligible for. REP. BARDANOUVE said he had put the bill in as a bonding measure, but hoped to get some of that money.

REP. BARDANOUVE said the Legislative Auditor had found a way of financing the building which would not include General Obligation bonds. The building would in essence be funded by Medicaid payments, through a mechanism by which the annual depreciation on the building would go into the Medicaid charge per patient. He said the Administration favored the measure and suggested that a hearing be held on the bill.

SEN. LYNCH directed the committee to the prison construction projects, EXHIBIT 5, and said there was a possibility of picking up \$72,000. Present law allowed the use of prison labor for any project under \$25,000. He suggested the sealing of prison buildings project listed at \$25,000 could easily be listed as \$24,999, permitting the use of prison labor for a savings of \$36,540. On the roof replacement project, he suggested it be divided into two jobs, whereby prison labor could be used for a savings of over \$16,000 each. SEN. LYNCH suggested going up to a \$50,000 limit on projects as well. REP. THOFT doubted this could be done.

REP. BARDANOUVE said most of the money went for materials, with only a very small part for labor. SEN. LYNCH said this was a thought for the small projects.

REP. THOFT suggested Rep. Bardanouve bring HB 963 into the committee quickly, or go straight to the floor with it. Mr. Haubein said it was scheduled before the full committee on the 22nd of March. Ms. Hamman suggested that HB 963 be scheduled when Institutions and A&E come in on the other projects. She said OBPP had a minor technical amendment.

Regarding the pending action on the Dept. of Fish, Wildlife and Parks, Mr. Haubein said their license bill had just cleared the Senate Floor and was scheduled to be heard on the floor of the house. REP. BARDANOUE commented on the extent of the budget and new programming for the Department approved by the Natural Resources Subcommittee, and said it contained 41 budget modifications. REP. THOFT commented that he had testified against the additions and said they did not need any more money.

It was decided to hear HB 963 with other Institutions issues pending on Wednesday, 3/13. Regarding the Women's Correctional Facility, Mr. Haubein pointed out that while HB 548 and the Executive proposal had been heard, there was a revised Executive proposal. The committee would have to decide whether or not to go with HB 548 or incorporate the new proposal into HB 5.

1303

A discussion followed on the action pending on House Bills 6,7,8 and 10. Mr. Haubein said the action would only take a short time, and issues had arisen that would require the drafting of new language. One was on the Evergreen project. HB 648 was \$500,000 short, so a new amendment had to be drafted to put that amount back in. REP. BARDANOUE asked how they had the wrong figures. John Tubbs, DNRC, said that Evergreen had received different grant monies from EPA, with different cost shares. A Dept. of Health and Environmental Sciences employee recalculated the figures last week and spotted the \$551,000 difference between the new match requirement and the loan authorized.

Tape 1:B:000

Mr. Haubein suggested amending HB 6 rather than HB 648. He also reminded the committee that HB 5 was scheduled before the full Appropriations Committee on March 22. The pending work would need to be done as quickly as possible.

A discussion of the Wednesday schedule followed. Mr. Haubein asked if anything could be done on the inmate labor issue. REP. THOFT said something could be done, even if the bill had been killed by the House. SEN. HOCKETT asked about the UM Life Science Building, which had not been mentioned. REP. BARDANOUE said that was down the road about 15 years. SEN. HOCKETT asked if it should be eliminated, and REP. BARDANOUE said it should. SEN. LYNCH said he thought they wanted to go ahead to start raising money. Mr. Haubein said committee action to date was to put the project on hold. REP. BARDANOUE said he wanted to hold that project until 1993. REP. BARDANOUE asked Mr. Haubein for the figures on the impact of the 12% match on the bonding program.

REP. BOHARSKI, HD 4, Kalispell, asked to address the committee on the Lakeside project, the \$100,000 grant to pay off a loan for a sewer treatment facility, which had not been approved. It had been the policy of the state not to provide grant monies for refinancing. The problem is that the people are paying \$83 per month for water and sewer services, with two payments really driving the monthly costs up: the land purchase of approximately \$65,000 and a bank loan of \$185,000 for a total of \$250,000. The cost these people are paying is partially their fault, and a lack of responsibility on the part of the local sewer board, but some of the blame lies with the engineering firm. REP. BOHARSKI had not testified in favor of the grant proposal, and warned the committee of setting a dangerous precedent in approving such a grant. However, the Lakeside people had not been aware of the option to refinance the loan.

REP. BOHARSKI pointed out that Rep. O'Keefe is carrying a Senate Bill that amends sewer and water district laws so that separate sewer districts can contribute to the costs of capital construction incurred by one sewer district. In this way, as part of a plan to protect the northwest shore of the lake, the communities of Somers and Mission View would be able to hook up to the Lakeside Sewer Treatment Facility and contribute to those costs. He proposed the committee authorize the Department to sell another \$250,000 in bonds to refinance this amount for them at a lower interest rate.

REP. BARDANOUVE asked the Department to review the whole situation and provide the committee with concrete figures and a solid recommendation. Mr. Tubbs reminded the committee that fundamental to the Somers project reauthorization was the connection to the Lakeside Treatment Facility. Lakeside would be helped by Somers hooking up, paying on the O&M, and contributing to the capital depreciation costs. The biggest problem he saw was that they built for 600 hook-ups, and only had 300 hook-ups once the treatment facility was completed. He said the hook-up and buy-in from Somers is a key, and would help them more than this refinancing.

REP. BARDANOUVE asked if the Department could leverage better cooperation from the communities. Mr. Tubbs said the agency with the strongest authority would be DHES through the Water Quality Permitting process. DNRC has some authority in assuring that any particular project is good before any loan is authorized.

ADJOURNMENT

Adjournment: 4:50 p.m.

M. E. Connelly

MARY ELLEN CONNELLY, Chair

Montagne

CLAUDIA MONTAGNE, Secretary

MEC/cm

DATE 3-12-91

HB Long Range Planning

LONG RANGE BUILDING COMMITTEE

March 12, Agenda

I. House Bill 5

1. Fish, Wildlife, and Parks ✓

2. Institutions

a. Inmate Labor Issue - Cash Projects

b. Inmate Labor Issue - Bonding for Men's Prison

c. Galen Repairs

d. Women's Correctional Facility - HB 548 vs. Executive Proposal

3. University System

a. Bonding - MSU Engineering/ Phys. Science Bldg. Project

- UofM Business Administration Building

- EMC Apsaurke Hall Renovation~~X~~

- EMC Gen. Classroom & Office Bldg.~~X~~

- Tech. Metallurgy Bldg. Renovation~~X~~

~~b.~~ 15 Percent Match Requirement 1270

~~c.~~ "Must Do" list for Maintenance

d. UofM Life Science Bldg.

II. House Bills 6, 7, and 8 - RIT

1. Misc. Amendments and Finalize

III. House Bill 10 - Bill Merchange

1. Executive Action

11-Mar-91

Long-Range Building Program
1993 Biennium

LRB Committee Action

Agency	A&E Priority	Capital Projects Fund	State Special Revenue	Federal Special Revenue	Other Revenue	LRBF Bond Proceeds	Total
Administration							
Hazardous Materials Abatement	4	\$650,000			\$150,000		\$800,000
Construction Litigation	10	345,000					345,000
Alternate Water Supply	32				50,000		50,000
Property Acquisition	33				123,014		123,014
Commerce							
Pavement - West Yellowstone Airport	34			465,957	51,773		517,730
State Lands							
Maint. & Improve. Projects	11	118,280		100,000			218,280
Construct Unit Office	24	235,000					235,000
Construct Greenhouses	52		191,900				191,900
Labor							
Rennovate Job Ser. Bldg. G.F.	51			310,000			310,000
Major Maintenance				209,450			209,450
Highways							
Maintenance Projects - Statewide	48		\$693,500				\$693,500
Construct & Expand Maint. & Equipment Buildings	49 & 50		1,167,600	115,925			1,283,525
Family Services							
Security Fence - Pine Hills	3	27,000					27,000
Repair Roofs - MVS and PHS	7	127,600					127,600
School for Deaf and Blind							
Academic Bldg Roof & Repairs	8	339,000					339,000
Military Affairs							
Kitchens Upgrade - Statewide	19	45,000		555,000			600,000
Rifle Range Rehab. - Statewide	25	10,000		16,155,000			16,305,000
Armory Additions	29	150,000					150,000
Land for Armory - Billings	30	150,000					150,000
Expand Vehicle Compounds	31	5,000		275,000			280,000
Maint. Existing Facilities	53			300,000			300,000
Institutions							
Water & Steam Lines MDC	5	149,208					149,208
Moisture Protection EHS	12	598,450					598,450
Roads & Park. Lots Maint.	14	150,000					150,000
Bldg. Improvements CFA	20	105,015					105,015
Multi purpose Bldg. Floor MSH	22	26,800					26,800

DATE 3-12-91
HB Long Range Plan

University System								
Replace Roofs	6	1,089,550	350,000	1,439,550				
Improve Underground Utilities	13	296,000	200,000	496,000				
Improve Handicap Access	17	335,000		335,000				
Improve Sidewalks & Fire Access	21	86,000		86,000				
Montana State Univeersity								
Centennial Mall	-		1,600,000	1,600,000				
University of Montana								
Install Fire Alarm	2	70,000		70,000				
Plan Chem/Pharm Rennovations	26	50,000		50,000				
Various Improvements	55		2,584,600	2,584,600				
Eastern Montana College								
Primary Electrical Vault	1	31,000	14,000	45,000				
Mt. College of Mineral Science								
Plan Metallurgy Bldg. Remodel	27	50,000		50,000				
Western Montana College								
Repair Heating System	16	57,900		57,900				
Remodel Student Union	56		600,000	600,000				
Vocational-Technical Center								
Replace Carpet - Great Falls	18	60,000		60,000				
<hr/>								
Total Approved by Committee		\$5,356,803	\$2,053,000	\$18,686,332	\$5,723,387	\$0	\$31,819,522	
<hr/>								
LRB Cash Available		\$7,630,938						
<hr/>								
Balance Remaining		\$2,274,135						
<hr/>								

Action Pending

Agency	A&E Priority	Capital Projects Fund	State Special Revenue	Federal Special Revenue	Other Revenue	LRBF Bond Proceeds	Total
Fish, Wildlife, & Parks							
Remove Underground Storage Tanks	35		150,000				150,000
Headquarters Maint. & Improvements	36		85,000				85,000
Property Development	37		360,000				360,000
State Parks Development & Improve.	38		3,798,500	1,124,500			4,923,000
Fish Hatchery Maintenance	39		37,500	112,500			150,000
Fishing Access Site Improvements	40		286,000	858,000			1,144,000
Motorboat Access Site Facilities	41		67,000	201,000			268,000
River Restoration	42		219,000				219,000
Fishing Access Site Acquisition	43		881,000				881,000
Wildlife Habitat Maintenance	44		304,000				304,000
Wildlife Habitat Acquisition	45		4,923,356				4,923,356
Waterfowl Habitat Enhancement	46		399,500				399,500
Bighorn Sheep Habitat Acquisition	47		48,500				48,500
School for Deaf & Blind		20,000					20,000
Academic Building Repairs							
Institutions							
Roofs Bd. of Pardons & Warehouses	9	30,000					30,000
Seal Buildings - Prison	15	25,000					25,000
Expand Industries Facilities	54			14,000	321,976	19,360,745	20,238,245
Major Prison Expansion	57	877,500					
Montana State University							
Engineering/Physical Science Bldg.	58	1,165,290			3,335,250	17,734,460	22,235,000
University of Montana							
Life Science Building-Planning	26			50,000	150,000		200,000
Business Administration Bldg.	59	604,705			2,322,900	12,558,395	15,486,000
Eastern Montana College							
Renovate Absaurke Hall	61	71,640				1,228,360	1,300,000
University System							
"Must Do" List		5,455,805			48,115		5,503,920
Deferred Maintenance Projects		19,129,600					19,129,600
University Major Construction							
Life Science Bldg - UofM					12,000,000		12,000,000
Gen. Classroom & Office Bldg. EMC						16,500,000	16,500,000
Metallurgy Buildg Renovation Tech.						3,795,000	3,795,000
Total Action Pending		\$27,379,540	\$11,559,356	\$2,360,000	\$18,178,241	\$71,176,960	\$130,654,097

EXHIBIT 3

DATE 3-12-91

HB Way Page

**PROJECT PRIORITY TABLE
GALEN CAMPUS**

<u>Priority</u>	<u>Project Title</u>	<u>Rationale for Priority Ranking</u>	<u>Cost</u>	<u>Source of Funds</u>
1	Roof maintenance Crockett & Terrill roofs - Galen	Critical bldg. is experiencing leaks.	\$ 96,246.00	General Fund
2	Food service roof - Galen Campus	Critical to protect kitchen/dining from damage due to moisture.	\$ 59,392.00	General Fund
3	Repair of roof ASC - Galen Campus	Necessary to protect.	\$102,410.00	General Fund
4	Galen nurse call system	Necessary to accommodate needs.	\$ 52,000.00	General Fund
5	Crockett & Terrill wing flooring - Galen Campus	Will likely become Medicare/Medicaid deficiency in near future.	\$ 50,160.00	General Fund
6	Annex & receiving roofs - Galen Campus	Necessary to seal out elements. Lack of repair will cause serious damage to bldg.	\$102,410.00	General Fund

Handwritten note: 1-2-3-4-5-6

EXHIBIT 4
DATE 3-12-91
HB Long Range Plan

PRISON CONSTRUCTION PROJECTS
1991

EXHIBIT 5
DATE 3-12-91
HB Long Range Plan

Project	Cost to Construct with Inmate Labor	Cost to Construct with Private Contractor	Difference
Replace Roofs Board of Pardons Warehouses	\$ 30,000	\$ 66,915	\$ 36,915
Seal Prison Buildings	25,000	61,540	36,540
Expand Industries Facilities	335,976	537,560	201,584
Major Expansion	20,238,245	21,908,710	1,670,465
<hr/> Total	<hr/> \$20,629,221	<hr/> \$22,574,725	<hr/> \$1,945,504