

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON LONG-RANGE PLANNING

Call to Order: By CHAIR MARY ELLEN CONNELLY, on January 14, 1991, at 8:00 a.m.

ROLL CALL

Members Present:

Mary Ellen Connelly, Chair (D)
Bob Hockett, Vice Chairman (D)
Francis Bardanouve (D)
Ethel Harding (R)
J.D. Lynch (D)
Bob Thoft (D)

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: REP. BARDANOUVE encouraged all subcommittee members to attend the presentation on State Bonding in Room 104, January 15 at 9 a.m.

HEARING ON DEPARTMENT OF LONG RANGE BUILDING PROGRAM

Tape No. 1:A:007

Informational Testimony:

Tom O'Connell, Administrator, Architecture and Engineering Division (A&E), gave an overview of the Long Range Building program. He distributed the Capital Construction Program, EXHIBIT 1, and the Major Maintenance Plan, EXHIBIT 2. He said the program is the same as it was since its inception in 1965. Mr. O'Connell reviewed revenue estimates, the overall program and the funding for projects. Each biennium, the committee incorporates money from different sources, principally the Long Range Building Program Fund (LRBPF), which is composed primarily of the cigarette tax. This cash account is supplemented by supervisory fees and interest earnings. The cigarette tax is \$.18 per pack. Of this tax, 70.89% goes to the Debt Service Account, the funding for bonded debt, and 29.11% of the tax goes to the Cash Account. The Debt Service Account is also funded by 8.7% of money collected from individual income tax (FY 91) and 10.5% of money collected from the corporation license tax (FY 91).

Mr. O'Connell said that historically, the LRBPF has been considered the cash program; however, the cigarette tax comprises a very small portion of the cash the program actually has to work with. He said the cash program amounts to \$46,000,000; of that amount, less than \$7,000,000 comes from the cigarette tax. The largest share of money in the LRBPF would come from State Special Revenue, primarily from Fish and Game License fees; \$1,500,000 in fuel tax dollars; and Federal Special Revenue, this session, in the amount of \$20,000,000, primarily from federal funding for the Dept. of Military Affairs. In addition, there is \$4,500,000 in other funds (student fees and Board of Regents authorized fees). He distributed a funding and revenue fact sheet on the Long Range Building Program. **EXHIBIT 3**

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Mr. O'Connell said that the work on the program begins a year prior to the commencement of the legislative session, when requests for facility needs go out to all agencies. By July 1, A & E received formal requests for 416 projects totalling \$318,000,000. All of these projects are described in the Capital Construction Program. **EXHIBIT 1**

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REP. THOFT asked what had happened to the interest, and Mr. O'Connell said the interest had been used for operating expenses. SEN. HOCKETT requested that the LFA provide the committee with the financial report on the foundation and a trace on that interest money.

Mr. O'Connell stated that the cash program, whether it be from the LRBPF or from any other funding source, would primarily be for improvements to existing facilities to address health and life safety issues and handicap access. The exception this time would be funding of planning for the prison and university projects from the cash program. Major new construction projects were typically funded with bonds. He added that the participation of the universities, in the amount of 15% of the cost, was being asked by the Executive Branch in the funding of their major construction projects because they were the primary beneficiaries of those facilities. Northern Montana College gymnasium was not a priority of the Board of Regents at the time the requests were submitted. They had requested improvement of the facility, but had no idea of the seriousness until this fall; therefore, the project did not show up as a priority on the Regents' list.

SEN. HOCKETT asked about the accuracy of the cost figures for the various construction and renovation projects. Mr. O'Connell said the figures were based on as much information as possible without hiring an architect, but that initial figures quoted could change with delays in construction. REP. BARDANOUVE added that, in general, the cost estimates had been fair.

SEN. LYNCH asked if the cost figure for the prison reflected inmate labor. Mr. O'Connell responded that the figure included inmate labor, but not to the extent that it was used in the low

security housing unit authorized last session. The issue of using inmate labor would be addressed in a separate bill, submitted by the Department of Institutions. He estimated there would be an additional \$1,300,000 needed if inmate labor were not used.

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Mr. O'Connell said there was a total of 61 prioritized projects, the same number as in the last biennium. However, the money available is different this time. Within each project there are numerous sub projects, for which A&E would be letting contracts, paying bills, accepting, etc., during the biennium. These amount to between 300 and 400 active projects.

REP. BARDANOUVE asked for clarification on A&E's participation in highway projects. Mr. O'Connell said they did all the drawing for the Highway Dept. except for the roads. SEN. HARDING asked if A&E did the planning for DFWP, for projects such as fishing access sites and ponds. Mr. O'Connell replied that they did not do the drawings since the Department has engineers to do that; however, A&E did administer the construction.

Mr. O'Connell said his Department was obligated to propose a program that was fundable. He distributed revenue estimates. EXHIBIT 4 He reviewed this sheet which showed the differences between LFA and Administration revenue estimates. REP. BARDANOUVE asked how projects funded last time were faring. Mr. O'Connell answered that they were doing fine because construction of the Veterans' Home had not begun; if it had, their cash flow would have been close.

1:B:000

Discussion followed on the \$.02 increase in the cigarette tax, what it was for, and whether it was permanent. SEN. LYNCH mentioned that the increase was for the Veterans' Home in eastern Montana and the 40 units in western Montana. He added that the western part was vetoed. Mr. O'Connell said there was money set aside for the Veterans' Home, but was no other money set aside for another project. REP. BARDANOUVE asked what money had been generated to date. Mr. O'Connell said \$1,500,000 had been generated to date, and \$1,900,000 had been set aside for the Veterans' Home. SEN. LYNCH said it was his understanding that the \$.02 increase was to remain in effect for 6 years or until both projects were completed, and then it would end. He asked for clarification of its permanence. Mr. O'Connell said the Department's legal counsel said the tax was permanent. SEN. HARDING said it was her impression that there had been a sunset clause on the bill and that the money was earmarked for veterans' projects. Mr. O'Connell said he would provide the committee with a copy of the bill as passed last session.

Mr. O'Connell returned to discussion of the exhibit. He and REP. THOFT pointed out that the estimated beginning balance would be used to start this session's authorized projects before the fiscal year starts. He also asked if the legislature had any legal recourse against the Mansfield Foundation to recover any

interest on the \$1,000,000 not disbursed. Mr. O'Connell said he would provide the committee with that information. Mr. Haubein clarified that the estimated FY 91 ending cash balance was \$4,500,000, and the FY 90 ending cash balance was \$4,400,000. Of that cash balance, over \$3,000,000 was earmarked for the Veterans' Home and other uncompleted projects. The difference between the two figures is the uncommitted fund balance, or \$1,159,125, available for 92/93. Mr. O'Connell added that the total final figure applied for use for projects is \$7,630,938. With Dept. of Administration revenue estimates, a balance would be left of almost \$221,000; with LFA revenue estimates, the balance would be almost \$800,000. These figures represent the amount the committee would have available to work with as they go through the hearing process.

REP. BARDANOUE referred to the bonding program and asked how much the universities would have to raise to meet the 15% requirement required by the Administration. Mr. O'Connell said that for MSU, the amount would be \$3,200,000; for UM, \$2,300,000. REP. BARDANOUE stated this funding match was required for the Fine Arts building at UM, and they did not want to do this again because of the difficulty in raising the money. He said they ended up using internal operating monies. Mr. O'Connell said that this issue would be addressed by the University System.

2:A:021

Jim Whaley, Facility Planner, Department of Architecture and Engineering (A&E), went through the Capital Construction Program, EXHIBIT 1, and the Major Maintenance Program, EXHIBIT 2, section by section, in order to familiarize the committee with the books. Mr. Whaley stated that the Capital Construction Program is a six year program. He referred the committee to page 305 of the book, where there is a list of requests for the 94/95 biennia, totalling \$31,700,000. Less critical projects are listed for the 96/97 biennia, for another \$31,000,000. The total Capital Construction Program is in the range of \$380,000,000.

Mr. Whaley referred the committee to page 4, the list of prioritized projects, and clarified that the list had been compiled by himself and the staff at the A&E Division, OBPP, and the Governor's Office. REP. THOFT asked if there was enough money available to fund all prioritized projects, and Mr. Whaley said yes. Mr. Whaley said that numbers 1-5 responded to health and safety issues; numbers 6-9, deteriorated roofs; number 10, construction litigation; numbers 11-22, repairs; maintenance, and improved handicap access; numbers 23-31, new construction, renovation, and improvements to existing buildings; and numbers 32-56, projects primarily funded with an agency's own source of money, but in need of legislative authorization. While the first 56 projects are the cash program, \$46,000,000 with \$7,600,000 from the LRBPF (1/6 of the cash program), the last 5 are major construction projects within the bonded program, totalling \$67,000,000.

Mr. Whaley noted some special provisions within the major construction projects funded by bonds. EXHIBIT 5 First, the cash program is providing the design money in order to reduce the debt service. Second, a 15% match is being requested for the two major university projects. REP. BARDANOUE commented that

Northern Montana College would not be able to raise the \$8,000,000 for the replacement of the gymnasium. Mr. Whaley said the \$8,000,000 figure was arbitrary and assured the representative that they would scale back considerably. SEN. HOCKETT asked if any projections were made for maintenance and operating costs for new buildings. Mr. Whaley said that A&E figured in anticipated operating expenses for the next 3 biennia for any new building.

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REP. BARDANOUVE asked who made the decision that so much additional space was needed for the prison and that the women's prison would be built privately. Mr. Whaley replied that it was made by the Dept. of Institutions with the Governor's office and the Dept. of Administration. He continued that there could be some savings with a private developer because of not having to meet the same requirements as the state; e.g., the prevailing wage. There could be disadvantages, however, if the community has to go through the same bidding laws as the state. Mr. O'Connell clarified that the decision had been made primarily by Institutions, and that the best arena in which to address this issue would be in the Department's hearing. REP. BARDANOUVE stated that A&E should have had an opportunity to present its figures on how much it would cost the state if it were a Long Range Building project. Mr. O'Connell said they had prepared their estimate of the cost to do that construction; they had not gone beyond this because Institutions made the decision to build the project privately.

Mr. Whaley reviewed the Major Maintenance Plan, EXHIBIT 2 He then distributed a brief history of the cost and funding of physical education facilities, per SEN. LYNCH'S request, for use in examining the issue at Northern Montana College (NMC) with the need to repair or replace the gym. EXHIBIT 6

HEARING ON DEPARTMENT OF ADMINISTRATION - STATEWIDE PROJECTS

Tape No. 2:A:900

Informational Testimony:

Jim Whaley distributed and reviewed an outline of the Hazardous Material Abatement projects, EXHIBIT 7, which total over \$2,000,000. He said they were requesting \$650,000 for this project, priority 4, from the LRBPF, and an additional \$150,000. Thereby they would have the authority for those agencies which have their own proprietary funds. The money would primarily be spent on underground storage tanks, since DHES requires that all tanks be brought into compliance by 1998. A&E identified 79 tanks needing to be brought into compliance.

REP. THOFT asked for a rundown of current law on underground storage tanks. Mr. Whaley said that if a tank has been abandoned for over 6 months, it had to be removed. All tanks have to have cathodic protection and coating, spill overflow and leak protection. Exemptions included agricultural tanks and those

under 500 gallons. Most tanks they were concerned about were 1,000 gallons in capacity. It is cost effective to replace smaller tanks; for those with a capacity of 15 to 20,000 gallons, they would inspect, evaluate, and bring the tanks into compliance.

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Mr. O'Connell covered Construction Litigation, Executive priority 10. The request for \$345,000 would create a fund from which monies could be drawn to enforce contracts and to defend the Department from construction claims. A huge increase in the number of construction claims had occurred in the last 5 years. Resolution of such claims can be obtained through arbitration, mediation, and finally litigation. He gave examples of state attempts to enforce contracts with either consultants or contractors, situations in which the state incurred costs for arbitration, witnesses, negotiations, and ultimately litigation in worst cases. The cost of mediation on the prison issue was \$42,000, while the cost of litigation could run from \$200,000 to \$250,000 for the state to defend itself.

2:B:382

REP. HOCKETT asked if the state could avoid using those contractors with whom the state has had legal problems. Mr. O'Connell said that the low bid of a licensed has to be accepted. SEN. HARDING asked about the \$345,000 figure. Mr. O'Connell said it was an estimate and would set up a fund to draw on. Any balance could revert or carryover, but added that right now, the prison issue would exhaust this entire amount. Ms Hamman, in response to Sen. Hockett's question, commented that there was a federal system to avoid having to recontract with a bidder with whom there has been litigation. Mr. O'Connell said he would get that information for the committee.

Debra M. Kehr, Administrator, General Services Division, testified on Executive priority 32, the development of an alternative water supply for the capitol area. EXHIBIT 8.

SEN. JACOBSON asked if this change would affect domestic water rates in Helena. Ms. Kehr said the potential was there and that she was meeting with Mayor Ritter on this issue.

Ms. Kehr presented testimony on Executive priority 33, the request for \$123,014 for property acquisition and development in the capitol complex. She said it was a two-part proposal which included a request for monies to repair parking lots.

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REP. BARDANOUVE asked about the status of the Capital Land Grant Account. Mr. Whaley replied that it generated approximately \$1,400,000 and \$1,600,000 in the past two years, primarily proceeds from prime timber sales. DSL anticipates that the account will be at the \$800,000 level as before with those timber sales winding down. He added that the undedicated amount, above the \$53,000 for General Services, is applied to the retirement of the debt for state buildings (DNRC and Justice). REP. BARDANOUVE asked how long the state was obligated for these debts, and Mr.

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Haubein replied that the debt would be retired in 1996. KAREN MONROE, Dept. of Administration, said that the debt service was \$1,200,000 per year, and decreases to \$300,000 in 1994. She said she would bring that information for the committee.

HEARING ON DEPARTMENT OF COMMERCE

Tape No. 2:B:1077

Informational Testimony:

Jerry Burroughs, Dept. of Commerce, Aeronautics Division, testified on improvements in lighting and paving to the Yellowstone Airport, Executive priority 34. He said it was a full service commercial airport serving Yellowstone Park, West Yellowstone and the surrounding areas. He described the usage, the service of Sky West Airlines, 4 car rental agencies, an airport cafe, a fixed base operator and a gift shop. He said it was fully operational June 1 through September 30 each year. His division operates the airport and must provide safe and efficient services for the public. It was mandated by the Federal Aviation Administration (FAA) that the Aeronautics Division meet the FAA operating rules. During the most recent airport certification inspections, deficiencies were noted that must be updated and improved. Repairs and improvements had been approved for 90% funding from the FAA, with the other 10% coming from a proprietary account they had with the Yellowstone Airport. He clarified that no General Fund dollars were being requested.

Questions From Subcommittee Members:

REP. BARDANOUVE asked if they had sufficient funds to cover the 10% match, and Mr. Burroughs said there was \$100,000 in the proprietary account, which was more than sufficient. REP. BARDANOUVE asked about the actual use of the airport. Mr. Burroughs said that Sky West was the only carrier, with three flights per day in the summer. It is also the base of the Interagency Fire Control Center. In addition there is charter and general aviation use. REP. BARDANOUVE asked about their service charge, and Mr. Burroughs replied that the fixed base operator collects for the state \$.05/gallon on aviation fuel, tie down fees, and a percentage of rental fees on all tenants. With this income, the airport is able to break even.

REP. THOFT asked why the state could not give this airport to West Yellowstone. Mr. Burroughs recapped the history of the airport. There is only one other airport like this one at the Grand Canyon. The 90% federal funding has strings attached in that each time they receive money from the FAA, the Aeronautics Division must agree to operate the airport for 20 more years as a public use airport. In addition, both Gallatin County and the city of West Yellowstone had declined taking over the airport. With the new bed tax, West Yellowstone is taking in over \$700,000/year, and it is the Division's position that some of

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that money should come back to the airport. Meetings are taking place on this issue of additional funding for the airport. Mr. Burroughs added that the airport made \$50,000 the year of the Yellowstone fire. However, some damage was incurred, not all of which was repaired at the time by the Forest Service.

HEARING ON DEPARTMENT OF STATE LANDS

Tape No. 3:A:110

Informational Testimony:

Randy Mosley, Administrator of the Field Operations Division, DSL, testified for DSL's requests in the Capital Construction Program, Executive priorities 11, 24 and 52. EXHIBIT 9

Questions From Subcommittee Members:

REP. BARDANOUVE asked for clarification on the funding of the last project. Mr. Mosley said the last project was funded by fees charged for timber stand improvements. Those revenues would be used to purchase the seedlings, as well as to construct the greenhouses, and provide reforestation planning.

SEN. HOCKETT asked about the underground tanks at Plains. Mr. Mosley said they would no longer need the tanks since they could purchase fuel in Plains. They need to be removed for construction site preparation. He added that underground tanks would only be used when locations are remote, and fuel is unavailable for refueling.

ADJOURNMENT

Adjournment At: 11:35 a.m.



MARY ELLEN CONNELLY, Chair

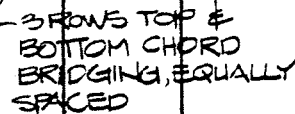
CLAUDIA MONTAGNE, Secretary

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Capital Construction Program



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1993

12	SPACES	@ 5L
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51

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CAPITAL CONSTRUCTION PROGRAM 1991-93
FACT SHEET

Long Range Building Program
1983 Biennium - 1991 Biennium
(Millions)

<u>Biennium</u>	<u>Capital Projects Fund</u>	<u>Other Cash Projects</u>	<u>LRBP Bonds</u>	<u>Other Bonds</u>	<u>Total Program</u>
1983-1985	\$10.87	\$15.69	\$36.36	\$3.08	\$ 65.90
1985-1987	\$10.52	\$20.12	\$ 0.00	\$8.55	\$ 39.19
1987-1989	\$ 6.24	\$11.44	\$ 0.00	\$0.00	\$ 17.69
1989-1991	\$ 5.51	\$18.20	\$ 0.00	\$3.54	\$ 27.25
1991-1993	\$ 7.63	\$44.49	\$50.88	\$8.00	\$111.00

Cigarette Tax Revenue
1985 Biennium - 1991 Biennium

<u>Cigarette Tax</u>	<u>Requests</u>	<u>LRBPF Requests</u>
\$4,933,211 in FY 86-87	\$171 million	\$136 million
\$4,534,261 in FY 88-89	\$160 " "	\$145 " "
\$6,433,303 in FY 90-91	\$188 " "	\$150 " "
\$6,507,037 in FY 92-93 (est)	\$318 " "	\$242 " "

EXHIBIT ⁴DATE 1-14-91HB 5

REVENUE ESTIMATES
CAPITAL PROJECTS FUND
FY92 and FY93

January 7, 1991

	Administration	LFA	Difference
Estimated Beginning Cash Balance	\$1,159,125	\$1,159,125	\$ - 0 -
Revenues:			
Cigarette Tax	\$6,507,037	\$6,841,123	\$334,086
Interest Earnings	\$ 400,000	\$ 629,150	\$229,150
Supervisory Fees	\$ 122,000	\$ 122,000	\$ - 0 -
Deferred Payments	\$ 20,000	\$ 20,000	\$ - 0 -
Mansfield Center Reappropriation	<u>\$1,000,000</u>	<u>\$1,000,000</u>	<u>\$ - 0 -</u>
Total Revenues	\$8,049,037	\$8,612,273	\$563,236
Funds Available in the 92-93 Biennium	\$9,208,162	\$9,771,398	\$563,236
Expenditures:			
A&E Operating Expenses	<u>\$(1,355,595)</u>	<u>\$(1,341,847)</u>	<u>\$ 13,748</u>
Funds Available for Capital Projects	<u>\$ 7,852,567</u>	<u>\$ 8,429,551</u>	<u>\$576,984</u>

Proposed Capital Construction Program (LRBPF only) \$7,630,938

Balance of \$221,629 as per Administration Revenue Estimate

Balance of \$798,613 as per LFA Revenue Estimate

SUMMARY OF MAJOR CONSTRUCTION PROJECTS
1992-1993

EXHIBIT 5
DATE 1-14-91
HB 5

<u>Priority/Project Description</u>	<u>LRBP Cash Design Fee</u>	<u>Bonded Debt</u>	<u>15% Other Funds</u>	<u>Total Project</u>
1. Expand Prison, Deerlodge	\$ 877,500	\$19,360,745		\$20,238,245
2. Construct Engineering Physical Science Building, MSU	\$1,165,290	\$17,734,460	\$3,335,250	\$22,235,000
3. Construct Business Admin. Building, UM	\$ 604,705	\$12,558,395	\$2,322,900	\$15,485,000
4. Construct Gymnasium, NMC		\$ 8,000,000		\$ 8,000,000
5. Renovate Apsaruke Hall, EMC	\$ 71,640	\$1,228,360		\$ 1,300,000
Total Allocation of Funds	\$2,719,135	\$58,881,960	\$5,658,150	\$67,259,245

Retirement of Debt

Debt Service Account: \$50,881,960
Other Funds: \$ 8,000,000

COST & FUNDING
PHYSICAL EDUCATION FACILITIES

WESTERN MONTANA COLLEGE

The 1965 Legislature approved the project in the amount of \$840,000. The 1967 legislature increased the approval to \$950,000.

The project was funded as follows:

Title I Grant.....	\$263,714
Title III Loan.....	366,000
Dain, Kalman & Co.....	270,000
Local Auxiliary funds on hand....	<u>50,286</u>
	\$950,000

\$636,000 of bonds were issued in 1967 with 30 year debt service.

In June 1965 the Board of Regents approved the assessment of a \$20.00 per year student building fee.

The FY 91 payment for 1967 Series A & B Bonds is \$36,352.50. Glen Levitt, Fiscal Affairs Director, WMC indicates a major source of revenue to payment of the bonded debt is the I & I (Interest & Income) account.

MONTANA COLLEGE OF MINERAL SCIENCE AND TECHNOLOGY

The HPER Complex was constructed in 1971 for \$2,275,000, and in 1984 an additional \$2,100,000 was spent to improve and expand the facility.

In 1984 the College issued bonds in the amount of \$7,000,000. The money retired 3 previous indentures, funded the HPER expansion, remodeled the Student Union (\$2,600,000), and renovated the dormitory (\$1,500,000)

Current debt service on the indenture is \$815,000 per year. Funding is roughly as follows:

Auxiliary Income.....	\$145,000
Land Grant Account.....	435,000
Student Fees.....	135,000
Misc. Sources.....	<u>120,000</u>
(Investment Income, HUD Grants, Activities Income)	

HAZARDOUS MATERIAL ABATEMENT
STATEWIDE

1991

CURRENT PROJECTS REQUESTED

UNDERGROUND STORAGE TANKS:

State Lands	\$ 62,000
Military Affairs	85,000
Center for the Aged	6,180
Montana State Prison	206,300
Montana Developmental Center	9,603
Montana University System	379,100

UNDERGROUND INJECTION WELLS:

Missoula Vo-Tech	unknown
Helena	"
UM, Missoula	"

ASBESTOS ABATEMENT:

Capitol Complex	\$213,000
Military Affairs	93,000
Gymnasium, EMC	350,000
University System	359,000
Fuel & Oil Tanks, MSU	100,000

PCB TRANSFORMERS:

Montana State Hospital	\$60,000
Western Montana College	70,000

OTHER MATERIALS;

Rifle Range Lead Removal, Military	\$75,000
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TOTAL \$2,068,183

Testimony LRBP Priority #32
Develop Alternate Water Supply

Debra M. Kehr, Administrator
General Service Division
Department of Administration
January 14, 1991

Project Priority #32, develop alternate water supply, is described for you on page 113 of the Capitol Construction Program. It has been requested to conserve water, one of Montana's most valuable natural resources, and another valuable resource, taxpayer dollars. If this project is approved, the Department of Administration will work in concert with the Department of Fish, Wildlife and Parks to develop alternate water supplies for the capitol area.

Over the last few years, the cost of purchasing water from the City of Helena has risen dramatically. In the last biennium alone, we experienced a 40% increase in water and sewer rates. We believe the tax dollars used to purchase this water could be better spent to implement conservation practices, improve irrigation delivery systems, and to reduce the overall cost of state government. Developing an alternate water supply for irrigation and building cooling would allow the reallocation of a portion of the state's water bill to these purposes.

The Department of Administration commissioned the Capitol Complex Water Conservation and Irrigation Study to determine the feasibility and practicability of developing an alternate water supply. The study showed that alternate water supplies might be developed from more than one source. The reuse of complex cooling waste, development of an area spring, and the drilling of wells, were all found to be worthy of further consideration. I have supplied you with Table 6 from this study which shows the various alternatives, net lifecycle costs, and approximate pay back periods.

The ultimate result of implementing this request would be to reduce the capitol complex operating costs of both the Department of Administration and the Department of Fish, Wildlife, and Parks. The location of water meters on the complex dictates that DOA pays for just over 40% of water for irrigation, and FWP is responsible for the remainder. It would be difficult to estimate possible savings for the upcoming biennium as the savings realized will be dependent upon the projects selected for implementation, the time frame in which they are accomplished, and that all important detail, the discovery of water in usable quantities.

The funding for this proposal will come from cash balances and will not effect proprietary rates. Program size dictates that for this funding source to be used, the General Services Division of the Department of Administration be the source of the cash, as the program at Fish, Wildlife and Parks is too small to produce the necessary cash flow.

TESTIMONY IN SUPPORT OF DEPARTMENT OF STATE LANDS
CAPITAL CONSTRUCTION PROGRAM REQUEST

The Department of State Lands requests your support in the approval and funding of its requests in the Capital Construction program.

The Department is responsible for the multiple use management of over 5 million acres of state-owned land, the protection of state and private lands from wildfire, natural resource management assistance to private landowners, and the administration of the mining reclamation laws.

Due to the fact that state owned lands are located throughout the state and since the Department has wildfire protection responsibility over an extensive area, the Department has stationed its personnel at 26 different sites and in 22 different towns (Helena, Missoula, Kalispell, Olney, Libby, Plains, Swan Lake, Greenough, Anaconda, Hamilton, Conrad, Bozeman, Dillon, Lewistown, Glasgow, Billings, Miles City, Lima, Marion, Condon, Lincoln, and Garrison). In addition the Department operates a tree nursery in Missoula for producing tree seedlings for reforestation of state lands and conservation plantings on private lands. Eighteen of these sites use state owned facilities maintained by the Department.

The current Capital Construction Program Proposal for the 1992-1993 Biennium contains 3 badly needed projects for the Department. They are:

<u>PRIORITY</u>	<u>PROJECT</u>	<u>FUNDING SOURCE</u>
11	Maintenance & Improvement Projects Statewide (page 61)	LRBF (05007) \$118,280 Federal (03068) \$100,000 Total: \$218,280
24.	Construct Unit Office in Plains (page 91)	LRBF (05007) \$235,000
52.	Construct 2 Greenhouses in Missoula (page 158)	State Special (02449, 02031) \$191,900

The Maintenance & Improvement Projects are needed to correct safety deficiencies and maintenance problems on existing buildings. The Department's field offices and wildfire initial attack stations need a variety of repairs and improvements to continue their usefulness. Examples of the types of projects needed include such items as roof repairs, structural improvements, drain field replacements, and fire cache construction. These projects will be completed using a combination of federal and LRBF revenues.

The Plains Unit Office Project is needed to construct an office and wildfire dispatch facility which will replace outdated federal surplus property mobile homes currently in use and well past their useful life. These federal surplus mobile homes were procured seventeen years ago for temporary facilities until suitable quarters could be built. They are no longer suitable for state office use.

The Greenhouse Project is needed at the State Forest Tree Nursery in Missoula to provide additional seedlings and seed for reforestation plantings on state lands and conservation plantings on private lands. An additional 250,000 containerized seedlings can be produced annually for reforestation purposes and 70,000 containerized seedlings for conservation purposes. These projects will be funded from timber stand improvement revenues and revenues received from the sale of tree seedlings.