

MINUTES OF THE MEETING OF THE JOINT APPROPRIATIONS
SUBCOMMITTEE ON LONG RANGE BUILDING
April 1, 1981

The meeting was called to order by JACK K. MOORE, Chairman, at 1:05 p.m. in Room 104. All Committee members were present except SEN. ETCHART who was excused. Also in attendance was BOB ROBINSON, Fiscal Analyst.

Testimony was given by DAVE LEWIS, Director of Budget and Planning; GENE HUNTINGTON, OBP; BOB DURKEE, VFW; DAN ANTONIETTE, Veteran's Employment; ROSE SKOOG, Lobbyist for Nursing Homes; DR. DRYNAN, Department of Health; MRS. GUBHART, Stevensville, Montana Genesis; RUTH APPLEBURY, Stevensville.

THE CHAIRMAN stated the discussion today would be as follows: HB 563, HB 857, Health Department remodeling, and the Montana Genesis Project.

HB 563

REP. BARDANOUE, HB 563 Sponsor, stated that in the last few months everyone around Montana has been requesting construction money for all their projects during the hearings. He felt without the help of this particular bill, they will not be able to build very many buildings. This bill allows the buildings to be constructed with the use of bonds. The cash program is at this time only \$10 to \$12 million dollars, so if the Committee wishes to go beyond the cash program, they will need bonds. He stated that the first section of the bill authorizes \$30,360,000 worth of bonds, and this figure could be subject to change. The second section would be an agreement that if anything gets authorized for the Workers' Compensation, Section 2, will allow Montana to be reimbursed from the income that the Workers' Compensation can pay back from the bonds. If this project is not authorized, this section could be removed from the bill. The third section is an agreement with the Employment Security that if their buildings are authorized, then Montana could be reimbursed for the bonds issued and their payments would be paid to the state. The fourth section is an in-house agreement between these agencies and the state so that there will be enough money to pay off the bonds. He was not sure how much higher the state could go past this amount to be bonded, but it could be looked into.

MR. LEWIS, stated last session authorized \$19,000,000 worth of Long Range Building bonds which were sold at 7% interest. They expect that if these were sold this summer they could get around 8 to 8 1/2% interest. He noted that EXHIBIT A, was the list of projects that could be authorized under this bill. He feels since construction costs are going up around 15 to 20% a year, and the money can be borrowed at 7 to 8% a year depending on the market, this is a good buy for the state. He noted most of this debt service comes from the cigarette tax and used in the Long Range Building fund. He feels it was now a good time to build.

MR. HUNTINGTON explained EXHIBIT B, does anticipate the signing of HB 635, which would change the cigarette tax. He asked the Committee to look at the amount of money that goes through the Cigarette tax and through the sinking fund, which helps make the debt service payment. He explained that EXHIBIT A, was the total list of projects that he was aware of, and whatever total was approved, would then be added to Section I of the HB 563. He noted that if the Committee were to consider not taking on any general fund debt, the first three projects are three that might be considered anyway, since they don't affect the general fund.

REP. BARDANOUE felt according to EXHIBIT A, they were \$4 million short regarding the Fine Arts building at U of M, because the total project was estimated at \$8.5 million.

MR. HUNTINGTON stated if the building was to be funded at the \$8 million dollar level, then Rep. Bardanoue is correct.

REP. BARDANOUE stated there was no way to fool themselves by funding less than the building would cost, because two years down the road they would be extremely short.

MR. HUNTINGTON stated they are trying to reconcile the estimates, and in relation to the cost of construction for the gymnasium for the School for the Deaf and Blind, this is the number the Budget Office can defend for the scope of project they have in mind. In regard to the Fine Arts building, this amount was in the original executive budget. To stand corrected, they would have to show the amount that it was requested at.

SEN. THOMAS stated the unit at U of M is the basic unit, and in the Budget Book, has the total unit, which may consist of three or more units.

DR. RICHARDSON stated his support of the bonding bill.

HB 857

REP. MENAHAN, HB 857 Sponsor, stated this bill will allow a 48 bed nursing home at Galen to be established as an annex of Columbia Falls. The reason for using this as an annex, is there is a revolving fund that could be used for the federal monies being paid. He stated the first year costs for this program would be \$241,600. This amount was estimated because not all of the beds would be filled the first year, but the second year, the cost would go down to around \$34,000 for 48 beds. He feels that many of the WWII veterans are now in their mid 60's so the demand will be there for nursing bed facilities. It has been established that

are a number of beds available in nursing homes throughout the state, but he doesn't feel that one bed here and there is the answer to the problem, and he was not certain that the VA would pay for these particular beds.

BOB DURKEE, VFW, stated they are interested in this bill because it creates beds now and would alleviate a waiting list situation at Columbia Falls. There are numerous veterans now in private nursing homes who are particularly incapable of supporting themselves, and need to rely on financial help from other members in the family. He gave a brief overview of the cigarette tax and how it was initially used to have a bond issue pay for WWII bonus. He stated somewhere along the line the cigarette tax was diverted from helping the veterans to the Long Range Building program, and the veterans even though aware of this situation, did not resist it. He felt REP. BARDANOUVE has allowed a solution to the problem so these projects can be done at a reasonable time in the near future. He stated they have been on a priority list for quite a few years, but since they went only on a cash basis, they were not funded. This provides a solution to the veterans requests, and he hopes these will be funded.

TONY CUMMING, American Legion, stated they are in support of this bill, and feel that due to the influx of veteran's needing this care it will be essential.

DAN ANTONIETTI, Veteran's Employment, stated they rise in support of HB 857, and support all of the testimony that has been presented in favor of this bill.

REP. PAVLOVICH stated he was in complete agreement with this bill.

SEN. HAFHEY asked MR. DURKEE if the need for the 50 bed facility discussed the other day, and the need for more beds across the state would be geographically located to assist the veterans. He asked if he was concerned there would ever be an excessive amount of beds throughout the state.

MR. DURKEE stated he didn't believe so and as long as VA participates, it is more advantageous for the veterans to be in a state-federal facility than it would be for them to be in a private hospital. He stated the eligibility for VA standards to participate would be approximately 225 beds, and at present there is only 40. He stated they need the beds now. The veterans want to stay in Montana and as close to home as they can. He explained the difference between the domiciliary bed and the nursing bed. To be eligible for the domiciliary the veteran must be ambulatory to take care of himself, nursing beds are more for bed ridden patients, and this is the type that is needed. (EXHIBIT C; JAMES SHANNON'S Testimony.)

REP. BARDANOUE asked MR. CHISHOLM how reliable were the figures in this bill.

MR. CHISHOLM stated he did relate to REP. MENAHAN, that the Department of Institutions would want to make some comments regarding the figures of this bill, and as far as he is concerned these figures would not be adequate. From the Department's perspective, the first year would have start up costs that would need general fund dollars up front at \$241,000. Once they are fully operational in FY 83, then the anticipated reimbursement revenue would be 93% of the total operation and the general fund obligation would be 7% of \$34,000. This is based on the experience they have now at the Home in Columbia Falls, but does not include the Pay Plan figures. He noted they would expect the reimbursement for the 48 beds in FY 83 would be \$528,000, from a \$562,000 operation.

REP. BARDANOUE asked if this facility was ready to move in or did it need remodeling etc.

MR. CHISHOLM stated they feel the facility is almost ready and the only problem they are aware of is that because of recent VA regulations they would have to have the two wings, Terrell I and Terrell II installed with sprinklers. They have been given rough estimates around \$26,000. This would have to be done prior to VA reimbursements.

REP. BARDANOUE asked if the Department was taking into account the support services cost, and is there adequate support services.

MR. CHISHOLM stated they do have adequate support services, and the costs that would be incurred in FY 82 and FY 83, would simply be for additional supplies, food, laundry and personal services.

THE CHAIRMAN stated as he remembered they funded the hospital for 105 residents in the next biennium, and this is a 205 bed hospital. He stated the last time he went to Galen, these rooms were almost ready for occupancy except for the sprinklers.

REP. BARDANOUE asked if the VA reimbursement rate was relative to inflation, and were there annual increases, or are they stationary.

MR. CHISHOLM stated apparently they do not put annual increases into their payments.

REP. BARDANOUE stated the cost of this operation would increase in the years to come and the VA reimbursements would not keep up with the inflation cost of the wages and the food, and he felt there would be a substantial increase of cost each year to the general fund.

THE CHAIRMAN stated they raised the rates for domiciliary from \$5.50 to \$6.25 a day and nursing beds from \$10.50 to \$12.10. He asked if there would be day room facilities available for these veterans.

MR. JACK CASEY, stated that outside the Terrell I and II wings there are other rooms that can be utilized as recreation rooms.

REP. BARDANOUE asked how many private quality nursing home beds are available today that are not occupied.

ROSE SKOOG stated the most accurate figures she has for a complete year would be 1979 and for a total year and throughout the state there were 700 unoccupied beds. She stated there are around 6,500 nursing home beds throughout the state and they have an occupancy rate of 89%.

REP. BARDANOUE asked if there would be a certain criteria for VA beds.

MR. CHISHOLM stated that VA will not participate in terms of their reimbursement for a veteran in a private nursing home. The VA criteria uses the same criteria that the Department of Health uses. He noted currently at the Veteran's Home in Columbia Falls or in this projection of 48 beds, they have not requested Medicaid reimbursements or do they anticipate it here.

REP. MENAHAN stated there are doctors currently on staff at Galen that most nursing homes would not have. He asked consideration from the Committee regarding this bill.

DEPARTMENT OF HEALTH

MR. HUNINGTON stated this is a maintenance request, and was a late request, but could be placed in the regular Long Range Building. He stated in 1977, the legislature authorized a pre-planning project for an addition to the Cogswell Building plus remodeling the space where the Highway Department vacated. In reviewing the request from the Department of Health for some miscellaneous maintenance items in the building, these were dismissed. However, in reviewing this they were not ever provided funding for some of their maintenance items, and the budget office feels there are some acute safety problems and the Department of Health and A&E have provided some amounts.

DR. DRYNAN explained there are some safety problems with the laboratory and they include new sheet vinyl flooring for \$35,400, lead lined sandbox for \$800, deluge and eyewash stations for \$4,000, safety windows in the corridors for \$1,000, floor drains at \$7,000, plus contingencies which total approximately \$60,400. (EXHIBIT D). He stated there are many other items needed in the Lab, but these are really essential due to the life and safety factors.

MONTANA GENESIS PROPOSAL

MR. ROBINSON stated this proposal is one of the 24 that will be presented to the Committee shortly. This is one proposal that did not go through the Montana Historical Society review committee, and would need to be regarded as a separate proposal. It did not meet the December 15 deadline, and also came as a request of a legislator.

REP. THOFT, stated he apologized to the Committee regarding the procedure of this proposal, but stated he had a hard time finding out the correct procedure. He stated Fort Owen is the oldest fort in Montana and is part of the oldest community in Montana, see EXHIBIT E. Many people have worked very hard in the community and they need money for materials so they can continue this project.

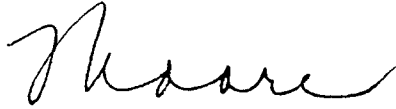
MRS. GUBHART stated the site they are working on is one acre that was bought by interested citizens in the 30's. This was part of a large ranch, which had been an indian claims donation from JOHN MULLENS and his indian wife. It became a very valuable piece of property because it had first deeded water rights. This area is the oldest established place in the state, and predates Fort Benton. There is one building left standing, and the rest has collapsed. This was never a fort, it was a trading post. This one building is the oldest building in the state. There was the first irrigation, the first school, first grain, and for some reason this has been by-passed historically. In 1971, thirteen members from the community put together a local history book and won national prizes for it. They made enough money on this book that they put \$8,000 of their profits into this project. Most of that money doesn't even show to the public, one item was a drainage field to keep the adobe corner from further deteriorating and the second item was for architect plans, which are complete plans for restoration. She stated at the present time they have re-done all of the displays, rebuilt a well house, outhouse, excavated the old root cellar with a new roof. They brought an old cabin in from that era, and are reworking it for displays. She stated what they need desperately is a machine that will make adobe, and they would either buy one or have one built. They would like to reconstruct the two bastions shown on EXHIBIT E, and rebuild the gate since they found the original hinges. She stated the state owns the land the Fort was on, but they do not own the land that the original mill was on. She stated that whatever money they get, they will make it stretch as far as possible.

RUTH APPLEBURY stated she would like to have the committee keep in mind the historical significance of this property.

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There being no further discussion or comments, the meeting was adjourned at 2:20 p.m.



JACK K. MOORE, Chairman

mg

VISITORS' REGISTER

HOUSE LONG RANGE BUILDING COMMITTEE

BILL HB 857 - Htlh Dept. remodel.
PONSOR HB 563 - Mt. Genesis Proj.

Date 4/1/81

NAME	RESIDENCE	REPRESENTING	SUPPORT	OPPO
Amy Cummins	Helena	American Legion	857 X	
Bob Burke	"	(FE)	X	
Don Fotopietti	"	VES	X	
Rep Bob Paulik	Circle Dist #6	VETERAN	X	
A.F. Nagerman	Helena	AFSCME, AFK-Civ	X	
Darin Lubhart	Stevensville	S. Hist Soc.	X	
Joe Spring	Helena (HB 857)	Mt Nursing Home		
Paul Applebury	Hamilton (HB 563)	Historical Soc	X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.
PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

ANALYSIS, PROPOSED PROJECTS TO BE FINANCED
 WITH LONG RANGE BUILDING BONDS
 20 Year Serial Bonds at 8.5% Interest

<u>Project</u>	<u>Cost Estimate</u>	<u>Annual Debt Service</u>	<u>Other Fund Debt Service</u>	<u>General Fund Debt Service</u>
Workers Compensation Building	\$ 4,000,000	\$ 416,554	\$416,554	\$
Job Service, Polson and Hamilton	1,000,000	104,138	104,138	
MSDB, Reauthorization	717,000	74,667		74,667
Visual Communications, MSU	4,598,000	478,829		478,829
Cottage & Food Service, MSDB	2,000,000	208,277		208,277
Vo-Tech, Butte	3,769,505	392,550		392,550
Cisel Hall, EMC	1,190,000	123,925		123,925
Children's Unit	2,626,000	273,468		273,468
Clinical Psychology, UM	440,000	45,820		45,820
Fine Arts, UM I	4,500,000	468,623		468,623
Gym, MSDB	2,300,000	239,518		239,518
DNRC Building	5,295,000	551,413		551,413
Veteran's Facility	1,850,000	192,656		192,656
Laboratory Animal Facility, MSU	4,203,000	437,694		437,694
Total	\$38,488,505	\$4,008,132	\$520,692	\$3,487,440

Exhibit A

REVENUES

INCOME TAX (11%)

CORPORATION TAX (11%)

CIGARETTE + TOBACCO TAX \$105,334.14

UNIVERSITY + AGENCY TRANSFERS \$192,250.00

CIGARETTE TAX \$3,200,000

L.R.B.P. SINKING FUND

GENERAL FUND

\$18,887,388

\$4,659,517

\$4,050,307

\$248,107

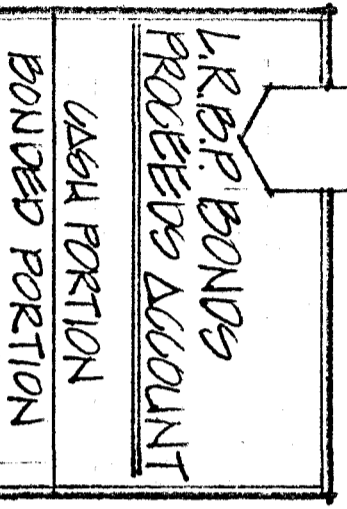
DEBT PAYMENTS

REVENUE REQUIREMENTS \$2,665,698

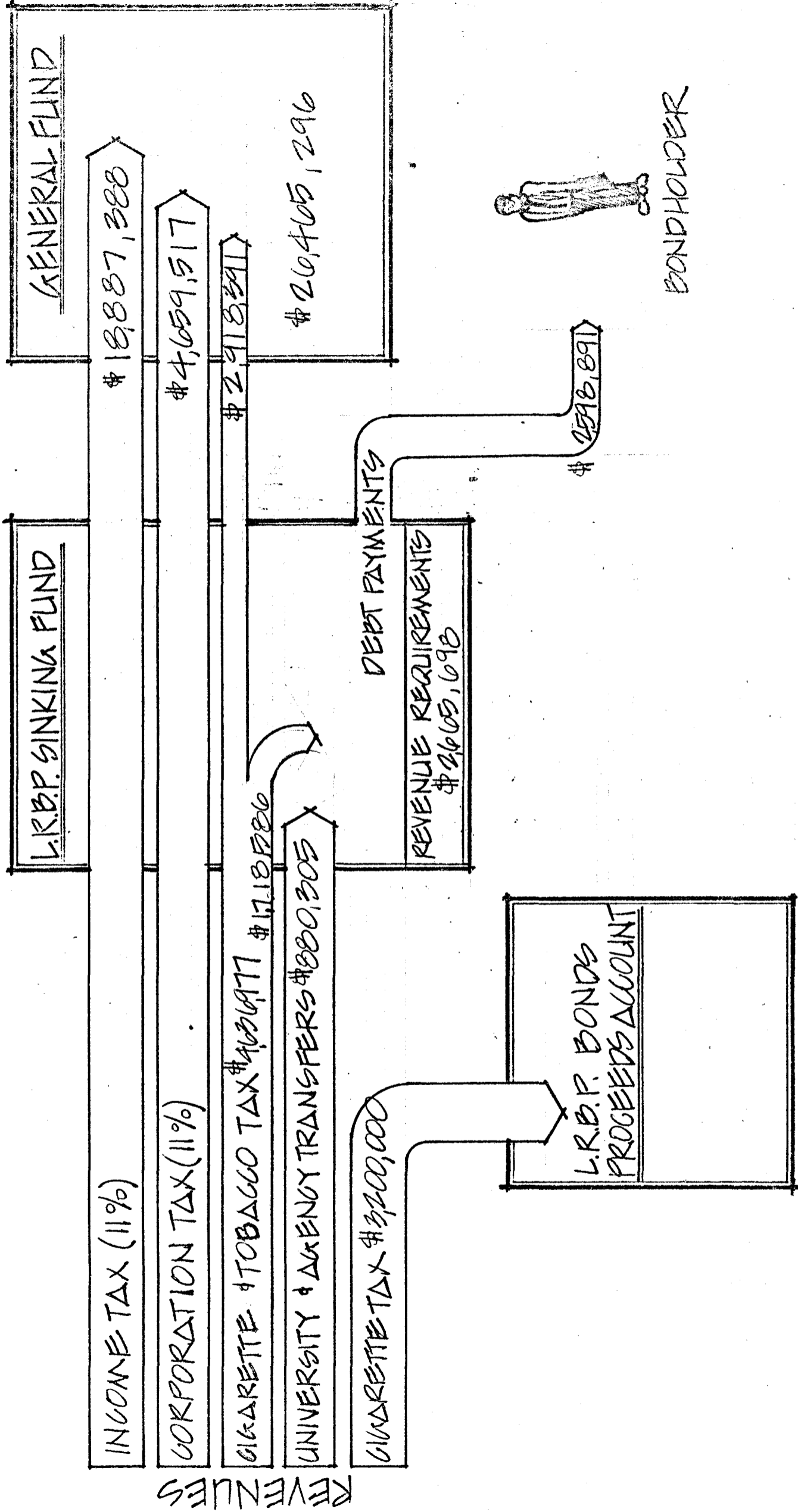
\$445,607

\$23,609,633 PROCEEDS FROM BOND SALE

BONDHOLDER



PROPOSED FISCAL YEAR 1983-1984 RANGE BUILDING PROGRAM



FISCAL YEAR 1983-LONG RANGE BUILDING PROGRAM

My name is James O. Shannon, National Deputy Chief of Staff,
Disabled American Veterans.

For the record, our organization wholeheartedly supports
House Bill No. 857 which will establish nursing home beds
(48) for veterans at Galen.

Not only will this provide invaluable services to Montana
veterans but will alleviate the employment problems in the
Anaconda area.

In closing we wish to thank the committee and respectfully
request it's favorable consideration.

Exhibit C

My name is John E. Sloan, Department Adjutant and
National Service Officer, Disabled American Veterans.

This testimony will support the contents of House Bill
No. 857 which establishes 48 nursing home beds for
veterans at Galen.

Trusting your committee will give this matter sympathetic
consideration,

A handwritten signature in cursive script that reads "John E. Sloan". The signature is written in dark ink and is centered on the page.

REVISED TAKE OFF ESTIMATE

FOR

UPGRADING LABS - COASWELL BLD'G.

1. NEW SHEET VINYL FLOORING IN LAB'S.
MICRO - 7800 SF
CHEM. - 4000 SF
11,800 SF
11,800 SF @ 3.00 / SF _____ 35,400
INCLUDES REMOVAL OF EXIST'G.
VAT & PREPARATION
2. LEAD LINED SNBEX 15 @ _____ 800
3. DELUXE EYEWASH STATIONS
20 @ 2,000 EA. _____ 4,000
4. SAFETY WINDOWS IN CORRIDORS @ 1,000
5. FLOOR DRAINS @ CHEM. LAB.
7 @ 1,000 EA. _____ 7,000
48,200
6. INFLATION @ 9% FOR 1YR _____ 4,338
52,538
7. CONTINGENCY @ 15% _____ 7,881
60,419

EST. TPC = \$60,400

Exhibit D.

HOUSE BILL NO. 563
Barber

BY REQUEST OF THE GOVERNOR

1 **NEW SECTION.** Section 2. Agreement with division of
 2 workers' compensation. If the proceeds of any bonds issued
 3 pursuant to 17-5-410 are appropriated for the purpose of
 4 constructing a workers' compensation building in Helena, the
 5 board of examiners and division of workers' compensation
 6 shall enter into an agreement pursuant to which the division
 7 shall agree to pay the state treasurer for deposit in the
 8 sinking fund account established pursuant to 17-5-405
 9 amounts sufficient to pay as due the principal of and
 10 interest on those bonds from which the appropriation was
 11 made and to accumulate and maintain the required reserve
 12 attributable to those bonds. The agreement shall provide
 13 that, to the extent not required for costs of completing the
 14 building, the income from investment of the bond proceeds
 15 prior to expenditure and from investment of the reserve
 16 shall be credited against the division's payment obligation.
 17 The agreement shall allow for accumulation of the reserve
 18 during the first year the bonds are outstanding. The
 19 payments under the agreement shall be made from revenues and
 20 moneys of the division available therefor.

21 **NEW SECTION.** Section 3. Agreement with employment
 22 security division. If the proceeds of any bonds issued
 23 pursuant to 17-5-410 are appropriated for the purpose of
 24 constructing employment service buildings, the board of
 25 examiners and employment security division shall enter into

1 INTRODUCED BY
 2
 3
 4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE AMOUNT
 6 OF LONG-RANGE BUILDING PROGRAM BONDS; PROVIDING FOR
 7 AGREEMENTS AMONG THE BOARD OF EXAMINERS, THE DIVISION OF
 8 WORKERS' COMPENSATION, AND THE EMPLOYMENT SECURITY DIVISION;
 9 AND AMENDING SECTION 17-5-410, MCA."
 10

11 RE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 12 Section 1. Section 17-5-410, MCA, is amended to read:
 13 "17-5-410. Authorization of bonds. The board is
 14 authorized to issue and sell long-range building program
 15 bonds in an amount not exceeding ~~\$12,000,000~~ ~~plus~~ ~~the~~ ~~amount~~ ~~of~~ ~~the~~ ~~long-range~~ ~~building~~ ~~program~~ ~~over~~ ~~and~~ ~~above~~ ~~the~~ ~~amount~~ ~~of~~ ~~the~~ ~~long-range~~ ~~building~~ ~~program~~ ~~bonds~~ ~~outstanding~~ ~~January~~ ~~1,~~ ~~1979~~ ~~1981,~~ upon the conditions
 16 and in the manner stated in this part. The board is also
 17 authorized to issue and sell long-range building program
 18 bonds in such amount as may be required to provide funds for
 19 the payment or redemption of outstanding bonds as
 20 contemplated in 17-5-402 and 17-5-407. The authority
 21 contained in this section is in addition to any other
 22 authorization to the board to issue long-range building
 23 program bonds."
 24
 25

1 an agreement pursuant to which the division shall agree to
2 pay the state treasurer for deposit in the sinking fund
3 account established pursuant to 17-5-405 amounts sufficient
4 to pay as due the principal of and interest on those bonds
5 from which the appropriation was made and to accumulate and
6 maintain the required reserve attributable to those bonds.
7 The agreement shall provide that, to the extent not required
8 for costs of completing the buildings, income from
9 investment of the bond proceeds prior to expenditure and
10 from investment of the reserve shall be credited against the
11 division's payment obligation. The agreement shall allow
12 for accumulation of the reserve during the first year the
13 bonds are outstanding. The payments under the agreement
14 shall be made from revenues and moneys of the division
15 available therefor.

16 ~~NEW SECTION.~~ Section 4. Benefit of state. The
17 agreements to be made pursuant to [sections 2 and 3] are
18 solely for the benefit of the state and are not enforceable
19 by the holders of the bonds.

20 Section 5. Codification instruction. Sections 2
21 through 4 are intended to be codified as an integral part of
22 Title 17, chapter 5, part 4, and the provisions of Title 17,
23 chapter 5, apply to sections 2 through 4.

-End-

HOUSE BILL NO. 857

1 Montana

INTRODUCED BY *Merrillam Haffey* *Richard J. Bunker*
Warren *W. Richard J. Bunker*
Don W. Richards *Manning* *Burnett* *J. G. Galt*
 A BILL FOR AN ACT ENTITLED: "AN ACT TO APPROPRIATE MONEY FOR
 FOR THE ESTABLISHMENT AND OPERATION OF AN ANNEX OF THE
 MONTANA VETERANS' HOME TO BE LOCATED AT GALEN."
W. Richard J. Bunker *Manning* *Burnett* *J. G. Galt*
W. Richard J. Bunker *Manning* *Burnett* *J. G. Galt*

-End-

WHEREAS, a 48-bed nursing home for veterans can be established at Galen, as an annex of the Montana Veterans' Home at Columbia Falls for the use of Montana veterans; and WHEREAS, the establishment of such a veterans' home annex will provide invaluable services to Montana's veterans at a minimal cost to the State of Montana because the annex will generate approximately \$1,030,190 from the federal Veterans Administration and from patient fees resulting in a net outlay from the state general fund of only \$88,467 even though the total capital costs and operating costs for the ensuing biennium will equal approximately \$1,119,600.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: Section 1. Appropriation. There is appropriated \$88,467 from the general fund for the biennium ending June 30, 1983, to the department of institutions for the establishment and operation of an annex of the Montana Veterans' Home, Columbia Falls, to be located at Galen.

-2- INTRODUCED BILL

HT 13 8 57