

MINUTES OF THE LONG RANGE BUILDING COMMITTEE
April 8, 1983 7:30 p.m.

ROLL CALL: MANUEL, DONALDSON, THOFT, WALDRON, BARDANOUVE, OCHSNER,
THOMAS, HAFHEY, HIMSL, ETCHART - Present
None - Absent
Staff Present: PAM JOEHLER, LFA; PATTI SCOTT, Secretary

Also present were PHIL HAUCK, Administrator of the Architecture and Engineering Division, and TOM O'CONNELL, Chief of the Facility Planning Section.

(Tape #71-001)

FWP - GLASGOW HEADQUARTERS - EXECUTIVE ACTION

JIM FLYNN, Director of the Department of FWP, stated there had been a mistake made last night during Executive Session, regarding the total cost of the proposed Glasgow Headquarters. The motion made was for \$67,000 and it should have been \$220,000. FWP still needs another \$153,000. This is earmarked license revenue.

REPRESENTATIVE BARDANOUVE MOVED RECONSIDERATION OF THE COMMITTEE'S ACTION ON THE GLASGOW HEADQUARTERS. MOTION PASSED UNANIMOUSLY.

SENATOR ETCHART MOVED TO ADD ANOTHER \$153,000 TO THE FWP EARMARKED REVENUE SPENDING ACCOUNT. MOTION PASSED UNANIMOUSLY.

REPRESENTATIVE BARDANOUVE MOVED TO ADOPT HB-900 AS AMENDED. MOTION PASSED UNANIMOUSLY.

(Tape #71-052)

FWP - CANYON FERRY ROAD REPAIR

REPRESENTATIVE MARKS appeared before the Committee and stated he had found \$50,000 and asked that it be used to repair the road system at Canyon Ferry. The \$50,000 was originally appropriated to the Custer Battlefield. They did not need the money.

RON HOLLIDAY, Administrator of the Parks Division, FWP, stated over 400,000 visitations were made to Canyon Ferry Recreation areas last year. The Department has money to maintain the roads, but needs more if any improvements are to be made. He described the hazardous conditions that exist on the roads at Canyon Ferry.

BILL LARWREY, representing the Canyon Ferry Recreation Association, asked for support from the Committee.

PATTI SCOTT, East Helena, and secretary to the Committee, was allowed to testify after coercing the Chairman with a nasty note. She stated the road system at Canyon Ferry is in dire need of major repairs. The recreation areas are used by people from all over the State. With so much traffic, the road travel is actually hazardous. The Committee was awed by her testimony.

SENATOR HIMSL asked why the \$50,000 was available. He understood the money was given to the Veterans' organization. REPRESENTATIVE MARKS

stated the money was originally allocated to FWP in HB-666. SENATOR HIMSL stated he was familiar with the Custer site being referred to. It didn't relate to the Custer Battlefield at all. It was another site the county was trying to trade. The site ended up being a gravel pit. The money should not have been appropriated in the first place.

CHAIRMAN MANUEL asked Representative Marks to work with the Fiscal Analyst in preparing some amendments.

(Tape #71-242)

FWP - \$300,000 LAND ACQUISITION REQUEST - EARMARKED REVENUES

Carl Matt Property, Pablo, Montana

JIM FLYNN, FWP, presented Exhibit 1, a request for FWP to purchase the Carl Matt Property for a game range. He referred to Exhibit 2, a letter he wrote on March 10 in response to the Committee's questions on options in dealing with the \$300,000 of License Revenues to be spent with \$900,000 of money they hope to secure at the Federal level. MR. FLYNN referred to Option E.

MR. FLYNN explained the Carl Matt Property and location. The Estate has indicated they would sell the frontage property for about \$40,000. Of the \$300,000, FWP proposes to take \$6,000 for HB-849 (Rep. Spaeth's bill to lease Waples Ranch near Red Lodge for use as a game range); to use approximately \$40,000 to purchase the Mott property; and use the remainder of the \$300,000 to match with Federal money to purchase the Marshall Ranch (testimony given earlier in session).

REPRESENTATIVE BARDANOUVE asked the price tag on the Marshall Ranch. RON HOLLIDAY, FWP, stated they have not done any "hard negotiating," but believed the asking price is \$1.6 million. He believes if FWP — is "hard" in negotiating, they may be able to buy the ranch.

MR. FLYNN clarified he is asking for \$300,000 of License Revenue to be used to match the \$900,000 Federal Money. If the \$300,000 were authorized, it would be spent in this "three-prong" approach.

REPRESENTATIVE DONALDSON asked if the \$300,000 authorization could be accomplished within the present license fees. MR. FLYNN stated yes.

SENATOR OCHSNER stated the Marshall Ranch was over \$1 million. FWP would only have \$254,000 to work with. MR. FLYNN stated FWP still had \$900,000 authorization from the previous session in Federal authority. They did not use the \$900,000 in the last biennium because there were no Federal Funds available, and FWP did not have the match anyway. Now, the Federal Funds may be available, and FWP is asking for the \$300,000 match. These funds together would give over \$1 million.

REPRESENTATIVE BARDANOUVE asked since the \$900,000 is from the

1983 biennium, is the Department eligible for anymore in the 1985 biennium. MR. FLYNN stated no, not that he was aware of.

SENATOR OCHSNER asked once the money is authorized, where does it go. MR. FLYNN stated FWP established a Trust Fund, which was set up to recieve money FWP gets from its lands - timber contracts, oil and gas leasing, etc. The interest use is specifically spelled out in the law - to be used for operations and maintenance of Park Lands. Currently, there is about \$130,000 in the fund, with more anticipated with the Mount Haggin Contract. So, the interest money in the Trust Fund will be available in the 1985 session.

SENATOR OCHSNER asked why the Legislature appropriated \$60,000 for fencing on Mount Haggin, when there is \$130,000 in the Trust Fund. MR. FLYNN stated in the future, this is what the Trust Fund will be used for. Because the fund is new, the principle and the interest has not had a chance to build up. Hopefully, a substantial amount will be available in the 1985 session.

(Tape #71-405)

HOUSE BILL - 707 "COAL FIRE CONVERSION AT PINE HILLS"

REPRESENTATIVE RAMIREZ had requested another hearing on his bill. At the last hearing, he feels his proposal was inadequate. He presented Exhibit 3, a detailed report on the proposal, and Exhibit 4, Amendments of HB-707. He reviewed the amendments and stated the bonds could be paid off by the fuel savings within 12 years.

CHAIRMAN MANUEL asked the bottom line cost. REPRESENTATIVE RAMIREZ stated the amount bonded would not exceed \$1 million.

REPRESENTATIVE RAMIREZ reviewed the amendments. The estimates show the State can save \$4.5 million in fuel costs over the life of the system. Unless the figures worked out for the Department of Administration from the proposals they received, (the coal contract; bids for the construction and conversion of the project), would not be paid off from the fuel savings in 12 years, they would not make the conversion.

MR. KASHMAN, Engineer, stated the system would use 1700 tons of coal a year.

DALE TASH, Member of the Coal Board, feels the proposal is valid. The Coal Board did finance a conversion at Hardin and Colstrip. Money may be avialable through the Coal Board for this.

SENATOR HIMSL stated \$1 million is expensive to find out it doesn't work. REPRESENTATIVE RAMIREZ does not feel \$1 million is a lot to gamble in proportion to the amount of dollars that would be saved.

REPRESENTATIVE BARDANOUVE stated we do have unlimited coal, and he would be willing to sacrifice a chance of losing \$1 million to experiment with this concept.

(Tape #73-001)

REPRESENTATIVE BARDANOUVE asked for details.

MR. KASHMAN stated they are talking about a 600-horse-power boiler. The system would require maintenance of 1-2 hours a day. REPRESENTATIVE BARDANOUVE asked for the actual comparison to natural gas. MR. KASHMAN did not have actual comparisons, but believed the savings to be over 50% compared to natural gas. REPRESENTATIVE RAMIREZ stated a comparison could be made if you compared the price of coal to the price of natural gas, and assuming you can burn them at the same efficiency, (which this system is designed to do), then you can make a comparison on the cost per BTU.

(Tape #72-106 to 228)

There was miscellaneous discussion on the system. SENATOR HAFLEY remarked the price of natural gas is going down. SENATOR OCHSNER has seen years of high energy costs at the institutions, and he is ready to gamble.

(Tape #73-238)

INSTITUTIONS - AMENDMENTS TO HB-833

CURT CHISOLM, Deputy Director for the Department of Institutions, presented Exhibits 5-6-7, amendments to HB-833.

Exhibit 5. Last Session, it was the intent of the Legislature to use inmate labor to do some improvements at the Prison. There was never any language to accomplish this. This amendment would correct it.

Exhibit 6. This amendment adds \$37,111 to the Major Maintenance and Repair Project of the Department of Institutions by appropriating funds for three maintenance projects transferred from HB-447 to the Long Range Building Program.

Exhibit 7. This amendment adds language that was inadvertently omitted to provide equipment from the Bonds, Proceeds and Insurance Account for the Montana Youth Center Budget.

In addition, MR. CHISOLM asked for language in the Long Range Building Bill to give flexibility for bidding on the Automotive Training Building in the Industries Program. He is interested in putting the bid in the hands of an engineering firm that specializes in doing

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engineering design and turn-key operations for Correctional Industry Programs. There are benefits in having a firm such as this do it all, or a portion. They would come in, design, construct, and install all equipment, and train the people for a package deal. MR. CHISOLM has talked to Mr. Hauck about this, but Mr. Hauck is not sure this would be totally legal under existing construction laws.

MR. CHISOLM asked for language to allow the Department to get rid of some old buildings by putting them out for bid for salvage value.

(Tape #72-510)
EXECUTIVE SESSION (Exhibit 8)

HOUSE BILL 912 - "FUNDS TO STUDY ALTERNATIVES FOR FINANCING PRISON FACILITIES"

REPRESENTATIVE THOFT MOVED TO TABLE HB-912. MOTION PASSED UNANIMOUSLY.

HOUSE BILL 895 - "FLATHEAD VALLEY COMMUNITY COLLEGE"

SENATOR HIMSL MOVED TO TABLE HB-895. MOTION PASSED UNANIMOUSLY.

HOUSE BILL 905 - "FUNDS TO POWELL COUNTY FOR CENTENNIAL OF FIRST TRANSCONTINENTAL RAILROAD"

REPRESENTATIVE BARDANOUVE MOVED TO TABLE HB-905. MOTION PASSED UNANIMOUSLY.

HOUSE BILL 878 - "WESTERN TRIANGLE AGRICULTURE CENTER"

REPRESENTATIVE BARDANOUVE MOVED TO TABLE HB-878. MOTION PASSED UNANIMOUSLY.

(Tape #72-619)
HJR-9 - "WESTERN MONTANA COLLEGE SWIM CENTER"

DR. THOMAS, President of Western, explained the Senate removed the funding mechanism in actions yesterday. HJR-9 would still give spending authority if the money could be raised.

REPRESENTATIVE BARDANOUVE stated he was hesitant to pass any resolution, unless he knew how it was going to be financed. "No blank checks."

REPRESENTATIVE WALDRON asked what they lost in the Senate. DR. THOMAS stated \$130,000 of I & I monies he was trying to get replaced with General Fund. He was unsuccessful at getting this replaced.

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(Tape #73-001)

REPRESENTATIVE WALDRON felt there was language in SJR-14 that could be used.

The Committee postponed any action.

SJR 14 - "UM-RENOVATED DORNBLAZER STADIUM"

SENATOR HAFLEY MOVED TO PASS SJR-14. MOTION PASSED UNANIMOUSLY.

HOUSE BILL 22 - "AUTHORIZE USE OF OLD MONTANA STATE PRISON"

REPRESENTATIVE THOFT MOVED TO TABLE HB-22. MOTION PASSED UNANIMOUSLY.

HOUSE BILL 707 "COAL FIRE CONVERSION AT PINE HILLS"

REPRESENTATIVE WALDRON MOVED APPROVAL OF THE AMENDMENTS, EXCLUDING THE BONDING LANGUAGE. HE LATER WITHDREW THIS MOTION.

REPRESENTATIVE BARDANOUVE felt the Cash Program was not that rich, and requested funding be sought from the Coal Impact Funds through the Coal Board. It was decided to wait until Monday and have this researched.

HOUSE BILL 813 - "BILLINGS SYMPHONY CHORALE"

REPRESENTATIVE THOFT MOVED HB-813 DO NOT PASSED. MOTION PASSED UNANIMOUSLY.

HOUSE BILL 820 - "AIRPORT IMPROVEMENT PROJECTS"

REPRESENTATIVE DONALDSON MOVED HB-820 DO PASS AS AMENDED. MOTION PASSED UNANIMOUSLY.

(Tape #73-290)

HOUSE BILL 824 - "BANNACK STATE PARK"

REPRESENTATIVE WALDRON MOVED TO TABLE HB-824. MOTION PASSED UNANIMOUSLY.

RON HOLLIDAY, FWP, presented Exhibit 9. The Federal "Jobs Bill" contains some money for park development projects. This money must be spent by September 30, 1984. Most of HB-824 refers to items that would not be eligible under the Jobs Bill. If possible, FWP is requesting that the State fund the \$158,000 for the fire system, the number one priority; and appropriate \$110,000 of spending authority for the Federal Money. MR. HOLLIDAY stated if the \$110,000 spending authority were granted, he would take those items in the back of the brochure on Bannack of the highest priority, eligible for the

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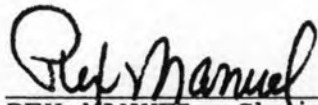
Federal money, and put them out on contracts to do the work. REPRESENTATIVE BARDANOUE asked if the \$110,000 was for labor only. MR. HOLLIDAY stated it was for "development," so it would be for building and buying. It would include labor. REPRESENTATIVE BARDANOUE asked if part of the \$110,000 could be used for labor on the \$158,000 fire system. MR. HOLLIDAY stated he has not yet received the final rules, but as he understands it, the fire system would not be eligible.

It was concluded by the Committee that the funding for the \$110,000 should go into HB-833 in next Monday night's action.

HOUSE BILL 849 - "LEASE WAPLES RANCH - \$6,000"

REPRESENTATIVE WALDRON MOVED TO TABLE HB-849. MOTION PASSED UNANIMOUSLY.

The meeting adjourned at 10:00 p.m. (Tape #73-456)



REX MANUEL, Chairman

CARL MATT PROPERTY
PABLO, MONTANA

For many years, Polson Outdoors has leased hunting rights on the Carl Matt property near Pablo Reservoir. These leases have provided an appreciable amount of popular goose and duck hunting opportunity.

Carl Matt recently passed away and the heirs to this property have indicated they will dispose of the property as soon as possible. The membership of Polson Outdoors is urging the department to work with them in continuing some sort of arrangement with the heirs to provide for a permanent easement or ownership of that property in order to provide the continued use of these goose pits.

In a recent meeting with John Matt, representing the heirs to this property, Polson Outdoors and Tom Hay, Regional Supervisor at Kalispell, discussed the possibilities of

- 1) the purchase of a hunting easement on this property;
- and 2) the outright purchase of the portion of the property where the goose pits are located.

The heirs indicated they were not interested in a hunting easement but would be interested in selling a small triangular tract along with a 50-foot wide strip, both of which are shown on the attached map. This proposal contains approximately 17 acres. Tom Hay and the representatives of Polson Outdoors felt the 17 acres plus a right of retrieval on adjoining lands should be somewhere in the neighborhood of \$25,000 since dry land sells for about \$1,000 an acre and irrigated land sells at \$2,000 an acre in this area.

A recent communication with the heirs indicates that they are thinking in the neighborhood of \$40,000. Since there has been no appraisal at this point in time, it appears as though possibly some middle ground between those two figures may be close to appraisal and possibly acceptable to both parties.

Our regional staff feels that this an important enough piece of property that serious consideration should be given to purchasing it. If this is to be accomplished, it will be necessary that the \$300,000 land acquisition request from the long-range budget be approved. If that were done, this purchase could be made with a portion of that appropriation.

It is our understanding that the membership of Polson Outdoors has been actively contacting their legislative representatives, urging them to make certain that there is appropriation authority provided for in the long-range building budget now under consideration.

State
F86

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Adrian
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James
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A Canal

Pablo

S E R V O I R

Z 26

INDIAN
RIVER

Northern
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Railroad

Agnes
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Alfred
Halt

U.S. Highway No. 93

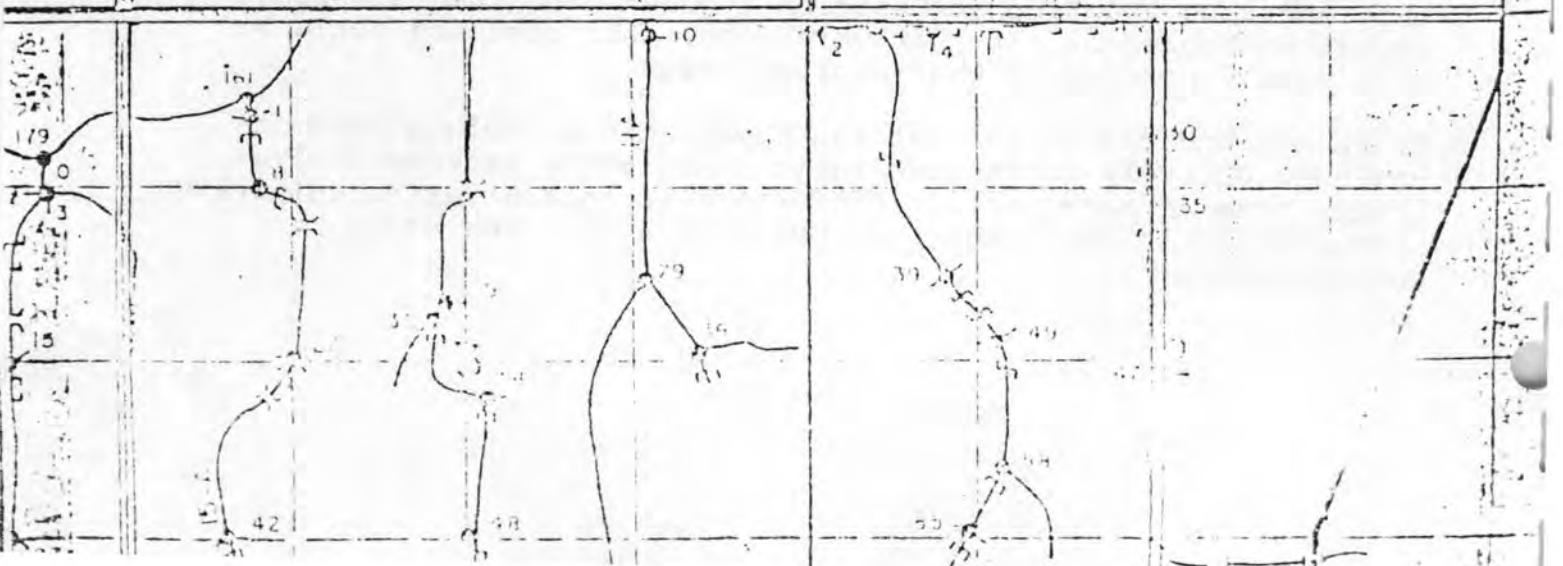
Flaming
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Snyder
Pablo Land and
Cattle Co.

Carl
Halt
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600
Snyder

Canal



4-8-83

Helena, MT 59620

March 10, 1983

The Honorable Rex Manuel, Chairman
 Long Range Building Committee
 State Capitol
 Helena, MT 59620

Dear Representative Manuel:

This is a recap of where we stand with our department's capital program to be funded with fishing/hunting license revenue. I will also address the questions you asked Ron Holliday on March 1 about potential uses of the money we've requested for game range acquisition.

It is my understanding the Long Range Building Committee has to date approved the following projects from fishing/hunting license revenue.

License Money -- Earmarked for Acquisition

Fishing Access Acquisition	\$ 745,000
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License Money -- Cash Account

Fishing Access Site Protection	\$ 250,000
Headquarters Renovation and Repair	25,000
Region 1 (Kalispell) Headquarters	30,000
Storage Building	
Wildlife Area Maintenance	50,000
Lake and Stream Improvements	50,000
TOTAL	\$ 405,000

License Money -- Bonded Program

Creston Hatchery Relocation	\$ 455,000
Big Timber Hatchery Renovation	500,000
Great Falls Hatchery Renovation	1,900,000
TOTAL	\$2,855,000

We have calculated that the bond retirement payments for the three approved hatchery projects will total \$869,000 for the biennium. This assumes no reserve.

After analyzing our funding situation, we believe an ample license revenue will be available to fund our operations program, to fund the projects you have approved to date, to fund the game range acquisition request, and to construct the Glasgow headquarters from the cash account. Therefore, I respectfully ask the committee to reconsider the Glasgow headquarters and to fund it from the license cash account. The projected building cost is \$220,000.

The above funding scenario anticipates a pay plan to be absorbed by the operations appropriation. We also anticipate the license account will be in a deficit for a part of the biennium because of the cyclic nature of our license revenue collections.

The following is a response to the questions you asked Ron Holliday about the game range acquisition proposal we presented.

We currently have \$900,000 of authority to spend federal funds for game range acquisitions. This has been granted by previous legislatures. Although there is no money available at this time to utilize this authorization, we anticipate ample funding will be available by the end of the upcoming biennium. Because this is federal money, it can only be used for specific items benefitting wildlife such as land acquisition (for which it is now approved) or developing existing wildlife areas which were acquired using federal money.

Our request for \$300,000 of license money during the coming biennium was intended to match the \$900,000 existing appropriation and would provide a total of \$1.2 million for land acquisition during the coming biennium.

There are several options for the use of this money other than land acquisition, in fee, provided new authorization is passed by this legislature. Some of these options which you could consider include the following.

- A. Authorize the purchase of a specific property utilizing the full \$1.2 million. During the initial discussion of this item, a real estate broker from Columbus, representing the Marshall family, presented you a proposal to sell us what has been referred to as the Marshall Ranch southwest of Billings. This has been for sale before and we have been very interested in it. It is strategically located and it winters substantial numbers of big game animals. This property is now for sale, and the family has offered to sell it to us. This property is our #1 priority in the Billings administrative region and is high on our statewide list.
- B. Authorize the purchase of a specific property utilizing the \$900,000 of federal authority and requiring the \$300,000 donation as the state's matching share.

March 10, 1983

To pursue this option, we would have to find a property with high wildlife values worth \$1.2 million or less and a seller who is willing to donate at least one-fourth of the appraised value.

- C. Use the \$300,000 state request for items other than a large land acquisition but still focus on emphasizing game range preservation.
- D. Use of a portion of this money to purchase a 17 acre tract with easements in the Pablo vicinity adjacent to our Ninepipe Management Area. This acquisition has the support of the local community and sportsmen. The price is estimated at \$40,000.

House Bill 849 would direct the department to lease the Maples property near Red Lodge as a winter elk range. The \$6,000 lease money could come out of this \$300,000 request.

- E. A combination of the preceding options whereby the Pablo property could be acquired, the Maples property leased, and the remainder of the \$300,000 used to match as much of the \$900,000 as possible and that be applied to the Marshall Ranch property. This option would require some donation from the Marshall Ranch owners.
- F. Funds could be used to obtain options for big game range preservation. These could be for easements or purchase and would be brought before the next legislature for final approval and funding.
- G. Portions of this money could be used as a source of funds for a pilot program dealing with incentives for private landowners to maintain and enhance wildlife habitat. We have an internal committee working on this and hope to come into the next legislature with some recommendations.

If you have any specific questions, please let us know.

Sincerely,

AMES W. FLYNN
Director

JWF:sue

cc Long Range Building Committee Members
Carolyn Doering

bcc Division Administrators

Mountain States Engineering
3627 Surrey
Billings, MT

4/8
Exhibit 3

SUBJECT: NATURAL GAS HEATING SYSTEM CONVERSION TO COAL BURNING

The attached 'Yearly Energy Cost Comparison' schedule shows a 11 year simple cost savings of \$1,616,074 with the burning of coal vs. natural gas.

The initial coal cost of \$1.24 per million BTUs represents a delivered coal cost of \$21.50 per ton. The 8% per year future cost escalation for coal is maximum. A long-term contract (10-20 year) with a coal company shall guarantee the coal price and supply at the mine. 5-year contract with truckers shall guarantee maximum 8% per year escalation for shipping.

The 9.4% per year escalation rate for natural gas is taken from the 10 year projection report given to the public service commission by Montana-Dakota utilities.

The 'cash flow schedule' represents a positive return-on-investment in seven (7) years and a break-even point @ 10.5 years. A 10 year amortization period was arbitrarily selected for repayment of \$1,000,000 investment with 8% interest rate.

Yearly maintenance and labor costs for the new coal burning facility are included with the repayment schedule.

The life expectancy of the new coal burning facility is 30 years minimum. The net energy cost savings after the break-even period of 10.5 years can be expected to exceed \$4.5 million dollars over a minimum 30 year coal system life span.

The coal burning equipment produces fuel-to-steam efficiencies of 80% which is comparable to natural gas systems.

The coal burning equipment burns coal cleanly without smoke and with very low particulate emissions. Together with mechanical particulate emission collectors and the clean coal burning equipment, fly ash control can approach 85-95% efficiency which greatly exceeds the Montana and federal emission standards.

The additional electrical power requirements for a coal burning system amounts to 1/2 to 2% over a natural gas burning system which when included in the overall electrical requirements of the facility, becomes negligible.

The coal burning systems of yesterday are not representative of today's system as shown in the photographs of a newer coal burning facility in Kemmer, Wyoming. The system is very automated, clean and efficient. The proposed plant for Pine Hills School would be similar.

In summary, now is the time to initiate this project to take advantage of the guaranteed coal prices and supplies. The tax

dollar savings are enormous for this project alone. The equipment to cleanly, efficiently, and automatically burn coal is now available. This project will also set minimum acceptable standards for other possible state projects of similar nature which in turn can reduce or redirect tax monies, normally spent for energy, to other critical department.

YEARLY ENERGY COST COMPARISON
(coal vs natural gas)

YEAR	COAL COST/ MILLION BTUS	NAT. GAS COST/ MILLION BTUS	YEARLY COAL COST	YEARLY NAT. GAS COST	COAL SAVINGS
1984-85	\$1.24	\$4.81	\$32,550	\$120,250	\$ 87,700
1985-86	1.34	5.26	35,175	131,500	96,325
1986-87	1.44	5.75	37,800	143,750	105,950
1987-88	1.56	6.29	40,950	157,250	116,300
1988-89	1.68	6.88	44,100	172,000	127,900
1989-90	1.82	7.53	47,775	188,168	140,393
1990-91	1.96	8.24	51,450	205,945	154,495
1991-92	2.12	9.02	55,650	225,500	169,850
1992-93	2.29	9.87	60,112	246,697	186,585
1993-94	2.47	10.80	64,837	270,000	205,163
1994-95	2.67	11.82	70,087	295,500	225,413
ELEVEN (11) YEAR SAVINGS BEGINNING IN 1984.....				\$	<u>1,616,074</u>

NOTES:

1. 1982 actual gas usage for the facility: 27,788 MCF OF NAT. GAS (27,788 million btus.)
2. 25,000 million btus estimated for actual space and domestic water heating
3. 26,250 million btus estimated coal usage.(5% difference for coal firing vs nat. gas)
4. Initial natural gas cost: \$4.02/million btus (1982)
5. Future natural gas escalation rate: 9.4% (PSC report from MDU) Per year rate.
6. Initial coal delivered price: \$21.50/ton.
7. Future coal escalation price: 8%/yr. (maximum guarantee)

CASH FLOW SCHEDULE

(return-on-investment plan)

YEAR	YEARLY COAL COST	YEARLY NAT. GAS COST	COAL SAVINGS	MAINT.	LABOR	PAYMENT	CASH FLOW	CUMULATIVE CASH FLOW
1984-85	\$32,550	\$120,250	\$87,700	\$1000	\$3000	\$145,593	-\$61,893	-\$61,893
1985-86	35,175	131,500	96,325	1080	3240	145,595	- 53,590	-115,483
1986-87	37,800	143,750	105,950	1166	3499	145,595	- 44,310	-159,793
1987-88	40,950	157,250	116,300	1259	3778	145,595	- 34,332	-194,125
1988-89	44,100	172,000	127,900	1359	4080	145,595	- 23,134	-217,259
1989-90	47,775	188,168	140,393	1467	4406	145,595	- 11,075	-228,334
1990-91	51,450	205,945	154,495	1584	4758	145,595	+ 2,558	-225,776
1991-92	55,650	225,500	169,850	1710	5138	145,595	+ 17,407	-208,369
1992-93	60,112	246,697	186,585	1846	5549	145,595	+ 33,595	-174,774
1993-94	64,837	270,000	205,163	1993	5992	145,595	+ 51,583	-123,191
1994-95	70,087	295,500	225,413	2152	6472	-	+216,789	+ 93,598

NOTES:

1. Repayment schedule based on a total construction cost of \$1,000,000
2. Repayment figure represents 8% interest rate.
3. Maintenance and labor costs escalated 8%/yr.
4. Break-even point @ 10.5 years.
5. Amortization period selected arbitrarily for 10 years.

MOUNTAIN STATES ENGINEERING
3627 SURREY CIRCLE
BILLINGS, MONTANA
1-406-656-7608

FUEL-TO-STEAM EFFICIENCY

Job site efficiency tests conducted in accordance with the ASME Short Form test standards have proven the fuel-to-steam efficiency of the CNB TRI-FUEL Boiler system.

<u>SIMULTANEOUS FIRING</u>	<u>SINGLE FUEL FIRING</u>
COAL and OIL-----80%	OIL or GAS-----80%
COAL and GAS-----80%	COAL-----78.5%

The high efficiency is a result of:

1. A stoker system design that permits clean burning of coal with low excess air and high CO₂ to prevent excessive losses up the stack.
2. An industrial type gas oil burner that maintains fixed air/fuel ratio at all firing rates for maximum CO₂ and turbulent mixing to assure complete combustion.
3. A three-pass boiler with large furnace volume and wetback construction to provide maximum heat absorption proven by low flue gas temperature.



CNB TRI-FUEL BOILER

Division of Combustion Service & Equipment Co. • 2016 Babcock Boulevard, Pittsburgh, Pa. 15209 • 412/821-8900

Can you afford not to burn COAL?

WHY ARE SOME COMPANIES SPENDING \$150,000 FOR THE CNB TRI-FUEL BOILER WHEN THEY COULD GET THE SAME CAPACITY IN AN OIL OR GAS FIRED BOILER FOR \$50,000? THEY ARE MAKING THE ADDED INVESTMENT AFTER CONSIDERING ALL OF THE FACTS.

FACT: Oil imports are causing trade deficits harmful to the economy of the United States. An energy bill is expected to pass that will place extra taxes on oil burned in boilers, restrict the use of gas in boilers and offer tax credits to encourage the use of coal in boilers.

FACT: The CNB TRI-FUEL Boiler is a complete system with all components designed and selected to perform as a packaged unit and furnished by one company. It can be fired with light or heavy oil, gas, or coal separately or coal simultaneously with either oil or gas.

FACT: The added investment required to burn coal could be recovered in two or three years through savings in fuel costs. The differential in cost between coal and oil will increase and fuel cost savings resulting from burning coal will increase annually at a greater rate.

FACT: The CNB TRI-FUEL Boiler system allows coal to be burned so cleanly that particulate emissions are well under limitations of many States, and with low sulphur coal readily available in many areas, fly ash collectors or stack gas scrubbers are not required.

FACT: Coal and ash handling systems need not be expensive for boilers in this size range.

YOUR NEXT BOILER SHOULD BE CAPABLE OF FIRING WITH OIL, GAS and COAL.

CNB TRI-FUEL BOILER DIVISION

COMBUSTION SERVICE & EQUIPMENT CO.

2016 Babcock Boulevard

Pittsburgh, Pennsylvania 15209 412/821-8900

AIR QUALITY

The Auburn stoker is a single retort underfeed ram type stoker. The operation of this type stoker in a properly designed combustion zone creates a solid fuel burning system that operates with low emissions and without smoke.

The clean burning and low emissions of the CNB TRI-FUEL Boiler system is a result of a number of important design considerations.

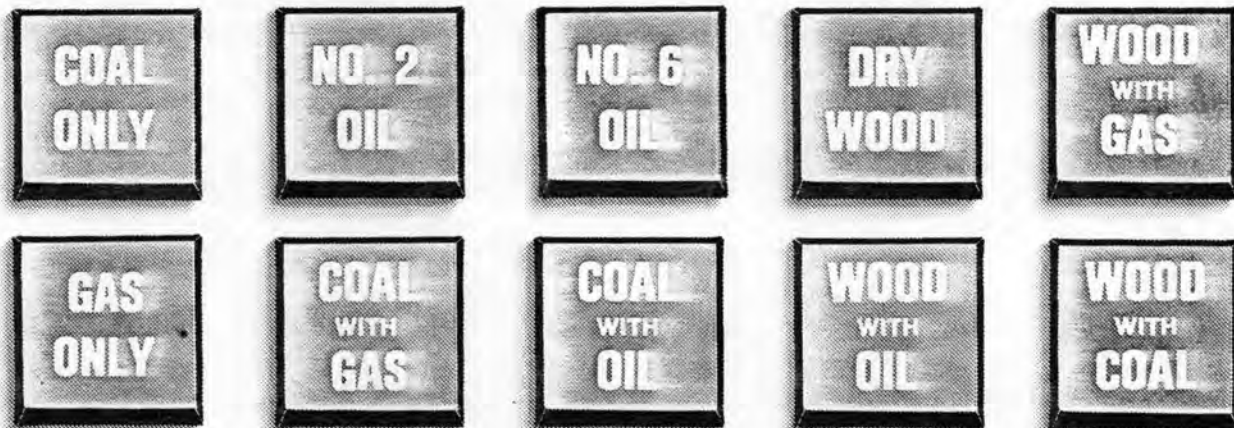
1. The combustion zone is sized so that furnace volume provides a conservative heat release of approximately 30,000 BTU per cu.ft. This provides sufficient retention time to permit complete combustion of the volatiles as they are driven from the coal.
2. The underfeed stoker is inherently a cleaner operating stoker system. Since coal to be burned is fed from underneath the fire, the fines are not burned in suspension, but fed into the burning zone from under the combustion area. The particulates are, therefore, not carried by the exhaust gas through the boiler convection system to the stack.
3. Combustion air through the stoker is proportioned to provide the greatest amount of air into the center retort section to mix with the volatiles of the coal and reduce the amounts of excess air introduced through the carbon or coke burning zone.
4. Complete combustion is obtained, not by using large quantities of excess air which might reduce furnace temperatures and increase opacity; instead, complete combustion is the result of utilizing overfire air jets to provide high turbulence and oxygen at a point where volatiles are being driven from the coal.
5. The induced draft fan with sequencing draft control maintains a constant negative pressure in the firebox, thereby, regulating the quantity of air into the combustion zone.

This type of design has created a boiler system that can operate in many areas of the country without fly ash collectors or dust collectors of any type. This has been proven by particulate emission tests conducted by independent air pollution research engineers to prove compliance with local regulations. Excerpts of test reports are attached.

The only other concern is the amount of sulfur that might be discharged into the atmosphere and this is a function of the amount of sulfur in the fuel being burned. There is a great deal of compliance coal available in the United States which has less than 1% sulfur and its use is approved in most areas of the country. Coal with a greater percentage of sulfur is acceptable in many areas and is generally lower in price.

Why major firms are switching to **fuel flexibility!**

Don't restrict your next boiler to oil and gas.
CNB TRI-FUEL BOILER offers any combination.



- The CNB TRI-FUEL Boiler burns oil, gas or coal separately or burns coal simultaneously with oil or with gas.
- Boiler life is 30 years—what fuel will always be available in 5, 10, or 20 years? COAL!
- Burns coal cleanly and operates without fly ash collectors in most areas.
- Certified particulate emission test reports are available.
- Burns wood or other solid waste fuels separately or mixed with coal plus oil or gas.
- Cut your fuel bill. Coal at \$35/ton is BTU equivalent to oil at 20¢ per gallon.
- The difference in cost between coal and other fuels will get greater every year.
- Coal and ash handling systems are not expensive for boilers in this size range.
- Pre-engineered system—supervision and start-up provided.
- Sizes from 100 to 700 boiler horsepower (24,000 lbs. steam/hr).
- Check with your tax advisor regarding 20% tax credits in new Energy Bill.

Major U.S. Corporations have purchased CNB TRI-FUEL Boilers. The installation list is impressive and growing! For a copy of the list and specifications, contact:



CNB TRI-FUEL BOILER

Division of Combustion Service & Equipment Co.

2016 Babcock Blvd., Pittsburgh, PA 15209

412/821-8900

Exhibit 4

Amend House Bill 707, Introduced Copy (white) as follows:

1. Title, lines 4 and 5

Strike: "TO APPROPRIATE FUNDS TO THE DEPARTMENT OF INSTITUTIONS TO CONVERT"

Insert: "AUTHORIZING THE ISSUANCE AND SALE OF \$1 MILLION PRINCIPAL AMOUNT LONG-RANGE BUILDING PROGRAM BONDS TO FINANCE COSTS OF CONVERSION OF"

2. Title, following line 7

Insert: "; APPROPRIATING MONEY THEREFOR; REQUIRING A CONTRACT TERM OF 10 YEARS NOTWITHSTANDING THE PROVISIONS OF SECTION 18-4-102, MCA; AND REQUIRING AN IMMEDIATE EFFECTIVE DATE"

3. Pages 1 and 2.

Strike: all of the bill following the enacting clause

Insert: "Section 1. Bonds authorized. The board of examiners is authorized to issue and sell long-range building program bonds, upon the conditions and in the manner stated in Title 17, chapter 5, part 4, in the principal amount not to exceed \$1 million, for the purpose of financing costs to convert the gas-fired heating plant at the Pine Hills school to a coal-fired plant, as provided in section 3.

Section 2. Appropriation. There is appropriated to the sinking fund account established pursuant to 17-5-405, from the savings in utility costs resulting from conversion to a coal-fired plant as determined under section 3 (exclusive of income derived from investment of accumulated revenues), in each fiscal year during the term of the bonds authorized by section 1, an amount sufficient to pay the principal of and interest on the bonds as due and to establish and maintain required reserves therefor. The appropriation shall be reduced in each fiscal year by the amount, if any, of income received in that year from investment of the reserve attributable to the bonds. The appropriation made by this section is solely for the benefit of the state and is not enforceable by the holders of the bonds.

Section 3. Procedures and restrictions. (1) Before the conversion for which this bond issue is made may take place, the following conditions and procedures must be met:

(a) The department of administration shall request engineering design proposals for conversion of the gas-fired heating plant at the Pine Hills school to a coal-fired system. The request must require all submitted proposals to:

(i) provide a system that is as fully automated as present technology can provide;

(ii) provide for particulate emission control of the system that achieves at least 85 - 95% efficiency;

(iii) use existing gas-fired boilers for standby and emergency purposes; and

(iv) provide coal receiving capacity for at least 33 ton truckloads of coal and total coal storage capacity of two weeks at winter design heating temperature of -30°F.

(b)(i) The department shall enter a contract for coal that:

(A) is contingent upon successful completion of the conversion of the Pine Hills system under the provisions of this act;

(B) notwithstanding section 18-4-102 has a contract term of not less than 10 years;

(C) requires payment for the coal at market price or lower each year but not to exceed 8% increase over the previous year's price; and

(D) provides for coal that has a minimum heating value of 8,700 BTU/lb.

(ii) Provision for delivery of the coal to Pine Hills school may be included in the coal contract or in a separate contract, however, the combined price of coal and delivery may not exceed \$22 a ton.

(c) After receipt of proposals under the provisions of subsection (1)(a), the department shall review them and determine which proposal best meets the criteria established in that subsection and which will result in annual cost savings to the state of Montana after the conversion is complete, and which will repay bonds authorized under section 1 within 12 years from their date of issuance. To determine annual cost savings the department shall consider:

(i) the requirements of subparagraph (b);

(ii) the forecasted natural gas rates as presented by the current Pine Hills school utility provider to the Montana public service commission in April 1983; and

(iii) the current bond interest rates.

(2) After determination under subsection (3), the department shall have this conversion project constructed as provided in Title 18, chapter 2, part 1, MCA, at a total price not to exceed the amount authorized in section 1."

Section 4. Effective date. This act is effective on passage and approval."

✓
Amendments to HB 833

4/8
Exhibit 5

Amendments requested before the Joint Committee on Long Range Building Projects:

That HB #833, introduced copy, be amended as follows:

1. Page 9, following line 18
Insert new section: "SECTION _____. The appropriations for capital projects authorized in Section 6, House Bill Number 5 enacted by the Forty-Seventh Legislature, Second Special Session, are reappropriated through the biennium ending June 30, 1985. The department of administration may exempt these projects from any provisions of Montana law relating to the employment of architects, public bidding, bonding, labor and wage requirements.
2. Re-number following sections appropriately.

Exhibit 6

Amendments to HB 833.

Amendments requested before the Joint Committee on Long Range Building Projects:

That House Bill 833, introduced copy, be amended as follows:

- 1. Page 5, line 15
After line 15 insert new item and appropriation
under the BPICA column: "Addendum to Montana Youth Treatment Center, Billings - equipment and furnishings. \$10,820.00"
- 2. Roll up totals to reflect change:

#

Explanation:

This is a companion amendment to an amendment adding equipment dollars to HB 447, the General Appropriations Act. \$57,024.00 of equipment was deleted from the Montana Youth Treatment Center appropriation during floor debate in the house during second reading of HB 447. It was the intent of the author of the amendment to transfer that amount of money to the Long Range Building Program. However, not all of the \$57,024.00 worth of equipment would be appropriate to transfer to Long Range Building Program Budget. Therefore, an amendment was prepared to add back to HB 447, \$46,204.00 worth of equipment to the Montana Youth Center budget, and this amendment would provide \$10,820.00 worth of equipment from the Bonds, Proceeds and Insurance Clearance account for the center once it is completed. The equipment included in the \$10,820.00 is as follows:

1.	Heavy duty washers [2]	\$ 710.00
2.	Heavy duty dryers [2]	540.00
3.	Refrigerator [1]	401.00
4.	Typewriter [4]	3,392.00
5.	Trampoline [1]	1,060.00
6.	Gym Mat [1]	530.00
7.	Television [5]	1,908.00
8.	Stereos [5]	1,060.00
9.	Organ [1]	1,060.00
10.	Privacy Screens [20]	159.00
	TOTAL	<u>\$10,820.00</u>

Exhibit 7

Amendment to HB 833.

Amendments requested before the Joint Committee on Long Range Building Projects:

That House Bill 833, Introduced Copy, be amended as follows:

1. Page 5, line 11, under BPICA column,
Strike: "363,760"
Insert: "400,871"

2. Roll up totals to reflect change.

#

Explanation: This amendment adds \$37,111 to the Major Maintenance and Repair Project of the Department of Institutions by appropriating funds for three maintenance projects transferred from the Omnibus Budget Act [HB 447] to the Long Range Building Program. The three projects are:

1. Corrections Division - Alpha House [Billings] remodeling project	\$15,000
2. Swan River Youth Forest Camp - Drain Field Improvement Project	7,111
3. Mountain View School - Fire and Smoke Detection upgrade project	<u>15,000</u>
Total	37,111

MPSC ← OPT

BILLS IN LONG RANGE SUBCOMMITTEE TO BE ACTED ON:

- HJR 9 (Hand) Consenting to construction of swim center at Western Montana College.
- SJR 14 (Norman) Consenting to the Board of Regents authorizing the University of Montana to renovate the current Dornblaser Stadium or construct a new stadium complex.
- HB 22 (Ellerd) Authorize use of old Montana State Prison; requiring Department of State Lands to negotiate for termination of lease of old prison; allowing warden to determine which prisoners to incarcerate; requiring old Montana State Prison to meet certain standards; appropriating money for renovation of old prison.
- HB 558 (Manuel) Authorizing issuance and sale of Long-range Building Program Bonds; provide for agreement between Board of Examiners and Department of Fish, Wildlife, and Parks.
- HB 707 (Appropriate funds to Department of Institutions to convert gas-fired heating plant at Pine Hills School to a coal-fired plant.
- HB 813 (Bengtson) Appropriate \$18,500 from Cultural and Aesthetic Projects Account to Billings to provide partial financing for participation by Billings Symphony Chorale in Worms International Choral Festival in West Germany.
- HB 824 (Hand) Appropriate \$500,000 to Department of Administration for development of Bannack State Park.
- HB 820 - Airport Improvement Projects
- HB 833 (Manuel) Appropriate money for capital projects for biennium ending June 30, 1985; provide for other matters relating to the appropriations.
- HB 849 (Spaeth) Appropriate \$6,000 to Department of Fish, Wildlife, and Parks to lease Waples ranch near Red Lodge for use as a game range.
- HB 878 (Iverson) Appropriate \$121,000 to Montana Agricultural Experiment Station from General Fund for construction of a combination office/laboratory building at Western Triangle Agricultural Research Center near Conrad.
- HB 881 (Schye) Authorize Montana Arts Council to select statue of Jeannette Rankin to be placed in statuary hall in Washington, D.C.
- HB 895 (Harp) Appropriate \$3,543,160 to Flathead Valley Community College to be matched by local funds to construct a new campus.
- HB 905 (Brand) Appropriate \$15,000 from General Fund to Powell County to assist in commemoration of centennial of completion of first transcontinental railroad across the northwest.

(Continued)

Bills in Long Range Subcommittee to be acted on (Continued):

- HB 906 (Fagg) Appropriate \$75,000 from Coal Tax Cultural and Aesthetic Account for contribution toward purchase of Moss Mansion, located in Billings.
- HB 912 (Ellerd) Appropriate funds to study alternatives for financing prison facilities.
- HB 918 (Ellerd) Appropriate money from Permanent Coal Severance Tax Trust Fund for purpose of financing prison expansion or renovation.

MONTANA

DEPARTMENT OF

FISH, WILDLIFE AND PARKS



April 8, 1983
Helena, MT 59620

The Honorable Rex Manuel, Chairman
Long Range Building Committee
State Capitol
Helena, MT 59620

Dear Representative Manuel,

We have been told that the "Jobs Bill" recently signed by President Reagan contains funding for park development. We do not have specifics of how the program will be administered except that all money must be used for development -- not for land acquisition -- and that it must be used by September 30, 1984.

Last fall we requested several much needed projects from the Long Range Building Fund (Bonded Program). Apparently, because of the competition for these funds, these projects (except for Bannack) were deleted from the Executive Capital Construction Program now before you. Detail on these proposals can be found on pages 212-218 and elsewhere in the 1983-1985 Executive Capital Construction Book.

We respectfully request the following items be included in the Long Range Building Program Bill for park developments, using federal funds:

Madison Buffalo Jump State Monument Improvements - \$5,000

This would replace deteriorated interpretive displays at this area near Logan.

Bannack State Park Improvements - \$110,000

Most of the work proposed in HB824 would not be eligible for this federal funding because HB824 mostly deals with historic preservation. However, some elements of the proposal would be eligible. If at all possible, the firefighting system - at a cost of \$158,000 - should be funded from state funds. We also request spending authority of \$110,000 for the "Jobs Bill" federal funds to be used for miscellaneous improvements there. Once we receive more specific guidelines from the federal government, we can zero in on the eligible elements of the Bannack proposal.

Logan Recreation Area Sewage Disposal Facility - \$80,000

The sewage disposal field at this popular recreation area west of Kalispell has failed. This appropriation would remedy this problem.

5,000
110,000
80,000
\$195,000
48,000
38,000
728,000

Letter to The Honorable Rex Manuel
April 8, 1983
Page 2

Yellow Bay Recreation Area Toilet Construction - \$8,000

This popular Flathead Lake recreation area receives considerable use during early spring and late fall -- when the "modern" latrine is winterized. An existing vault toilet used by these "off season" visitors is leaking badly and needs replacement. This appropriation would construct a new water-tight vault toilet.

Pictograph Cave State Monument Improvements - \$40,000

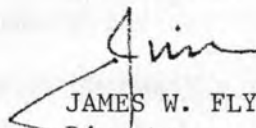
The general condition of this popular site near Billings has deteriorated. This appropriation would provide trail and parking lot improvements, latrine construction and other miscellaneous repairs.

Plenty Coups State Monument - \$38,000

This area southeast of Billings needs a new latrine, some fencing, walkway construction, interpretive sign construction and other minor improvements.

These are badly needed projects which we originally requested to be funded by this legislative session. Their construction will not add to our maintenance burden. We therefore respectfully request they be added to our capital construction authorization. We will be happy to further explain these proposals with your committee if you wish.

Sincerely,


JAMES W. FLYNN
Director

JWF:jb

cc Long Range Building Committee Members
Pam Joehler
Phil Hauck
Tom O'Connell
Representative Hand