

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION**

#### **SUBCOMMITTEE ON LONG-RANGE PLANNING**

**Call to Order:** By CHAIR MARY ELLEN CONNELLY, on March 14, 1991,  
at 5:30 p.m.

#### **ROLL CALL**

##### **Members Present:**

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

**Mr. Haubein** distributed the meeting agenda. **EXHIBIT 1** He asked if the subcommittee wished to see the gray bills requested the previous day before they went into the full Appropriations Committee. The subcommittee asked to see the bills. Regarding the inmate labor projects, it was decided to leave them in HB 5 as is since no subcommittee action was taken. The same decision was made regarding the Prison bonding project and the two University bonding projects.

#### **HEARING ON HB 963**

**Tape No. 1:A:070**

##### **Presentation and Opening Statement by Sponsor:**

**REP. BARDANOUVE** said there was no resemblance between the amendments to be presented by the Department of Institutions and the original bill as he had initially requested it. He recommended that the Department present the amendments.

##### **Informational Testimony:**

**Keith Wolcott, Deputy Director, Dept. of Institutions,** said the original bill introduced by Rep. Bardanouve had authorized and funded the campus re-design at Boulder through the Long Range Building General Obligation Bonds. The amendments allow the

Dept. to go to the Montana Health Facility Authority for the purpose of financing the campus re-design using revenue bonds. Therefore the financing of the facility would not constitute state debt. **EXHIBIT 2** The Department could, through billing Medicaid, fund up to 70% of the cost of this building.

Part B of the amendments set aside a reserve account of those revenues coming in from Medicaid to pay the debt service. Part C reiterates the fact that this does not constitute state debt.

**Questions From Subcommittee Members:**

**REP. BARDANOUVE** asked if the amendments clearly stated that this was a Medicaid facility. There was concern that it would have to be specified as such. **Mr. Chisholm** said they hoped it would always continue to operate as a Medicaid Certified facility, and because of that, the additional revenues that could be generated through Medicaid by amortizing the capital investment in this new facility over the length of the payback would constitute the major source of revenue to pay off the bonded debt. He said he did not know if a specific reference to Medicaid facility was necessary.

**EXECUTIVE ACTION ON HB 963**

**Tape No. 1:A:192**

**Motion:** **SEN. LYNCH** moved to adopt the amendments to HB 963 as contained in **EXHIBIT 2**.

**Discussion:** **REP. BARDANOUVE** said the first bill introduced was merely a vehicle to get this process started.

**Vote:** Motion **CARRIED** unanimously

**Motion/Vote:** **SEN. LYNCH** moved **HB 963 DO PASS AS AMENDED**. Motion **CARRIED** unanimously.

**EXECUTIVE ACTION ON DEPARTMENT OF INSTITUTIONS**

**Mr. Haubein** said the Montana State Hospital Infrastructure Study had been before the committee and needed more discussion.

**Curt Chisholm, Director, Dept. of Institutions**, addressed the issue as presented in the workscope and request for funding. **EXHIBIT 3** He said the Department had been unable to perform the study with current level funding during the biennium, and therefore was asking for \$80,000 for the purpose of performing an infrastructure analysis of the campuses at Warm Springs and Galen. This was different from that which was originally requested in the Long Range Building project priority list, but they felt strongly about the necessity for this kind of information so the Department knows what it is dealing with, especially in view of the fact that Galen will now remain open,

and another bill, HB 686, would require an interim study primarily of the programs on both campuses, as well as past, present and potential future uses. This study would not produce cost estimates for bringing those facilities structurally into compliance with any future use. This information would be a necessary ingredient to this program study under consideration.

**Mr. Chisholm** offered to re-prioritize some of the major maintenance projects already approved in trade for this infrastructure project. He suggested the \$150,000 asphalt paving project.

**Questions from Subcommittee Members:**

**REP. BARDANOUVE** asked what the outcome of the study would be if there were not any cost recommendations. **Mr. Chisholm** said if, for example, they find the sewer lagoons unable to meet standards, or mechanical problems with the sewer system, they would estimate the cost to bring it up to current industry standards. It would be premature to commission anyone to recommend costs to bring a specific building up to some licensure or certification standard until the future use of that building is determined. However an infrastructure study could give a description of the building as to its structural soundness and cost to bring it up to code. It would be much easier at a later date to convert findings of the programmatic study into a dollar amount for meeting specific standards if this information were already available.

**REP. BARDANOUVE** asked if anyone could be found to do this type of study. **Mr. Chisholm** said there were two architectural firms who had submitted preliminary bids for the buildings on both campuses. **REP. BARDANOUVE** asked the number of buildings and structures. **Mr. Chisholm** said there were 90 structures on the Warm Springs Campus, of which nine were used as residential care facilities, and some others for kitchen, dining and storage uses. Many are abandoned. There are also a number of employee housing units on both campuses.

**REP. THOFT** asked if the Department would be able to estimate the costs of licensure in house after receiving this information. **Mr. Chisholm** said they could. Regarding the infrastructure and programmatic study committees, they would complement each other. There was a \$37,000 appropriation for the programmatic study committee with a chance of Medicaid dollars funding 50%.

**Motion:** **REP. THOFT** moved to amend HB 5 to reduce the \$150,000 paving project to \$70,000, and \$80,000 be taken for this study.

**Discussion:** **REP. BARDANOUVE** asked if the paving project would be worthwhile with this amount cut out of it, or should the Department abandon the paving project altogether. **Mr. Chisholm** said three campuses were affected by the paving projects.

**Mr. O'Connell** interjected that \$80,000 was not enough for the study at both campuses. He said that a number of years ago, the estimate for a similar study was \$80,000 for the Warm Springs campus alone. To include Galen, the appropriation would have to be increased.

**REP. THOFT** withdrew his motion.

**REP. BARDANOUVE** asked how much the study would cost. **Mr. Chisholm** said it was true that an estimate for an infrastructure study at Warm Springs did come in at \$80,000. However, that represented a heavier workscope analysis to include mental health professional issues. He hoped to negotiate that both campuses be done with the workscope before the committee for \$80,000.

**REP. THOFT** asked for a description of the three paying projects. **Mr. Wolcott** listed them: Eastmont Human services Center for \$26,500; Montana Veterans' Home, \$11,000; and Montana State Hospital for \$112,375. He added that the original request for the paving project at Montana State Hospital was \$1,300,000.

**REP. BARDANOUVE** again asked what would be done with the remaining money if \$80,000 were removed from the paving projects. **SEN. LYNCH** suggested that if the Eastmont and Veterans' projects were done, the balance in the paving project at MSH would not be enough to accomplish anything. It might be wise to reserve it as a buffer in case the cost came in higher than \$80,000. **REP. THOFT** said nothing could be done with the \$32,000 balance. It could be left if they needed more money for the study; if not, it could revert.

**Motion/Vote:** **REP. THOFT** moved to do the paving projects at Eastmont Human Services Center and the Montana Veterans' Home, and that the rest of the money be set aside for the infrastructure study. Any unused balance would revert. "Hopefully getting it done for less and revert the balance" Motion **CARRIED** unanimously.

**SEN. LYNCH** asked if a motion was needed for the infrastructure study itself. **CHAIR CONNELLY** said that was included in the motion and **REP. THOFT** agreed.

#### **EXECUTIVE ACTION ON UNIVERSITY SYSTEM**

**1:A:878**

**Mr. Haubein** introduced the bonding program for the two major buildings, the Physical Science/Engineering Building at MSU, and the Business Administration Building at UM, and said he was assuming that the subcommittee wished to hold off on these until they consider bonding altogether. **REP. THOFT** suggested that if they save that \$4,000,000, some work could be done on Tech.

**SEN. HARDING** introduced an amendment authorizing the University to solicit the money for the Life Sciences Building. **Mr. Haubein**

distributed the schedule of the actions pending before the committee and the dollars, which contained the Life Science project.

**Motion:** SEN. HARDING moved to give the University of Montana the spending authority to raise \$12,000,000 for the Life Science Building.

**Discussion:** REP. BARDANOUVE asked for additional information on the project. Bill Lannan, University System, described the project for authorization of \$12,000,000. They were seeking federal funds to combine all of the biological science programs. Mr. Whaley said the project would combine Biochemistry, Biology, Botany, and Zoology. They were requesting federal funds for construction. A&E was not convinced of the need, and felt they needed more planning, and thus recommended \$50,000 in private funds and \$150,000 in federal funds for development of a plan to be presented during the next session. REP. BARDANOUVE asked if authorizing this project would amount to it being a state project that the state would have to finish, similar to the situation with the Museum of the Rockies. Mr. Lannan said he could not predict the future but felt that if a Congressman was working on it, there was a chance and authorization would be needed to proceed.

SEN. HOCKETT asked if this project was on the Regents' list. Commissioner Hutchinson replied that it wasn't because their list of priorities only listed those projects requiring state dollars. However, it was not inconsistent with the Regents' positions and they did not oppose it. REP. BARDANOUVE requested language written into the bill specifying that the \$12,000,000 authorization was to be federal dollars.

SEN. HOCKETT asked what impact the 12% match required on the two other buildings would have on raising \$12,000,000. REP. BARDANOUVE said if they received federal dollars, it would have no impact.

It was assumed that REP. BARDANOUVE'S language regarding federal dollars was included in the motion.

**Vote:** Motion CARRIED unanimously.

1:B:000

Mr. Haubein noted that he had reduced the 15% to 12% for the match requirement on the two University Buildings on EXHIBIT 4, reading \$2,668,200 for Montana State University, and \$1,858,320 for the University of Montana. These figures compare to the original cost share figures of approximately \$3,300,000 for MSU, and \$2,300,000 for the University of Montana, for a cumulative amount of \$1,050,000.

Mr. Haubein said there were four other issues. Regarding the "Must Do" list, the \$5,455,805 in this category represents the

projects on that list, but not yet funded within the Executive Budget. **REP. BARDANOUVE** said there was not any money to do this, and **Mr. Haubein** agreed, saying it would have to be a trade-off or included in the bonding. **REP. BARDANOUVE** said there was no hope for any more bonding, and **Mr. Haubein** said this amount was not in the bill.

**Mr. Haubein** distributed a balance sheet for the Long Range Planning Cash Account. **EXHIBIT 5** He said it would reinforce **Rep. Bardanouve's** statements. He reviewed the exhibit, highlighting the balance remaining in the cash account, \$1,823,319; actions pending that are in the Executive Budget, \$2,702,495; and other requests primarily from the University System, \$24,897,760. He had added in the \$150,000 for the building at the Northern Research Center, formerly in HB 469, and the \$300,000 plus for the Galen repair projects.

**REP. THOFT** asked about the amounts included in the Executive Budget for the University System projects. **Mr. Haubein** said those monies were the amounts set aside out of the Cash Account for initial planning and design costs. **REP. THOFT** commented that those amounts could not be bonded, and asked if the same held true for the prison projects. **Mr. Haubein** said yes, and explained that the \$55,000 for the prison projects was the dollar amount from the Long Range Cash Account that related to the projects on hold at the prison due to the inmate labor question. Most of those projects were funded out of the Ranch Proprietary Funds.

#### EXECUTIVE ACTION ON THE DEPARTMENT OF MILITARY AFFAIRS

##### HB 5

**REP. BARDANOUVE** asked about the Military Affairs amount, \$292,355. **Mr. Haubein** said that was the amount the Appropriations Committee had transferred up to the Long Range Planning Subcommittee for review in the Cash Account. **REP. BARDANOUVE** asked how much Maintenance and Repair money the Department had received to date from subcommittee action. **Mr. Haubein** distributed a schedule of actions taken to date by the subcommittee with their corresponding dollar amounts, and pointed out that the Dept. of Military Affairs had received \$360,000 thus far. **REP. BARDANOUVE** expressed surprise that this building program had appeared in the General Fund program. He asked how the Department project came into the General Fund Operational Budgets.

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**Doug Booker, Dept. of Military Affairs**, responded that they had requested these projects on the maintenance request list and were turned down by A&E, who advised them to put them in on the operational budget. They are operational-type projects that should by nature be in agency operating budgets, not Long Range Building. He suspected that the Universities had Repair and Maintenance Budgets just like the Dept. of Military Affairs. He considered the repair and preventative maintenance items should

be in the operating budget. **REP. BARDANOUVE** asked if this had ever been done before. **Mr. Booker** said they had never asked for additional repair and maintenance monies in this amount. This request represents catch up maintenance the Department had not been able to complete over the last few years.

**REP. BARDANOUVE** asked what was different about these projects compared to the lists brought in by the University System, adding that one branch of government could not be treated differently than another. **Mr. Booker** said they were not being treated differently, but that the types of projects that go to A&E and to Operating Budgets need to be better delineated. **Mr. O'Connell** said typically, A&E tried to limit the requests from any agency to major maintenance, rather than day to day maintenance. There are inevitably gray areas in smaller facilities, and they might end up in either of the two places, Long Range Program and Operational Budgets. When operational budgets are stretched, those day to day maintenance projects get neglected, and a roof that could have been repaired now needs to be replaced and comes to the Long Range Building Program.

**Ms. Hamman** explained the conferring that had gone on in the preparation of the Executive Budget with regards to the Department of Military Affairs. She said the projects were minor items that belonged in the category of ongoing maintenance. **REP. BARDANOUVE** asked if the item the Appropriations Committee had reviewed that day in the General Government Budget had been approved by the Budget Office and the Governor as part of the operating budget. **Ms. Hamman** said yes, and **REP. BARDANOUVE** said they had not been aware of that.

**Ms. Hamman** reviewed the specific budget modification for the Army National Guard Program in the amount of \$278,355. **EXHIBIT 7** The Environmental Program FTE had not been included in the Executive Budget. **Mr. Booker** explained their original request for repair and maintenance was \$221,000 in their operational budget. After the budget had been developed, the Department received notification from the Guard Bureau on the Environmental Program. It could not be added to the Governor's Budget, and would have to be taken out of the \$221,000 modification. It was reduced down to \$175,000. In essence, the General Fund portion remained the same, and the federal portion increased.

**REP. BARDANOUVE** said the request would have to be sent back to the Appropriations Committee.

#### EXECUTIVE ACTION ON UNIVERSITY SYSTEM

##### HB 5

**SEN. LYNCH** requested information on the windows at Montana Tech. **Mr. Haubein** said it was a \$150,000 project on the Regents' list. **Ms. Hamman** said she had an item to address, an amendment on the State Building Retrofit, **EXHIBIT 8**, that may relate to those windows. **Mr. Lannan** said the retrofit of windows was usually not

included in Energy Conservation Projects through the federal Government and DNRC because the long pay back does not fit their formula. Therefore the replacement of these windows in the Museum Building, while helping a lot, would not qualify for this Retrofit Energy Conservation Project.

**Mr. Lannan** said he had written a letter to Chair Connelly concerning a difficult situation on a few campuses. Specifically, at WMC, a federal grant had been received as well as a Montana Power Co. grant to do a project on the Classroom Office Building. The project is in excess of \$25,000 and is not an auxiliary project which the Regents have the authority to construct. Under the Codes, the Regents must get authorization from the Legislature for projects in excess of \$25,000. He asked for it now with the amendment. **EXHIBIT 8** He had gone to other campuses to see if they were involved in a similar situation, and the amendment represents the approximate amount the University System expects to expend through the Federal and DNRC grant programs.

**Motion/Vote:** REP. BARDANOUE moved to adopt the amendments to HB 5 on the State Building Energy Retrofit. **EXHIBIT 8** Motion CARRIED unanimously.

**Motion:** SEN. LYNCH moved to add \$142,000 for Montana Tech's project, the window retrofit for the Museum Building.

**Discussion:** SEN. LYNCH complained that Tech had lost in the Capital Construction Program. **Mr. Whaley** said this had been recommended by the Regents as number 15 in priority, and while it was not recommended by A&E because there are similar problems on every campus, they had no objection to the motion. **SEN. HOCKETT** asked what would be displaced by this project, since the balance available was \$1,800,000, with enough projects in the Executive Budget to eat that up and more. He questioned adding \$142,000.

**Vote:** Motion CARRIED unanimously, with REP. BARDANOUE stating if the committee got into trouble down the road, the windows might have to wait two years.

**Mr. Haubein** brought up the Vo-Tech Facility at Missoula and the \$65,000 project to replace the roof. **Mr. Whaley** said the roof was not in the bill since they had expected it to last from repairs two years ago. It had split twice since December, and needed replacement rather than patching this summer. The two options before the committee were: (1) to appropriate the \$65,000 and add it to the University System projects; or (2) not approve it, or simply add the project without the money, in the hope that there would be money left over in the other projects. The University System may have to re-prioritize their roof projects.

**SEN. HOCKETT** expressed concern over the fairness of the process, and **Mr. Whaley** suggested including the project in the University System major roofing project. **Mr. Lannan** said he would feel more



comfortable if the appropriation for the University System roofs was increased by that amount with the understanding that any cost under runs would revert.

**REP. BARDANOUE** asked A&E for their opinion of the need. **Mr. O'Connell** said if this project had come the previous summer as a request, it probably would have been included in the program. **REP. BARDANOUE** suggested reducing the Hazardous Waste Abatement Project by that amount (\$65,000). **Mr. O'Connell** said the amount of money in that project was arbitrary, but there are \$1,000,000 to \$2,000,000 in projects statewide in this area.

**REP. THOFT** asked if the water and steam lines would have to be repaired, a committee approved project listed on **EXHIBIT 6** for \$149,000, if the Boulder facility were down-sized. **Mr. Whaley** said the \$8,000,000 estimated cost included the replacement of a number of water and steam lines. However, this project provided A&E with some contingency funds in the event of problems with the infrastructure. **Mr. Whaley** suggested looking at the Improved Sidewalks and Fire Access project, a University System project for \$86,000. **EXHIBIT 6**

**Motion:** **SEN. LYNCH** moved to take the \$65,000 for the Vo-Tech Roof Replacement from the Dept. of Administration Litigation Account.

**Discussion:** **Mr. O'Connell** said there was a judgement on the Prison Expansion litigation, and a balance of \$286,000 in the Litigation Account would leave the Department short.

**SEN. LYNCH** withdrew his motion.

**REP. BARDANOUE** asked about the \$149,000 contingency fund for the water and steam lines at Boulder. He suggested taking some money out of that, and the rest out of the Hazardous Waste Abatement project.

**Motion/Vote:** **REP. BARDANOUE** moved to take half of the amount (\$32,500) from each of the two projects: Hazardous Waste Abatement (Dept. of Administration) and the Water Lines at Boulder (Dept. of Institutions) for the funding of the roof at the Vo-Tech Center in Missoula. Motion **CARRIED** unanimously.

**Tape 2:A:000**

**Mr. Haubein** reminded the committee of action pending on the Northern Montana Gymnasium. **Mr. Whaley** said their office had just come back from Havre with a recommendation for a combination of new construction and some repairs. He said they could be ready with costs by the 26th or 27th of March for amendment on the House floor. **Mr. O'Connell** said there had not been any time to determine costs except to get the schedule accelerated.

**Mr. O'Connell** gave a report on the Construction Litigation costs. He covered his initial request earlier in the session, which was

to provide a fund to help the division defend itself in lawsuits, arbitrations, and mediations in the defense of construction claims. \$345,000 had been approved, and was not based on any specific judgment, but was an estimate of costs. In the meantime, the mediation in Seattle had resulted in a settlement without going to court, thus avoiding costs of \$250,000 for pre-court appearance costs in addition to any settlement amount. He distributed the judgement, **EXHIBIT 9**, and briefly reviewed it. It delineated the complex web of suits and counter suits, all related to the major expansion of the prison. Basically two contractors and one architect went bankrupt; in addition, an explosion took place, destroying a building that was under construction, killing one guard and injuring another. All of the suits have been settled with a judgment against the state in the amount of \$330,000. This would come out of the Construction Litigation Account, leaving a balance of \$15,000. **Mr. O'Connell** said a request for additional money in the account was unrealistic, even though, in his original scenario, he had not anticipated paying the settlement this biennium. However, since the account had been presented for one thing, and would be used for another, he felt obligated to make the committee aware of the outcome.

**REP. BARDANOUVE** suggested that if he was left with only \$15,000, he would be very careful. **REP. THOFT** asked if there were any other potential problems. **Mr. O'Connell** said there was one, the Big Timber Fish Hatchery, a seven year old claim with a few days remaining on a 60 day appeal period. **SEN. HOCKETT** spoke of the uses of the fund outside of the judgment to enable the state to defend itself against any new construction claims instead of taking a passive stance. **Mr. O'Connell** agreed, and guaranteed he would be back in two years with some claims filed on some of the new projects. **SEN. LYNCH** asked if the Department needed authorization to pay the judgment. **Mr. O'Connell** said no.

**Bob Marks, Director, Department of Administration**, brought up one of the issues contributing to this situation with building projects - the use of multiple prime contracts to spread out the work. He advised against doing that on several large building projects coming up this biennium. He said this would generate some complaints from some small contractors, since it would necessitate using large general contractors to manage the project. A discussion followed on this issue, with **Mr. O'Connell** pointing out that the state takes the responsibility when it issues multiple contracts.

#### EXECUTIVE ACTION ON DFWP

##### HB5

**Mr. Haubein** said the three bonding projects and the Fish, Wildlife and Parks projects were on hold.

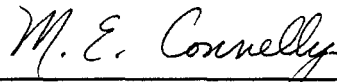
**REP. BARDANOUVE** said he had met with DFWP early that morning, and assured him that there is enough money to cover all of the

projects that came before the subcommittee.

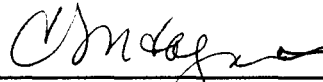
**Motion/Vote:** SEN. HOCKETT moved to approve the DFWP projects listed on EXHIBIT 6. Motion CARRIED unanimously.

**ADJOURNMENT**

**Adjournment:** 7:10 p.m.



MARY ELLEN CONNELLY, Chair



CLAUDIA MONTAGNE, Secretary

MEC/cm

EXHIBIT 1

DATE 3-14-91

HB Long Range Plan

## LONG RANGE BUILDING COMMITTEE

March 12, Agenda

- I. House Bill 5
  1. Fish, Wildlife, and Parks
  2. Institutions
    - a. Inmate Labor Projects
    - b. Men's Prison - Bonding
    - c. House Bill 963 - Downsizing Mt. Dev. Center
    - d. Mt State Hospital Infrastructure Study
  3. University System
    - a. Bonding - MSU Engineering/ Phys. Science Bldg. Project
      - UofM Business Administration Building
    - b. "Must Do" list for Maintenance
    - c. Deferred Maintenance Projects
    - d. UofM Life Science Bldg.
    - e. Missoula Vo-Tech. Roof Project
    - f. NMC Gymnasium
  4. State Building Energy Retrofit
  5. Military Affairs Maintenance Projects
  6. Litigation Costs A & E

EXHIBIT 2  
DATE 3-14-71  
HE Bill 963

Amendments to House Bill 963  
First Reading Copy

Requested By \_\_\_\_\_

1. Title, line 4

Following: "THE"

Strike: "BOARD" on line 4 through "DEBT" on line 7

Insert: DEPARTMENT OF INSTITUTIONS TO ENTER INTO A LOAN AGREEMENT WITH THE MONTANA HEALTH FACILITY AUTHORITY FOR THE PURPOSE OF FINANCING THE COSTS OF ACQUIRING, CONSTRUCTING AND EQUIPPING FACILITIES FOR THE DEVELOPMENTALLY DISABLED AT THE MONTANA DEVELOPMENTAL CENTER IN BOULDER, INCLUDING THE ESTABLISHMENT OF RESERVES AND THE PAYMENT COSTS OF THE FINANCING; AUTHORIZING THE CREATION OF A SPECIAL LIMITED OBLIGATION OF THE DEPARTMENT; AUTHORIZING THE PAYMENT OF THE SPECIAL LIMITED OBLIGATION FROM FACILITY REVENUES;

2. Page 1, line 11.

Following: "The"

Strike: lines 12 through 20 in their entirety.

Insert: (a) The department of institutions may enter into a loan agreement with the Montana health facility authority for the purpose of financing the costs of acquiring, constructing and equipping facilities for the developmentally disabled at the Montana developmental center in Boulder, including the establishment of reserves and the payment of costs of the financing. The maximum principal amount of the loan shall not exceed \$11,085,000 and the loan shall be payable over a term of not to exceed 30 years and shall bear interest and contain such other terms and provisions with respect to prepayment or otherwise as are not inconsistent herewith and the department shall approve.

(b) The loan may be secured by a mortgage on the Montana developmental center facility, including the land on which it is located. The loan agreement shall constitute a special limited obligation of the department and the principal and interest payments required by that agreement shall be payable solely from the facility revenues obtained by the department from the ownership and operation of and the provision of services at the Montana developmental center, including payments or reimbursements from private users, insurers and the federal government. Notwithstanding the provisions of 53-1-413 MCA or any other statutory provision, all such facility revenues obtained from services provided by Montana developmental center shall be deposited in a special revenue fund and shall be applied to the payment of the principal and interest payments as due under the loan agreement and will constitute a statutory

appropriation within the meaning of 17-7-502. Whenever the foregoing facility revenues exceed the amount and terms specified and required to repay the loan and maintain required reserves, therefore the excess shall be deposited to the general fund. So long as the loan remains outstanding and the department provides services for the developmentally disabled the department shall use the Montana developmental center for those purposes or for other purposes as permitted by the loan agreement and state law, except when foreclosure occurs under said agreement or the mortgage. The loan agreement may contain other provisions or agreements that the department determines are necessary which are not inconsistent with the provisions of this act.

(c) The obligations of the department under the agreement shall be special obligations payable solely from the facility revenues and shall not constitute a debt of the state or obligate the state to appropriate or apply any funds or revenues of the state, except the facility revenues as herein provided.

3. Page 2, line 1.

Beginning with: "NEW"

Strike: lines 1 through 4 in their entirety.

Insert: **NEW SECTION** Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations -- definition -- requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-9-202; 2-17-105; 2-18-812; 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; 15-1-111; 15-25-123; 15-31-702; 15-36-112; 15-37-117; 15-70-101; 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404; 17-5-424; 17-5-804; [section 1(b)]; 19-8-504; 19-9-702; 19-9-1007; 19-10-205; 19-10-305; 19-10-506; 19-11-512; 19-11-513; 19-11-606; 19-12-301; 19-13-604; 20-6-406; 20-8-111; 20-9-361; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-1016; 23-5-1027; 27-12-206; 37-51-501; 39-71-2504; 53-6-150; 53-24-206; 61-2-406; 61-5-121; 67-3-205; 75-1-1101; 75-5-1108; 75-11-313; 76-12-123; 80-2-103; 82-11-136; 82-11-161; 90-3-301; 90-4-215; 90-4-613; 90-6-331; 90-9-306; and section 13, House Bill No. 861, Laws of 1985.

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3-14-91  
-Long Range Planning

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for such payments. (In subsection (3), pursuant to sec. 10, Ch. 664, L. 1987, the inclusion of ;39-71-2504 terminates June 30, 1991.)"

DEPARTMENT OF INSTITUTIONS

EXHIBIT 3

DATE 3-14-91

HB Long Range Plan



STAN STEPHENS, GOVERNOR

1539 11TH AVENUE

STATE OF MONTANA

(406) 444-3930 FAX (406) 444-4920

HELENA, MONTANA 59620-1301

MEMORANDUM

DATE: March 13, 1991

TO: REPRESENTATIVE MARY ELLEN CONNELLY, Chairperson  
Long Range Building Committee

FROM: CURT CRISHOLM, Director  
Department of Institutions

RE: Infrastructure Study - Montana State Hospital

I am requesting that the Long Range Building Committee consider appropriating \$80,000 for the purpose of conducting a comprehensive study of the Montana State Hospital. This request is based on the attached workscope.

CC:RWA:bt

Attachment



## STUDY OF THE MONTANA STATE HOSPITAL CAMPUS AND FACILITIES

### WORKSCOPE

The Department of Institutions is interested in contracting for a comprehensive study which would review and evaluate the current condition of the Montana State Hospital facilities and to determine how suitable the facilities are in providing inpatient services to the severely mentally ill and chemically dependent individuals.

This study would provide the Department with the following:

1. A current evaluation or report card explaining the current status, condition and future expectations of the entire infrastructure including:

- a) a review of all buildings - including a building description, construction type, square footage, and professional estimates regarding structural soundness and general condition of roofs, walls, ceilings, floors, windows, insulation, fixtures, mechanical systems, handicap access, etc. The report should also include the industry's expectation of the durability and life expectancy of the building.

- b) a review of all utilities - including a description of type and the condition and status of all heat, ventilation, electrical, lighting, water, gas, sewer, underground storage, and steam systems. This would include all distribution lines, pipes, pumps, water towers, boilers, tunnels, wiring, transformers, thermostats, and any other equipment or systems needed to provide utility distribution to the campus. This report should describe each utility system separately and include a professional or industry expectation of the efficiency, durability and longevity of each system.

- c) a review of all landscaping and transportation networks - including a description of types and general conditions of all roads, bridges, flood control construction (ie. rip-rap), sidewalks, parking lots, lawns, trees, shrubs, planting areas, fences or security fences. The report should include a professional estimate of their durability and longevity.

Workscope-MSH Study, cont., page 2

d) a review of all needed equipment to include necessary laundry, kitchen, plumbing and electrical services - including a description of type and age, and a professional estimate of expected durability and duration of the equipment.

2. An evaluation of the appropriateness or suitability of the above infrastructure (findings in item 1.) to adequately provide inpatient services to the mentally ill and chemically dependent and comply with the mission of the MSH as defined in statute. This shall include a determination that:

a) current buildings meet all required building, health facility, fire and life safety codes for their current occupancy. If the buildings don't meet all codes an estimate of what it would cost to bring them into compliance. Could the building meet codes required for the current state of the art licensure or accreditation (ie. HCFA, JCAH, CARF) and if not, an estimated cost to comply.

b) current utility systems meet all federal and state laws ie; EPA, DHES. If they don't an estimated cost for compliance.

HB  
Lore, (2 days)

EXHIBIT

5

DATE

3-14-91

HB

Long Range Plan

14-Mar-91

## Long Range Planning Cash Account

Cash  
1993 Biennium

Balance Available \$7,630,938

Projects Approved 3/14/91 5,807,619

Balance Remaining \$1,823,319

## Action Pending

## Exec. Budget

Prison Expansion-Design \$877,500

MSU Eng./Phys Sc. Bldg 1,165,290

UofM Admin Bldg. 604,705

Prison Projects 55,000

Total \$2,702,495

Military Affairs Maint. 292,355

School for Deaf &amp; Blind 20,000

U System "Must Do" 5,455,805

U System Deferred Maint. 19,129,600

Total \$24,897,760

3-14-91  
 Long Range Building Program  
 1993 Biennium

Long-Range Building Program  
 1993 Biennium

LRB Committee Action

Agency	A&E Priority	Capital Projects Fund	State Special Revenue	Federal Special Revenue	Other Revenue	LRBF Bond Proceeds	Total
Administration							
Hazardous Materials Abatement	4	\$650,000			\$150,000		\$800,000
Construction Litigation	10	345,000					345,000
Alternate Water Supply	32				50,000		50,000
Property Acquisition	33				123,014		123,014
Commerce							
Pavement - West Yellowstone Airport	34			465,957	51,773		517,730
State Lands							
Maint. & Improve. Projects	11	118,280		100,000			218,280
Construct Unit Office	24	235,000					235,000
Construct Greenhouses	52		191,900				191,900
Labor							
Rennovate Job Ser. Bldg. G.F.	51			310,000			310,000
Major Maintenance				209,450			209,450
Highways							
Maintenance Projects - Statewide	48		\$693,500				\$693,500
Construct & Expand Maint. & Equipment Buildings	49 & 50		1,167,600	115,925			1,283,525
Family Services							
Security Fence - Pine Hills	3	27,000					27,000
Repair Roofs - MVS and PHS	7	127,600					127,600
School for Deaf and Blind							
Academic Bldg Roof & Repairs	8	339,000					339,000
Military Affairs							
Kitchens Upgrade - Statewide	19	45,000					45,000
Rifle Range Rehab. - Statewide	25	10,000		555,000			565,000
Armory Additions	29	150,000		16,155,000			16,305,000
Land for Armory - Billings	30	150,000		200,000			350,000
Expand Vehicle Compounds	31	5,000		275,000			280,000
Maint. Existing Facilities	53			300,000			300,000
Institutions							
Water & Steam Lines MDC	5	149,208					149,208
Moisture Protection EHS	12	598,450					598,450
Roads & Park. Lots Maint.	14	150,000					150,000
Bldg. Improvements CFA	20	105,015					105,015
Multi purpose Bldg. Floor MSH	22	26,800					26,800
Galen Repair Projects		300,816					300,816

University System							
Replace Roofs	6	1,089,550			350,000		1,439,550
Improve Underground Utilities	13	296,000			200,000		496,000
Improve Handicap Access	17	335,000					335,000
Improve Sidewalks & Fire Access	21	86,000					86,000
Montana State University							
Centennial Mall	-				1,600,000		1,600,000
University of Montana							
Install Fire Alarm	2	70,000					70,000
Plan Chem/Pharm Renovations	26	50,000					50,000
Various Improvements	55				2,584,600		2,584,600
Eastern Montana College							
Primary Electrical Vault	1	31,000			14,000		45,000
Mt. College of Mineral Science							
Plan Metallurgy Bldg. Remodel	27	50,000					50,000
Agricultural Experiment Station							
Multi-Pur. Bldg. N. Ag Resrch. Cntr.		150,000					150,000
Western Montana College							
Repair Heating System	16	57,900					57,900
Remodel Student Union	56				600,000		600,000
Vocational-Technical Center							
Replace Carpet - Great Falls	18	60,000					60,000
Total Approved by Committee		\$5,807,619	\$2,053,000	\$18,686,332	\$5,723,387	\$0	\$32,270,338
LRB Cash Available		\$7,630,938					
Balance Remaining		\$1,823,319					

CAMPAIGN

DATE 3-14-91

HB 1014 (Ranger)

6701 12 00000

## ARMY NATIONAL GUARD PROGRAM

included in current level by the legislature, which add \$191,646 in fiscal 1992 and \$191,061 in fiscal 1993; and 3) inflationary increases in utility costs, which add \$26,936 in fiscal 1992 and \$38,724 in fiscal 1993. These increases are partially offset by reductions to the fiscal 1990 base, including removal of \$23,000 in utility costs for accrued but unpaid bills as of November 1, 1990.

Benefits and claims consist of payments to a national guardsman injured in a prison riot in 1954.

### Budget Modifications

Modification Type	Executive			Legislative		
	FTE FY92	FTE FY93	General Fund 92-93	Total 92-93	FTE FY92	FTE FY93
1) Army Guard Repair and Maint.**			\$324,000	\$324,000	1.0	1.0
2) Environmental Program						
Total	0.0	0.0	\$324,000	\$324,000	1.0	1.0
				\$278,355		\$278,355
				18,945		102,838
				\$297,300		\$381,193

1) Army Guard Repair and Maintenance. This modification adds \$175,355 general fund authority in fiscal 1992 and \$103,000 in fiscal 1993 in addition to current level expenditures of about \$503,000 to repair and maintain Army Guard facilities. Funding for repair and maintenance of the facilities is determined by the type of facility. Upkeep for armories is 100 percent state funded; shop and annex repair is funded 75 percent federal and 25 percent state; and maintenance of training sites is 100 percent federally funded. The repairs to be financed with the modified budget request include: rebuilding kitchens, painting the exterior and interior of armories, roof maintenance, lead removal at firing ranges, and heating system maintenance. The request originally included in the Executive Budget was reduced \$45,645 in fiscal 1992 in order to fund the biennial general fund request for two issues not included in the initial Executive Budget: higher than anticipated water bills in the Air National Guard Program and the following modified request.

2) Environmental Program. This modification adds 1.0 FTE and \$51,577 total funds in fiscal 1992 and \$51,261 in fiscal 1993. The FTE is part of an environmental unit comprised of 4.0 federal employees and 2.0 state FTE. The department reallocated 1.0 current level FTE in addition to the modified request. The unit will allow the department to comply with federal and state environmental laws, such as regulation of underground storage tanks and hazardous waste management. General fund supports \$9,496 of the fiscal 1992 cost and \$9,449 of the fiscal 1993 cost.

Modification Type	Executive			Legislative		
	FTE FY92	FTE FY93	Total 92-93	FTE FY92	FTE FY93	Total 92-93
1) Air Guard Repair and Maint.	0.0	0.0	\$56,000	0.0	0.0	\$14,000
						\$56,000

## Funding

General fund costs increase 50.3 percent between fiscal 1990 and 1992 as the state matching rate approved by the legislature increased from 20.0 percent in fiscal 1990 to 25.0 percent in fiscal 1992. Federal cost participation declined as the National Guard Air Base was removed from 365 days per year, 24 hour alert status. Rising water costs increase general fund \$13,500 per year above the fiscal 1990 base and the budget modification action adds \$7,000 in general fund annually.



8  
DATE 3-14-91  
HE [Signature]

AMEND HOUSE BILL 5, AS INTRODUCED

Long Range Planning Committee  
March 13, 1991

1. Page 3.

Following: line 8

Insert: "State Building Energy Retrofit,

Statewide	\$ 500,000	Nonstate State Special Revenue
	1,000,000	Federal Special Revenue
	500,000	Auxiliary or Other"

DNRC, Van Jamison  
A & E, Jim Whaley  
LFA, Jim Haubein  
MUS, Bill Lannon  
OBPP, Jane Hamman

EXHIBIT 9  
DATE 3-14-91  
HE Donna R. Platter

COMMERCIAL UNION V. STATE OF MONTANA  
CASE NO. BVD 86-1167  
FIRST JUDICIAL DISTRICT  
HELENA, MONTANA

This litigation involved the construction of Phase III of the prison expansion at Montana State Prison which was authorized by the 1983 Legislature. The project consisted of three precast buildings; the Maximum Security Housing Unit, the High Security Housing Unit and the New Administration Building. The project also included natural gas, water, electrical and sewer systems to serve the three buildings.

Three contracts for construction were awarded:

1. General Contract - Volk Construction, Inc., Great Falls, Montana, \$4,570,900.00;
2. Mechanical Contract - Sentinel Plumbing and Heating, Missoula, Montana, \$1,769,000.00; and
3. Electrical Contract - Allen Electric, Helena, Montana, \$1,089,000.00.

The Project Architect was E.F. Link and Associates (Link) from Billings, Montana. Because of the specialized nature of correctional facilities, the State of Montana required the Architect to hire a prison consultant. Link subcontracted with Henningson, Durham and Richardson (HDR) of Dallas, Texas which acted as the expert prison consultant. Link also contracted with Sorenson and Company for civil engineering services and Design 3 for structural engineering services. Link also hired Jack Thomas to act as a full-time project representative on the job site. At that time Link opened a branch office in Helena, Montana. The Helena branch office managed the prison expansion projects for Link.

The prison expansion projects were divided into four phases with thirteen separate construction contracts. The State at that time utilized the traditional multi-prime contracting system with separate prime contracts for the General, Mechanical and Electrical Contractors, and in Phase IV, an additional Utility Contractor for the sewage

lagoon expansion.

The Prison Expansion, Phase III Project encountered numerous problems: Link and the General Contractor (Volk) fought each other throughout the project; Link was slow in resolving problems during construction, in approving shop drawings and in processing change orders; Link closed its Helena branch office that was overseeing the project and those Helena based employees, critical to the project, left the firm and formed their own business; Link later filed for bankruptcy during the project and its services were terminated by the State, who, in turn, assumed the role of Project Architect; the General Contractor (Volk) sold all its equipment during the project to raise monies to finish its contract; the Mechanical Contractor (Sentinel) filed for bankruptcy in the middle of the project and its contract was assumed by its bonding company, Commercial Union; Volk had problems with the late delivery of prison security equipment; Sentinel had problems with the late delivery of heating and ventilating equipment; there were many unforeseen site conditions (i.e., buried utility lines, underground water problems, etc.) that delayed construction of all three buildings and necessitated moving the location of the Administration Building; and on December 31, 1985, a propane explosion destroyed 60% of the new Administration Building (which was 95% complete), an existing guard tower and the tunnel connecting the two structures as well as killing one guard and severely injuring another guard. Phase III was completed at the end of June, 1986 and was occupied by the Prison in August, 1986. The project completion was 287 days late.

The Administration Building and guard tower were reconstructed in a matter of months and were completed and occupied by the Prison in November, 1986. A lawsuit was filed by the State of Montana, the State's insurer and the insurers of Sentinel and Allen Electric, the injured guard and the estate of the dead guard against Volk and its insurer, the manufacturer of the propane heater and the manufacturer of the heater controls. That lawsuit has been settled. Another lawsuit was filed against the State by The Norwest Bank of Billings, Montana and Link. That lawsuit was dismissed. Volk later filed a lawsuit against both the State of Montana and Sentinel and its bonding company, Commercial Union. Sentinel and Commercial Union brought a countersuit against Volk and the State. Volk and Sentinel/Commercial Union agreed between themselves to drop their suits against each other and each to sue the State only. Volk's lawsuit against the State was defended by the Tort Claims Division and has been settled.

The litigation between Commercial Union and the State sat idle for about two years

until the State received the first set of interrogatories and requests for production of documents from Commercial Union on October 2, 1989. A date for trial by jury was set for April 22, 1991. Several sets of interrogatories and requests for documents were exchanged and both parties started to take depositions of key witnesses. It soon became apparent to the legal counsels of both parties that this was going to be an extremely complex and difficult case to present in a jury trial and that a jury of lay persons would not be able to comprehend the complexities of building construction problems during the course of construction. A trial by jury presented the possibility of potential pitfalls to either side. Both parties also realized that it was going to cost each side over \$200,000 each to try the case and the amount of Commercial Union's claim did not justify this expenditure. The judge presiding over the case encouraged mediation of the case and both parties agreed.

A mediation was arranged and held in Seattle, Washington on February 15, 1991. Commercial Union's claim for damages against the State totaled \$886,779.00. The claim was mediated for \$330,000.00 to be paid by the State of Montana to Commercial Union. The mediation agreement has been confirmed by the court. A copy of the "Petition for Approval of Compromise Settlement" and of the "Order Approving and Confirming Settlement" are attached. Also attached is a map of the Prison Complex that locates the buildings involved in the litigations.

**LUXAN & MURFITT**

ATTORNEYS AT LAW

MONTANA CLUB BUILDING • 24 W. SIXTH AVE.

P. O. BOX 1144 • HELENA, MONTANA 59624

(406) 442-7450

TELECOPIER (406) 442-7361

**RECEIVED**  
H. J. LUXAN (1916-1994)  
**ARCH. & ENGR. BUREAU**  
MICHAEL J. MULRONEY  
GARY L. DAVIS  
FEB 23 1991  
JERRY L. GOSGROVE  
DALE E. NEAGOR  
PATRICK E. MELBY  
HELENA, MONTANA  
MICHAEL J. RILEY  
MICHAEL S. BECKER  
TOM K. HOPGOOD  
GREGORY A. VAN HORSSEN

February 25, 1991

Hon. Thomas C. Honzel  
District Judge  
Department 3  
Lewis & Clark County Courthouse  
228 Broadway  
Helena, MT 59623

RE: Commercial Union v. State of Montana.  
Cause No. BDV-86-1167

Dear Judge Honzel:

I am pleased to report that this matter has been settled through mediation, which took place in Seattle last week. Enclosed you will find the "Petition for Approval of Compromise Settlement." Under the terms of the settlement, the State will pay the stipulated amount on or before July 2, 1991 (new fiscal year), at which time the standard release will be signed and the parties will petition the court for dismissal of the action. In the meantime, however, the parties request the court to approve and confirm the settlement.

Please advise if you wish counsel to appear in connection with the petition.

Sincerely,

GARY L. DAVIS

  
for LUXAN & MURFITT

GLD/jb

encl.

cc: Sherry Scheel Matteucci  
Thomas B. O'Connell  
Clarence Hester

9  
3-14-91  
HB Long Range Planning

KIT LAHTI

Sherry Scheel Matteucci  
John E. Bohyer  
Crowley, Haughey, Hanson,  
Toole & Dietrich  
P.O. Box 2529  
Billings, MT 59103-2529  
(406) 252-3441  
Attorneys for Plaintiff

Gary L. Davis  
Luxan & Murfitt  
Fourth Floor  
Montana Club Building  
P.O. Box 1144  
Helena, MT 59624-1144  
(406) 442-7450  
Attorneys for Defendant

MONTANA FIRST JUDICIAL DISTRICT COURT

LEWIS AND CLARK COUNTY

COMMERCIAL UNION INSURANCE  
COMPANY,

Plaintiff,

v.

THE STATE OF MONTANA,

Defendant.

Cause No. BDV-86-1167

PETITION FOR APPROVAL  
OF COMPROMISE  
SETTLEMENT

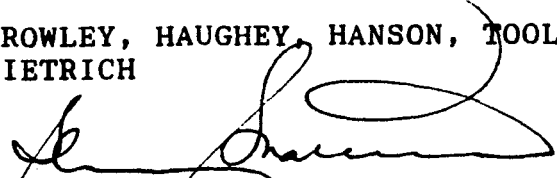
COME NOW Plaintiff Commercial Union Insurance Company  
and Defendant State of Montana, acting through their counsel  
of record, and petition the Court as follows:

1. In accordance with § 2-9-303, MCA, to approve and  
confirm the terms of settlement as between Commercial Union  
Insurance Company and the State of Montana; and

1           2.   Following payment by the State of Montana, on or  
2 before July 2, 1991, to enter its order dismissing the  
3 action as between Commercial Union Insurance Company and the  
4 State of Montana with prejudice, each party to bear its own  
5 costs and attorney's fees.

6           DATED this 25 day of February, 1991.

7                           CROWLEY, HAUGHEY, HANSON, TOOLE &  
8                           DIETRICH

9                             
10                          \_\_\_\_\_  
11                          Sherry Scheel Matteucci  
12                          Attorneys for Plaintiff

13                          LUXAN & MURFITT

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15                          \_\_\_\_\_  
16                          Gary L. Davis  
17                          Attorneys for Defendant  
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9  
DATE 3-14-91  
RE Long Range Plan.

CLARA CHILDRETH  
CLERK OF DISTRICT COURT

FEB 25 11 29 AM '91

FILED KIL LAHTI  
BY DETUT

MONTANA FIRST JUDICIAL DISTRICT COURT

LEWIS AND CLARK COUNTY

COMMERCIAL UNION INSURANCE  
COMPANY,

Plaintiff,

v.

THE STATE OF MONTANA,

Defendant.

Cause No. BDV-86-1167

ORDER APPROVING AND  
CONFIRMING SETTLEMENT

The Court, having considered the petition of the parties for approval of the settlement agreement, and having heard the parties and being fully advised of the details of settlement,

IT IS HEREBY ORDERED that in accordance with § 2-9-303, MCA, the settlement is approved and confirmed. Following payment by the State of Montana to Commercial Union, on or before July 2, 1991, the Court will entertain a motion to



1 dismiss the action with prejudice, each party to bear its  
2 own costs and attorney's fees.

3 Dated this 25 day of February, 1991.

4  
5 THOMAS C. HONZEL

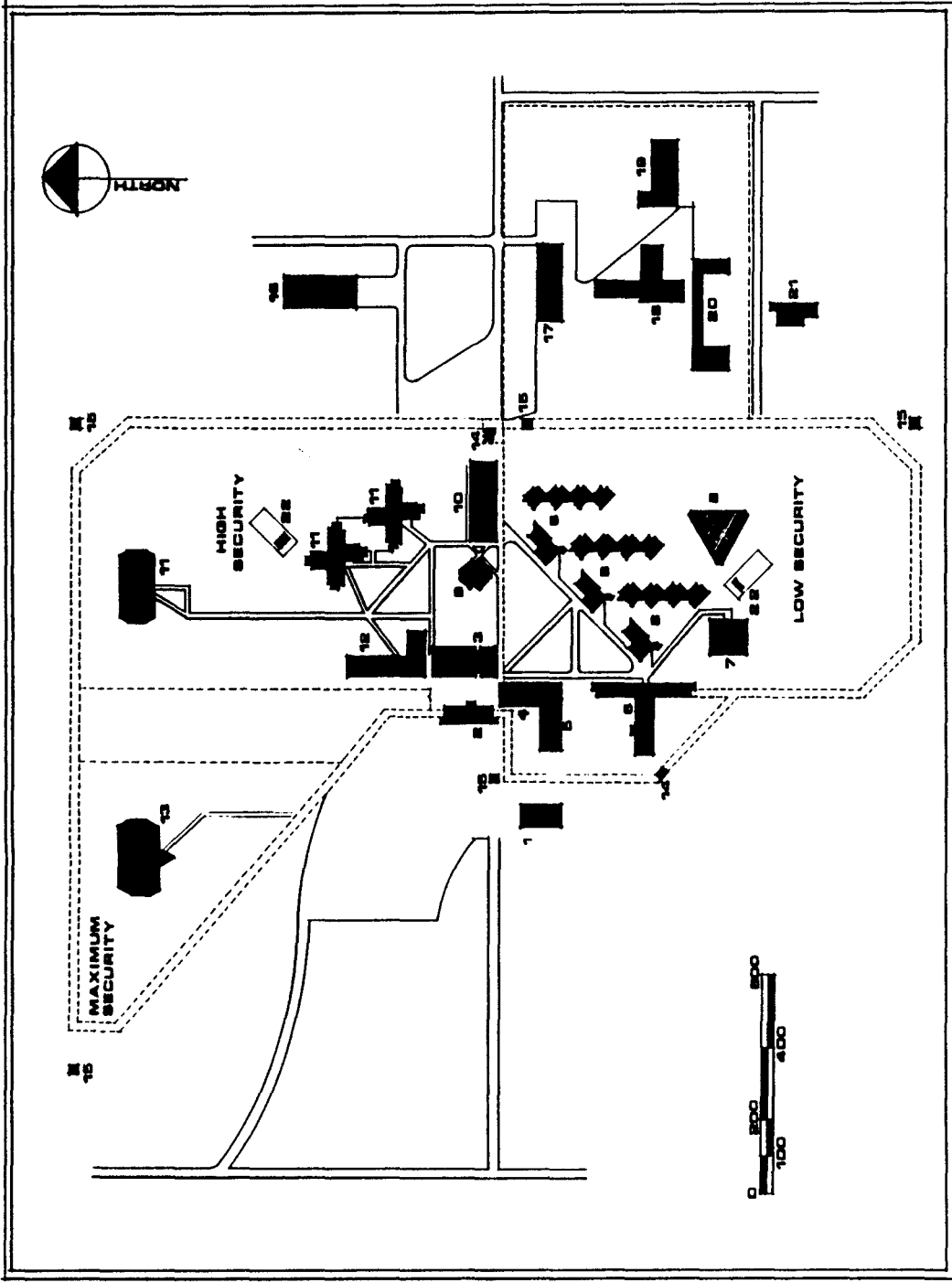
6 Thomas C. Honzel, District Judge

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24  
25 cc: Sherry Scheel Matteucci  
Gary L. Davis

9  
3-14-91  
H2 Long Range Plan.

**LEGEND**  
**MONTANA STATE PRISON**

1. Infirmary (Proposed Business Office)
2. Administration Building
3. Gym
4. Receiving Maximum Security
5. Medical Addition
6. Low Security Support Building
7. Low Security Gym
8. Low Security Housing
9. Chapel
10. Kitchen/Dining Facility
11. High Security Housing
12. High Security Support Building
13. Maximum Security Housing
14. Guard Station
15. Warehouse
16. Vocation/Industry Building
17. Industries Manufacturing
18. Tag Plant
19. Maintenance Shops
20. Farm Machinery Repair Facility
21. Yard Storage



**MONTANA STATE PRISON**  
**DEER LODGE MONTANA**

1

INTRODUCED BY HOUSE BILL NO. 963  
Donna C. LaMotte

3

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE BOARD OF EXAMINERS TO ISSUE LONG-RANGE BUILDING BONDS FOR THE CONSTRUCTION OF NEW FACILITIES AT THE MONTANA DEVELOPMENTAL CENTER; AUTHORIZING THE CREATION OF A STATE DEBT; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

9

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11

NEW SECTION. **Section 1.** Authorization of bonds. The board of examiners is authorized to issue and sell general obligation long-range building program bonds in an amount not exceeding \$8 million for the project described in [section 2], to be issued in accordance with the terms and in the manner required by Title 17, chapter 5, part 8. The authority granted to the board by this section is in addition to any other authorization to the board to issue and sell general obligation long-range building program bonds.

20

21

NEW SECTION. **Section 2.** Appropriation of bond proceeds. The proceeds of the bonds authorized in [section 1] are appropriated to the department of administration to be used for the construction of new facilities at the Montana developmental center.

25

1

NEW SECTION. **Section 3.** Requirement for approval of state debt. Because [section 1] authorizes the creation of a state debt, a vote of two-thirds of the members of each house is required for enactment of [this act].

2

3

4

5

NEW SECTION. **Section 4.** Effective date. [This act] is effective on passage and approval.

6

-End-

1  
2 INTRODUCED BY House BILL NO. 963  
3 Robert D. C. Via Malheur

4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE BOARD  
5 OF EXAMINERS TO ISSUE LONG-RANGE BUILDING BONDS FOR THE  
6 CONSTRUCTION OF NEW FACILITIES AT THE MONTANA DEVELOPMENTAL  
7 CENTER; AUTHORIZING THE CREATION OF A STATE DEBT; AND  
8 PROVIDING AN IMMEDIATE EFFECTIVE DATE."

9

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 NEW SECTION. **Section 1.** Authorization of bonds. The  
12 board of examiners is authorized to issue and sell general  
13 obligation long-range building program bonds in an amount  
14 not exceeding \$8 million for the project described in  
15 [section 2], to be issued in accordance with the terms and  
16 in the manner required by Title 17, chapter 5, part 8. The  
17 authority granted to the board by this section is in  
18 addition to any other authorization to the board to issue  
19 and sell general obligation long-range building program  
20 bonds.

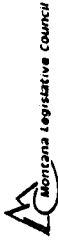
21 NEW SECTION. **Section 2.** Appropriation of bond  
22 proceeds. The proceeds of the bonds authorized in [section  
23 1] are appropriated to the department of administration to  
24 be used for the construction of new facilities at the  
25 Montana developmental center.

1 NEW SECTION.

2 **Section 3.** Requirement for approval of  
3 state debt. Because [section 1] authorizes the creation of a  
4 state debt, a vote of two-thirds of the members of each  
5 house is required for enactment of [this act].

6 NEW SECTION. **Section 4.** Effective date. [This act] is  
7 effective on passage and approval.

-End-



INTRODUCED BILL  
HB 963

1  
2 INTRODUCED BY *House* BILL NO. *963*  
3 *Barbara C. Van Halbeek*

4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE BOARD  
5 OF EXAMINERS TO ISSUE LONG-RANGE BUILDING BONDS FOR THE  
6 CONSTRUCTION OF NEW FACILITIES AT THE MONTANA DEVELOPMENTAL  
7 CENTER; AUTHORIZING THE CREATION OF A STATE DEBT; AND  
8 PROVIDING AN IMMEDIATE EFFECTIVE DATE."

9

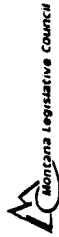
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 NEW SECTION. Section 1. Authorization of bonds. The  
12 board of examiners is authorized to issue and sell general  
13 obligation long-range building program bonds in an amount  
14 not exceeding \$8 million for the project described in  
15 [section 2], to be issued in accordance with the terms and  
16 in the manner required by Title 17, chapter 5, part 8. The  
17 authority granted to the board by this section is in  
18 addition to any other authorization to the board to issue  
19 and sell general obligation long-range building program  
20 bonds.

21 NEW SECTION. Section 2. Appropriation of bond  
22 proceeds. The proceeds of the bonds authorized in [section  
23 1] are appropriated to the department of administration to  
24 be used for the construction of new facilities at the  
25 Montana developmental center.

1 NEW SECTION. Section 3. Requirement for approval of  
2 state debt. Because [section 1] authorizes the creation of a  
3 state debt, a vote of two-thirds of the members of each  
4 house is required for enactment of [this act].  
5 NEW SECTION. Section 4. Effective date. [This act] is  
6 effective on passage and approval.

-End-



INTRODUCED BILL  
HB 963

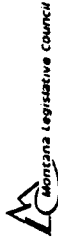
1  
2 INTRODUCED BY House BILL NO. 963  
3 Richard C. LaMotte  
4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE BOARD  
5 OF EXAMINERS TO ISSUE LONG-RANGE BUILDING BONDS FOR THE  
6 CONSTRUCTION OF NEW FACILITIES AT THE MONTANA DEVELOPMENTAL  
7 CENTER; AUTHORIZING THE CREATION OF A STATE DEBT; AND  
8 PROVIDING AN IMMEDIATE EFFECTIVE DATE."

9  
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
11 NEW SECTION. Section 1. Authorization of bonds. The  
12 board of examiners is authorized to issue and sell general  
13 obligation long-range building program bonds in an amount  
14 not exceeding \$8 million for the project described in  
15 [section 2], to be issued in accordance with the terms and  
16 in the manner required by Title 17, chapter 5, part 8. The  
17 authority granted to the board by this section is in  
18 addition to any other authorization to the board to issue  
19 and sell general obligation long-range building program  
20 bonds.

21 NEW SECTION. Section 2. Appropriation of bond  
22 proceeds. The proceeds of the bonds authorized in [section  
23 1] are appropriated to the department of administration to  
24 be used for the construction of new facilities at the  
25 Montana developmental center.

1 NEW SECTION. Section 3. Requirement for approval of  
2 state debt. Because [section 1] authorizes the creation of a  
3 state debt, a vote of two-thirds of the members of each  
4 house is required for enactment of [this act].  
5 NEW SECTION. Section 4. Effective date. [This act] is  
6 effective on passage and approval.

-End-



INTRODUCED BILL  
HB 963

STATE OF MONTANA - FISCAL NOTE  
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0963, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act authorizing the Board of Examiners to issue long-range building bonds for the construction of new facilities at the Montana Developmental Center; authorizing the creation of state debt; and providing an immediate effective date.

ASSUMPTIONS:

1. Project design fees will be paid from the bond proceeds.
2. Planning and designing the facilities will take approximately one year.
3. The Board of Examiners will issue sometime in FY92 approximately \$8 million in general obligation bonds for design and construction of facilities at the Montana Developmental Center. Construction will start in FY93.
4. The first two years of interest will be capitalized so that no debt service payments will begin until FY94.
5. Bonds will be backed by the full faith and credit of the state.
6. This bill has no fiscal impact on the Long-Range Building Plan.

FISCAL IMPACT:

	FY 92			FY 93		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Revenues:						
Bond Proceeds	0	8,000,000	8,000,000	0	0	0
Funding:						
Capital Projects	0	8,000,000	8,000,000	0	0	0

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Annual debt payments after the 1993 biennium will depend on interest rates and structure of the financing. Based on current interest rates of under 7% annual debt payments on \$8 million is approximately \$800,000 per year for a 20-year bond. The issuance of general obligation bonds would have a general fund impact on debt service for approximately 20 years.

  
ROD SUNDSTED, BUDGET DIRECTOR  
Office of Budget and Program Planning

  
FRANCIS BARDANQUE, PRIMARY SPONSOR  
DATE 2/26/91

Fiscal Note for HB0963, as introduced.

HB 963

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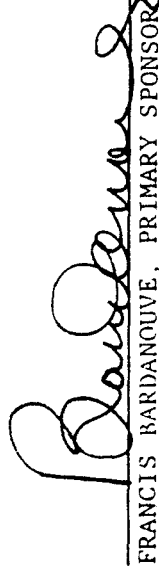
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ROD SUNDSTED, BUDGET DIRECTOR

Office of Budget and Program Planning

DATE



FRANCIS BARDANOUVE, PRIMARY SPONSOR

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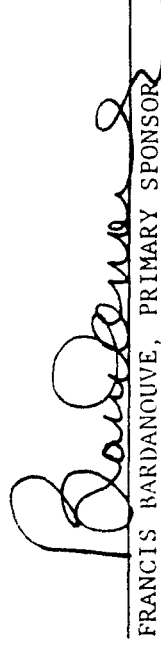
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ROD SUNDSTED, BUDGET DIRECTOR  
Office of Budget and Program Planning



FRANCIS BARDANOUE, PRIMARY SPONSOR

2/26/91  
DATE

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HB 963

HOUSE OF REPRESENTATIVES  
LONG-RANGE PLANNING SUBCOMMITTEE

ROLL CALL

DATE 3-14-91

NAME	PRESENT	ABSENT	EXCUSED
REP. FRANCIS BARDANOUVE	✓		
SEN. ETHEL HARDING	✓		
SEN. BOB HOCKETT, VICE-CHAIRMAN	✓		
SEN. J.D. LYNCH	✓		
REP. BOB THOFT	✓		
REP. MARY ELLEN CONNELLY, CHAIR	✓		

HR:1991  
CS10DLRLCALONGRP.MAN