MINUTES

MONTANA SENATE
53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON FINANCE & CLAIMS

Call to Order: By Senator Judy Jacobson, Chair, on March 29, 1993, at 8:00 a.m.

ROLL CALL

Members Present:
- Sen. Judy Jacobson, Chair (D)
- Sen. Eve Franklin, Vice Chair (D)
- Sen. Gary Aklestad (R)
- Sen. Tom Beck (R)
- Sen. Don Bianchi (D)
- Sen. Chris Christiaens (D)
- Sen. Gerry Devlin (R)
- Sen. Gary Forrester (D)
- Sen. Harry Fritz (D)
- Sen. Ethel Harding (R)
- Sen. Bob Hockett (D)
- Sen. Greg Jergeson (D)
- Sen. Tom Keating (R)
- Sen. J.D. Lynch (D)
- Sen. Chuck Swysgood (R)
- Sen. Daryl Toews (R)
- Sen. Larry Tveit (R)
- Sen. Eleanor Vaughn (D)
- Sen. Mignon Waterman (D)
- Sen. Cecil Weeding (D)

Members Excused: None

Members Absent: None

Staff Present: Terry Cohea, Legislative Fiscal Analyst
Lynn Staley, Committee Secretary

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

Committee Business Summary:
Hearing: HB 537, HB 549, HB 609, HB 97
Executive Action: HB 609, HB 549

HEARING ON HOUSE BILL 537

Opening Statement by Sponsor:

Representative Francis Bardanouve, House District 16, said HB 537 is one of the most significant bills this session. He said this bill is connected with a bill he carried in the 1991 session that was passed with nearly total support. It is to rebuild the campus on the Developmental Disabled Center at Boulder. Presently the facilities there are old, obsolete and very inefficient. During the last legislative session, bonding was passed for over $8 million, which will be revenue bonds issued by the Health Facilities Administration in Montana. The entire facility with interest will cost about $13 million. If the bonds are sold within a reasonable time, the interest may be considerably less. Last session a system and method of pay off was designed that would not cost the general fund. It would be done by Medicaid payments because these will be fully accredited facilities. The Medicaid program allows you to charge interest in the care of a patient, so the interest and the bonds will be advertised. He said the entire campus will be on one side of the river instead of the way it is now with the river running through the campus. It will save approximately 23 employees because of efficiency, and the care of the patients will be enhanced. He concluded this was not a general obligation bond, and is the best bargain Montana has ever had. (Exhibit 1) and (Exhibit 2)

Proponents' Testimony:

Bob Anderson, Division Administrator, Special Services Division of the Department of Corrections and Human Services, said they oversee the Montana Developmental Center. He said to make this a viable project, the amount of money needed to consolidate the campus will increase to about $10.5 million. They could complete the project for the $8.6 million, but there would be many things they would have to give up. He said once they are in the campus, they will be able to develop an operational savings of about $1 million. They feel they will be able to reduce the staff, thereby reducing their operational costs because of the efficiencies.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Senator Aklestad asked about the medicaid reimbursement that will pay off the bonds and what the difference was between what we are getting now and what that would be.

Rep. Bardanouve said some of it does not qualify medically for medicaid.

Senator Aklestad asked how much monetary difference there would be. Rep. Bardanouve said medicaid payments will vary according to what Congress and the administration approves. The savings efficiency and the medicaid payments will pay it off. He referred the committee to the chart in Exhibit 2.

Senator Aklestad asked if the amount of savings and amount of reimbursement that would be achieved would pay off the total bond indebtedness.

Mr. Anderson said yes.

Rep. Bardanouve said it is calculated on 6.25 percent. If the bonds are sold at the present low interest market, it would be calculated on 5.75 per cent, and we would have substantially more savings.

Senator Keating asked if the net capitol cost savings and the net general fund benefit could be added together for savings, or is it just the amount in the extreme right hand column. (Exhibit 2)

Mr. Anderson said the extreme right hand column.

Senator Keating said he does not understand why there is a capitol cost savings and a net operating savings.

Mr. Anderson explained the figures for the year 1997 using Exhibit 2.

Senator Keating asked if it is a cumulative savings of $2.8 million over the life of the program.

Mr. Anderson said right.

Rep. Bardanouve said if the bonds are sold for 6.25 percent, that money will invested after the bonds are sold and will return 4 percent on the money until it is spent, so we would be investing the money until it is used.

Senator Aklestad asked if demolition costs are included in the figures.

Rep. Bardanouve said the bonds include site development.

Mr. Anderson said the buildings they need to demolish in order to rebuild are calculated in. All buildings on the south end of the river that they are abandoning will not be demolished.

Closing by Sponsor:

Rep. Bardanouve closed on HB 537.

EXECUTIVE ACTION ON HOUSE BILL 537

Discussion: Senator Hockett presented an amendment which adds a new section on page 4, line 18. (Exhibit 3)

Motion/Vote: Senator Hockett moved the amendment. Motion carried unanimously.

Motion/Vote: Senator Franklin moved House Bill 537 AS AMENDED BE CONCURRED IN. The Motion CARRIED unanimously.

HEARING ON HOUSE BILL 549

Opening Statement by Sponsor:

Senator Harry Fritz, Senate District 28, presented HB 549 for Rep. Peterson. HB 549 transforms the office of Secretary of State into an office which raises money it takes to run the office through the collection of fees. It creates a proprietary fund to deposit the fees and removes a burden on the General Fund. It will transfer any profit it makes to the General Fund each fiscal year.

Proponents' Testimony:

Doug Mitchell, Chief Deputy in the office of Secretary of State, said this is a major plank of the legislative platform this year. The basic tenet is that the General Fund dollars currently allocated to the Secretary of State can be better used elsewhere in state government. The agency operates almost entirely on the fees that are charged for the services they provide, and they feel it makes sense to free up General Fund dollars and run the way GAP and accounting principals would have them run. They will still maintain a small General Fund portion for the administration of elections since they do not charge a fee for that. Through HB 549 they will make the General Fund smaller by $1.7 million over this biennium. In their office it would create a marketplace situation where their agency must earn its keep or be forced to cut expenditures. Under the General Fund scenario, they are given $1 million and can spend $1 million. Under an enterprise format, the agency may be given spending authority for $1 million, but can only spend the money they earn. They will revert any excess money they would earn to the General Fund. He said we will make the General Fund $1.7 million smaller in expenditure, but they would also make General Fund revenue smaller by that amount. The House amended into this bill the requirement to give back any amount above the appropriation which had been earned in revenue at the end of every fiscal year. He said in doing this if they don't run their operation efficiently, and if they don't provide services that keep the customers happy, they will have to cut their operations. They think that is what the public is demanding and that is what new government means. They would like to have the chance to operate this over the next biennium.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Senator Keating asked why it was called a proprietary fund instead of state special.

Gary Managhan, Fiscal Officer for the Secretary of State, said the reason they went with proprietary fund is the assets become part of the fund and show up in the accounting entities. He said the bill would break it down in two sections. One is called an internal service fund which is the service to the other governmental agencies and the other is an enterprise fund which is the services to the general public. They are still splitting the services within a proprietary category but within the two types of proprietary funds which exist.

Senator Keating asked how they are an enterprise fund.

Mr. Managhan said they are selling those services the public does for fees for the services. The costs only relate to those fees.

Senator Keating said an enterprise fund is an earnings program whereby you earn the profit on the operation that you perform for the people out there. He said if they are just charging a fee for the lien program or a fee for the annual report program, etc., those fees offset costs and should be state special because those are from the private sector. If you are doing any business for other state agencies, then he could understand the proprietary fund there.

Doug Mitchell said he agrees with that, and doesn't care what they are called. They are not and should not be a General Fund agency. He said they have gone through the process to try to find out what is most acceptable.

Senator Jacobson asked if this has gone through the Department of Administration and have they checked with accounting and the GABSE rules. Do they feel the proprietary fund is appropriate?

Mr. Mitchell said they have had two meetings with them and they feel it is entirely appropriate.

Senator Devlin asked if fees being not refundable is new.

Mr. Mitchell said it is new and is a recommendation that has been in their audits by the Legislative Auditor. They perform the service for the public whether they end up accepting their document immediately or not. Over 99 percent of the documents end up getting filed.

Closing by Sponsor:

Senator Fritz closed on HB 549, saying the fees the office charges are regulated by law, and this is an innovative way of dealing with the functions the office performs.

HEARING ON HOUSE BILL 609

Opening Statement by Sponsor:

Senator Harry Fritz, Senate District 28, opened the bill for Rep. Wanzenried. HB 609 transfers investigative functions relating to alcoholic beverage licensing enforcement from the Department of Revenue to the Department of Justice.

Proponents' Testimony:

Mick Robinson, Director of the Department of Revenue, said this combination for investigative functions has been studied for nearly a year with the Departments of Revenue and Justice. The Department of Revenue does not have the expertise to conduct investigations properly which is the key reason for transferring those to Justice. The quality of the investigative service would be enhanced significantly. Efficiency and effectiveness can be arrived at regarding the combination of the liquor and gambling investigations. Right now there is a lot of duplication regarding the issuance of those licenses. Both departments now investigate and study the applicants, one for gambling and one for liquor, and by combining those, the time could be reduced significantly. The amount of travel time would also be reduced. This is a good government bill. The taxpayers and the owners of establishments will be receiving much better service.

Dennis Taylor, Deputy Director of the Department of Justice, said they support HB 609.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Senator Swysgood said it is a good idea to avoid duplication. He said his concern is on the fiscal note that upgrades investigators from a grade 14 to a 16 and also equipment transfers. He asked if this investigation is already going on in the Department of Revenue, why can't the equipment be transferred, and why are the upgrades needed.

Mr. Taylor said there would be 8 investigators that would be transferred from the Department of Revenue to the Department of Justice. They are currently a grade 14 and when they come to the Department of Justice, they will not only conduct liquor investigations, but will also be involved with investigations for the gambling control division. They will have more complex work and will be graded like the current investigators in the Gambling Control Division. The equipment they currently have in the

Department of Revenue is not compatible with the computer system that is maintained by the Gambling Control Division. There are also expenses for the one time moving costs of individuals to put them in the field closer to the applicant licensees they will be inspecting. It will reduce over time the travel costs. These are one time only costs to make this transition.

Senator Jacobson said half of that is one time only. The other half, for upgrades, is forever.

Mr. Taylor said $95,000 will be an ongoing cost.

Senator Swysgood, referring to the fiscal note, said it showed equipment at $20,000 and operating expenses at $78,000, for a total of $98,000, and with the upgrades it would be $193,000.

Senator Beck said the reason for the upgrades was the investigators had to be trained to do the gambling control. He asked if they expected to do the same in reverse to the people that are already in the Gambling Control Division to learn the liquor and alcohol licensing.

Mr. Taylor said that was right, they will both have increased responsibilities for investigations related to the liquor laws as well as Gambling Control statutes.

Senator Beck asked regarding the people from the Department of Revenue to the Department of Justice from a grade 14 to 16, would they plan to raise the people already in the Department of Justice from a grade 16 to an 18.

Mr. Taylor said based on the work of two departments and personnel officers in coordination with the state personnel division, he doesn't believe the addition of the duties will result in an upgrade from a 16 to a 17. They will all be classified at grade 16 level because of their combined duties and responsibilities.

Senator Jacobson asked if they would have one person in different fields doing both of the functions.

Mr. Taylor said yes, some of the individuals will be assigned to the welfare fraud investigation and the remainder of the eight will be in the gambling control division. They will be stationed around the state, and this would be part of the moving expenses.

Senator Devlin said through consolidation there should be a savings.

Mr. Taylor said if the Departments of Justice and Revenue had not worked together over the last several months, both departments would be before this legislature asking for 3 FTE each. By combining the two responsibilities, they would be able to do better work by pooling these responsibilities.

Senator Bianchi asked if under this process, gambling and liquor licenses would be issued in the same period of time.

Mr. Taylor said right now because of requirements of the gambling control statutes, they do issue the licenses about the same time.

Senator Bianchi said they were not anywhere near the same time.

Mr. Robinson said this is basically just transferring the investigative function and there is no change in statute regarding the time lines. The application for the licenses will probably coincide in terms of timing. There will still be differences in terms of when each individual license would be issued, but they will be pulled closer together in terms of the timing. In the future, hopefully, they can move toward a more uniform approach in terms of the requirements for each license and what must be done in order to have a license issued.

Senator Bianchi asked why if they were going to have one investigator, they couldn't be issued at the same time.

Mr. Robinson said it will basically be a joint investigation going on, but they have different statutory requirements, especially for liquor licenses and gambling licenses. At this time they are not recommending to change those, but one of the areas they will be working over the next two year period is a study of the entire process regarding the liquor license issuance.

Senator Swysgood said they are establishing three new offices for liquor, and asked where the current offices are located.

Mr. Robinson said he could not respond in terms of where they are within the Department of Revenue, but he thinks all but one of the investigators are outside of Helena. The Department of Justice intends to basically take a look at the work load and the areas in which the applications are coming and try to fill the offices or have people located where the volume of work is.

Senator Swysgood asked if there were support staff linked with the liquor investigators and the Welfare Fraud investigators in the Department of Revenue.

Mr. Robinson said yes, there are three support staff, two connected with the liquor and one connected with the welfare fraud, and those would be transferred along with the investigators.

Mr. Taylor said the only personal service costs that the Department of Justice is asking for is the $95,000 for the upgrade of the eight investigators from grade 14 to a grade 16.

Senator Swysgood said that wasn't what the sheet shows. He said they are transferring the 12 FTE from the Department of Revenue to the Department of Justice. The Department of Revenue is taking a decrease in revenue for that personal service, and the Department of Justice is getting an increase. (Exhibit 4)

Senator Hockett asked the Department of Justice if they would have one person now doing the investigations instead of two.

Mr. Taylor said right now there are regional supervisors in the Gambling Control Division who will supervise each of the field agents and we will be working on requirements for the Department of Revenue so there will be a check within the Department of Justice and within the liquor division on the individual investigators. They will have agents going to the applicant licensee and will only have to produce basic information one time for both department needs. It will also reduce duplication of application information.

Senator Hockett asked Senator Fritz if these people moving to the Department of Justice would be going to the sheriff's retirement system. These people were under PERS before.

Mr. Taylor said if HB 650 is adopted by the Legislature and signed by the Governor, these eight investigators have the option of either remaining with PERS or becoming a member of the sheriff's retirement system.

Senator Hockett said the sheriff's are 24 years and the others are 30 years, and they are talking about going down to 20 years. He is concerned about additional costs that don't show up here. The committee needs to be aware of this long term implication.

Mr. Taylor said if HB 650 is adopted by the Legislature, their estimation of the additional cost to the department for retirement would be about one per cent of salaries. If this bill does pass, they will have a better opportunity to recruit from existing law enforcement personnel for investigative positions.

Closing by Sponsor:

Senator Fritz closed by saying the bill conforms to the doctrines for consolidating government; instead of having two agencies each asking for new people, you look from the top down for people that do similar things and combine them. He thinks money will be saved.

EXECUTIVE ACTION ON HOUSE BILL 609

Motion: Senator Bianchi moved House Bill 609 BE CONCURRED IN.

Discussion: Senator Aklestad asked how voting would be handled when some committee members have other meetings. Can votes be cast after the vote has been taken on some of the executive actions.

Senator Jacobson said she would be calling those people back to committee for Executive Action. It will have to be the person's own responsibility to leave a written vote if they wish to be recorded.

Senator Beck asked about amendments that would come up in Executive Action.

Senator Aklestad said on minor amendments, would it be possible to give those amendments verbally rather than having them typed and passed out.

Senator Jacobson asked what kind of a minor amendment Senator Aklestad had.

Senator Aklestad said he would propose to pull some of the monetary funding out of the bill. He said he has no problem with the transfer, but some of the money they are asking for in the transfer, he would question how efficient that is.

Senator Jacobson said he has a right to make an amendment but the Legislature does not have any control over upgrades. That may be unfortunate and something to look into, but right now the Department of Administration controls upgrades.

Senator Beck said when jobs are combined to make them more efficient, we should be able to cut down on the FTE. He said we are transferring the full 12 FTE over and wondered if there was a possibility of transferring 8 FTE rather than 12.

Senator Bianchi said the Department of Justice has already had two FTE's cut in the investigative branch.

Jan Dee May, Department of Justice said they have lost 2 FTE's in the gambling division, but they are licensing individuals, not investigators. She said gambling control division's activities are "going through the roof" with no downturn in sight. With each additional permit or license, it takes investigative work. They did not come in for additional investigators this session because if the consolidation bill passed, they could utilize these individuals more efficiently.

Senator Keating asked if fees being charged for these licenses would cover the expenses incurred, including the upgrades.

Ms. May said yes, with no increase to the fee level.

Vote: The Motion that HB 609 BE CONCURRED IN CARRIED unanimously.

EXECUTIVE ACTION ON HOUSE BILL 549

Motion: Senator Franklin moved House Bill 549 BE CONCURRED IN.

Discussion: Senator Aklestad said he thinks what they are trying to do might be right, but if general fund money is taken out, we should change the terminology on proprietary or special revenue. He said when we switch from General Fund money to other types of monies, the subcommittees in the legislature look at the appropriation in an entirely different manner.

Vote: The Motion that House Bill 549 BE CONCURRED IN carried with Senators Aklestad, Swysgood, Devlin and Beck opposed.

HEARING ON HOUSE BILL 97

Opening Statement by Sponsor:

Representative Joe Quilici, House District 71, said HB 97 is an energy retrofit bill selling bonds to retrofit state buildings. The initial funding comes from oil overcharge monies.

Proponents' Testimony:

Van Jamison, Administrator of the Energy Division of the Department of Natural Resources and Conservation, distributed and explained charts on Exhibit 5. He said this program has been recognized by the U. S. Department of Energy as one of the top energy programs in the United States.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Senator Devlin asked about different retrofit projects and the sources of funding.

Mr. Jamison said they operate the program through the same system as the Long Range Program. They make every effort to coordinate the retrofit programs with other improvements that are being made in buildings simultaneously. They have historically been able to leverage the states fund money with money provided by utilities.

Senator Weeding asked if the stripper well payments went on forever and why they were still receiving money from the overcharge.

Mr. Jamison said the oil overcharges occurred in the period of 1973-1981 and all the suits were to have been filed by 1985.

Even though the suits have been filed, not all of them have been resolved, so money continues to be received under the stripper well agreement. The amount of money received is dropping significantly over time. The money being appropriated here was first appropriated in 1985, but they were very conservative in how the money was spent. They came back in 1991 and asked to have it reappropriated, and are asking to have it reappropriated again.

Senator Weeding asked if there were new increments coming in.

Mr. Jamison said that was correct, and the new money will be seen in HB 10.

Closing by Sponsor:

Representative Quilici closed. He said HB 97 will save the state a lot of money in the long run and is an energy efficient bill.

EXECUTIVE ACTION ON HOUSE BILL 97

Motion/Vote: Senator Lynch moved HB 97 BE CONCURRED IN. The Motion CARRIED unanimously.

ADJOURNMENT

Adjournment: The meeting adjourned at 9:15 a.m.

Judy Jacobson
SENATOR JUDY JACOBSON, Chair

Lynn Staley
LYNN STALEY, Secretary

JJ/ls

ROLL CALL

SENATE COMMITTEE FINANCE AND CLAIMS DATE 3/29/93

NAME	PRESENT	ABSENT	EXCUSED
SENATOR JACOBSON	✓		
SENATOR FRANKLIN	✓		
SENATOR AKLESTAD	✓		
SENATOR BECK	✓		
SENATOR BIANCHI	✓		
SENATOR CHRISTIAENS	✓		
SENATOR DEVLIN	✓		
SENATOR FORRESTER	✓		
SENATOR FRITZ	✓		
SENATOR HARDING	✓		
SENATOR HOCKETT	✓		
SENATOR JERGESON	✓		
SENATOR KEATING	✓		
SENATOR LYNCH	✓		
SENATOR TOEWS	✓		
SENATOR SWYSGOOD	✓		
SENATOR TVEIT	✓		
SENATOR VAUGHN	✓		
SENATOR WATERMAN	✓		
SENATOR WEEDING	✓		

FC8

Attach to each day's minutes

SENATE STANDING COMMITTEE REPORT

March 29, 1993

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 537 (third reading copy -- blue), respectfully report that House Bill No. 537 be amended as follows and as so amended be concurred in.

Signed: Judy H. Jacobson
Senator Judy H. Jacobson, Chair

That such amendments read:

1. Title, line 7.
Following: ";"
Insert: "APPROPRIATING STATE SPECIAL REVENUE FUNDS TO THE DEPARTMENT OF ADMINISTRATION;"

2. Page 4, line 18.
Following: Line 17
Insert: "NEW SECTION. **Section 3. Appropriation.** There is appropriated $5,000 from state special revenue funds to the department of administration from donations for the project described in [section 1]."

-END-

ADL Amd. Coord.
MW Sec. of Senate

Hockett
Senator Carrying Bill

701238SC.San

SENATE STANDING COMMITTEE REPORT

March 29, 1993

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 549 (third reading copy -- blue), respectfully report that House Bill No. 549 be concurred in.

Signed: Judy H Jacobson
Senator Judy H. Jacobson, Chair

AON Amd. Coord.
mw Sec. of Senate

Fritz
Senator Carrying Bill

701242SC.San

SENATE STANDING COMMITTEE REPORT

March 29, 1993

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 609 (third reading copy -- blue), respectfully report that House Bill No. 609 be concurred in.

Signed: Judy H Jacobsen
Senator Judy H. Jacobson, Chair

AW Amd. Coord.
TW Sec. of Senate

Fritz
Senator Carrying Bill

701243SC.San

SENATE STANDING COMMITTEE REPORT

March 29, 1993

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 97 (third reading copy -- blue), respectfully report that House Bill No. 97 be concurred in.

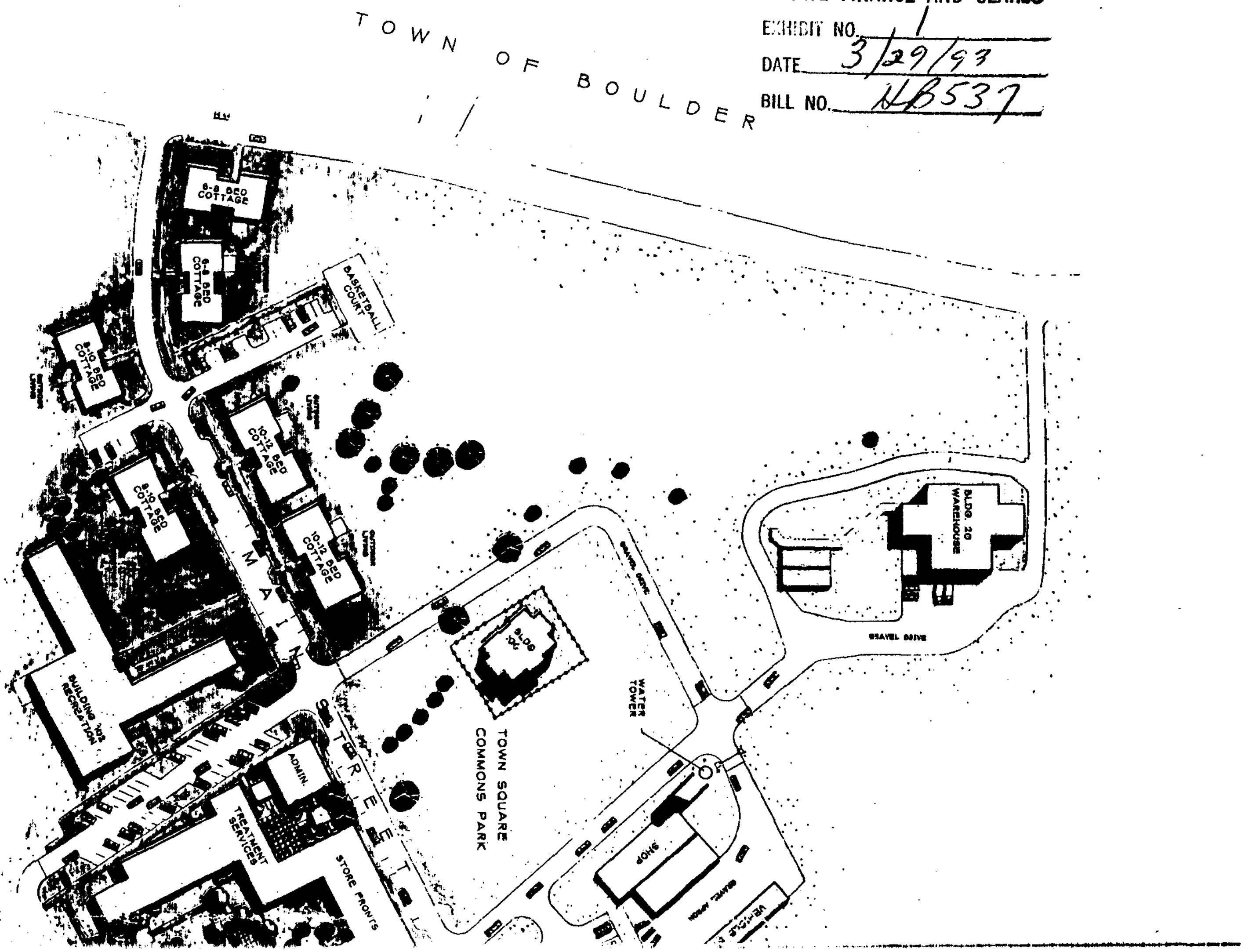
Signed: Judy H Jacobson
Senator Judy H. Jacobson, Chair

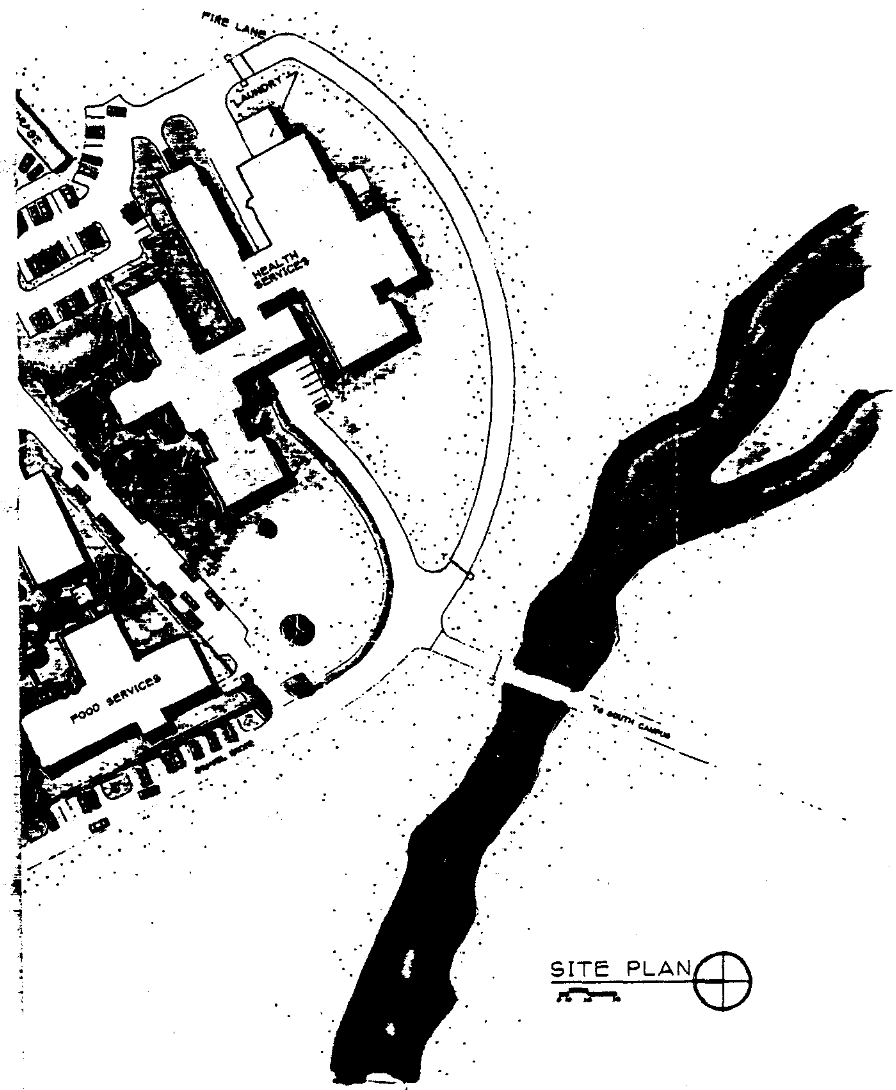
JW Amd. Coord.
JW Sec. of Senate

Weeding
Senator Carrying Bill

701244SC.San

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 1
DATE 3/29/93
BILL NO. HB537





TOWN SQUARE COMMONS

DRAWING: MASTER PLAN

PROJECT: MONTANA DEVELOPMENT CENTER

OWNER: STATE OF MONTANA

PLOT INFORMATION:

REVISION DATE:

DATE: DECEMBER 14, 1992

PROJECT NUMBER: 92094

ARCHITECTS

MITHUN

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 2
DATE 3/29/93
BILL NO. HB 537

MONTANA DEVELOPMENTAL CENTER
CAMPUS CONSOLIDATION PROJECT
HB 537

The Department of Corrections and Human Services (DCHS), The Department of Administration's Architect and Engineering Division (A/E) and The Department of Commerce's Health Facility Authority (HFA) are jointly requesting this legislation for additional bonding authority to fund the campus consolidation project at the Montana Developmental Center (MDC) in Boulder.

Initial planning of the project has determined that the original funding level of $8,665,000 is not sufficient to adequately address all of the needs of that project. It is estimated that an additional $1,835,000 of bonding authority will be needed to make the MDC campus consolidation a viable project. This would increase the total bonding for the project to $10,500,000.

Based on information from the HFA and D.A.Davidson the bonding authority could be increased to $10.5 million, amortized over 23 years and still show a savings to the general fund. However due to the increase in the amount and term of the loan, there is a reduction of approximately $351,547 in the saving originally projected on a 20 year loan. Enclosed is a copy of their analysis of the general fund impact. This analysis assumes increases in the facility medicaid reimbursement rates for allowable capital interest and depreciation and an initial operational savings at MDC. Also, as stated in section 3, the bonds would not count as state tax-supported debt.

This legislation increases the bonding authority for the project and also includes needed language to clarify bond proceeds and ensure the investment earnings on the bonds stay within the project and are used to pay off the loan. This language would be needed with or without the bond authority increase.

Major reasons for the increase in construction costs over the original 1990 estimate were unanticipated infrastructure problems associated with water and electrical systems, and under estimated site development costs.

Maintaining the project within the original 8.6 million level would mean the elimination of major improvements which would have a negative affect on both the quality of resident care and the functional and environmental impact of the campus. Major areas impacted without the additional funds include: recreation aquatic facility, cottage facilities, warehouse, site utilities and site development.

December 31, 1992

Mr. Jerry Hoover
Administrator
Montana Health Facility Authority
Capitol Station
Helena, MT 59620

Dear Jerry:

Enclosed please find the final financial analyses relating to the Montana Developmental Center. I have also enclosed copies of letters I sent today to the bond rating agencies, as well as a 1991 letter which reflects Moody's position that the bonds would not count as State tax-supported debt.

Please call me with any questions you might have. Best wishes to you and you family for a great 1993.

Sincerely yours,

Mark J. Semmens
Vice President

MJS:lda

Enclosures

cc w/enc: Bob Anderson

EXHIBIT #2
DATE 3-29-93
HB-537

MONTANA DEVELOPMENTAL CENTER
SUMMARY OF GENERAL FUND IMPACT
OF NEW FACILITY

ASSUMPTIONS:	
Interest rate on Bonds	6.25%
Interest rate on invested funds	4.00%
Construction amount	$10,500,000
Beginning efficiency savings	$1,000,000
Inflation factor	3.50%
RESULTS:	
Avg annual savings thru 2013	**$32,163**
Avg annual savings thru 2019	**$24,925**
Net present valued savings thru 2035	**$2,878,004**
Total savings thru 2035	**$21,461,881**

MONTANA DEVELOPMENTAL CENTER
ANALYSIS OF GENERAL FUND IMPACT
OF NEW FACILITY

KEY ASSUMPTIONS USED IN ANALYSIS:

NET LOAN PAYMENTS based upon $13,160,000 in revenue bonds amortized over 23 years at an average interest rate of 6.25 %, with earnings on debt service reserve moneys applied to total annual loan payments (see attached schedule of net debt service).

FEDERAL MEDICAID INTEREST REIMBURSEMENT based upon an assumed effective reimbursement rate of 63% of net annual interest expense (i.e. total interest on the loan less debt service reserve earnings).

FEDERAL MEDICAID DEPRECIATION REIMBURSEMENT based upon 40 year straight line depreciation of 63% of Medicaid–allowed depreciable expenditures.

OPERATING EFFICIENCY SAVINGS based upon assumed initial savings of $1,000,000, with an assumed operating expense inflation factor of 3.50 % per annum.

LOST FEDERAL MEDICAID OPERATING REIMBURSEMENT based upon an assumed effective reimbursement rate of 63% of annual operating expenditures.

RELATIONSHIP OF KEY COLUMNS

NET STATE CAPITAL COST (SAVINGS) equals NET LOAN PAYMENTS less TOTAL FEDERAL MEDICAID CAPITAL REIMBURSEMENT.

NET STATE OPERATING SAVINGS equals OPERATING EFFICIENCY SAVINGS less LOST FEDERAL MEDICAID OPERATING REIMBURSEMENT.

NET GENERAL FUND BENEFIT equals NET STATE OPERATING SAVINGS less NET STATE CAPITAL COST.

EXHIBIT II a
DATE 3-29-93
HB-537

MONTANA DEVELOPMENTAL CENTER
ANALYSIS OF GENERAL FUND IMPACT
OF NEW FACILITY

	*****CAPITAL IMPACT*****					***OPERATING IMPACT***			***NET***
		FEDERAL MEDICAID CAPITAL REIMBURSE							
FISCAL YEAR	NET LOAN PMTS(1)	INTEREST	DEPREC	TOTAL	NET STATE CAPITAL COST(SAV'S)	OPERATING EFFICIENCY SAVINGS	LOST FED. MEDICAID OPERATING REIMBURS.	NET STATE OPERATING SAVINGS	NET GEN[illegible] FUND BENEFIT
1994	($0)	(0)	$0	($0)	($0)	$0	$0	$0	$0
1995	0	0	0	0	0	0	0	0	0
1996	231,506	101,987	49,167	151,154	80,352	250,000	157,500	92,500	12,14[illegible]
1997	1,044,251	487,895	196,668	684,563	359,688	1,035,000	652,050	382,950	23,262
1998	1,044,251	477,271	196,668	673,939	370,312	1,071,225	674,872	396,353	26,042
1999	1,044,251	465,984	196,668	662,651	381,600	1,108,718	698,492	410,226	28,62[illegible]
2000	1,044,251	453,990	196,668	650,658	393,593	1,147,523	722,939	424,584	30,991
2001	1,044,251	441,247	196,668	637,915	406,336	1,187,686	748,242	439,444	33,108
2002	1,044,251	427,708	196,668	624,376	419,875	1,229,255	774,431	454,824	34,94[illegible]
2003	1,044,251	413,322	196,668	609,990	434,261	1,272,279	801,536	470,743	36,482
2004	1,044,251	398,037	196,668	594,705	449,546	1,316,809	829,590	487,219	37,674
2005	1,044,251	381,797	196,668	578,465	465,786	1,362,897	858,625	504,272	38,48[illegible]
2006	1,044,251	364,542	196,668	561,210	483,041	1,410,599	888,677	521,922	38,881
2007	1,044,251	346,209	196,668	542,877	501,374	1,459,970	919,781	540,189	38,814
2008	1,044,251	326,729	196,668	523,397	520,854	1,511,069	951,973	559,095	38,2[illegible]
2009	1,044,251	306,033	196,668	502,700	541,551	1,563,956	985,292	578,664	37,113
2010	1,044,251	284,042	196,668	480,710	563,541	1,618,695	1,019,778	598,917	35,376
2011	1,044,251	260,677	196,668	457,345	586,906	1,675,349	1,055,470	619,879	32,9[illegible]
2012	1,044,251	235,852	196,668	432,520	611,731	1,733,986	1,092,411	641,575	29,844
2013	1,044,251	209,476	196,668	406,144	638,107	1,794,676	1,130,646	664,030	25,923
2014	1,044,251	181,451	196,668	378,119	666,132	1,857,489	1,170,218	687,271	21,1[illegible]
2015	1,044,251	151,674	196,668	348,342	695,909	1,922,501	1,211,176	711,325	15,416
2016	1,044,251	120,036	196,668	316,704	727,547	1,989,789	1,253,567	736,222	8,675
2017	1,044,251	86,421	196,668	283,089	761,162	2,059,431	1,297,442	761,990	8[illegible]
2018	1,044,251	50,705	196,668	247,373	796,878	2,131,512	1,342,852	788,659	(8,219)
2019	1,044,251	12,757	196,668	209,425	834,827	2,206,114	1,389,852	816,262	(18,56[illegible]
2020	0	0	196,668	196,668	(196,668)	2,283,328	1,438,497	844,832	1,041,4[illegible]
2021	0	0	196,668	196,668	(196,668)	2,363,245	1,488,844	874,401	1,071,069
2022	0	0	196,668	196,668	(196,668)	2,445,959	1,540,954	905,005	1,101,673
2023	0	0	196,668	196,668	(196,668)	2,531,567	1,594,887	936,680	1,133,3[illegible]
2024	0	0	196,668	196,668	(196,668)	2,620,172	1,650,708	969,464	1,166,132
2025	0	0	196,668	196,668	(196,668)	2,711,878	1,708,483	1,003,395	1,200,06[illegible]
2026	0	0	196,668	196,668	(196,668)	2,806,794	1,768,280	1,038,514	1,235,1[illegible]
2027	0	0	196,668	196,668	(196,668)	2,905,031	1,830,170	1,074,862	1,271,530
2028	0	0	196,668	196,668	(196,668)	3,006,708	1,894,226	1,112,482	1,309,150
2029	0	0	196,668	196,668	(196,668)	3,111,942	1,960,524	1,151,419	1,348,0[illegible]
2030	0	0	196,668	196,668	(196,668)	3,220,860	2,029,142	1,191,718	1,388,386
2031	0	0	196,668	196,668	(196,668)	3,333,590	2,100,162	1,233,428	1,430,096
2032	0	0	196,668	196,668	(196,668)	3,450,266	2,173,668	1,276,598	1,473,2[illegible]
2033	0	0	196,668	196,668	(196,668)	3,571,025	2,249,746	1,321,279	1,517,947
2034	0	0	196,668	196,668	(196,668)	3,696,011	2,328,487	1,367,524	1,564,19[illegible]
2035	0	0	196,668	196,668	(196,668)	3,825,372	2,409,984	1,415,388	1,612,0[illegible]

(1) See attached schedules.

Present value of General Fund savings at 6.25% discount rate.......... $2,878,00[illegible]

MONTANA HEALTH FACILITY AUTHORITY
HEALTH CARE FACILITY REVENUE BONDS
(MONTANA DEVELOPMENTAL CENTER PROJECT)
SERIES 1994

SOURCE AND APPLICATION OF FUNDS SCHEDULE(1)

SOURCE OF FUNDS:	
Series 1994 Bonds	$13,160,641
Interest earn's on construction acct(2)	420,000
TOTAL FUNDS PROVIDED	$13,580,641
APPLICATION OF FUNDS:	
Construction and related costs	$10,500,000
Capitalized interest–net(3)	1,557,577
Debt service reserve account	1,093,789
Financing costs(4)	429,275
TOTAL FUNDS APPLIED	$13,580,641

(1) All figures are preliminary estimates only.

(2) Assuming average investment earnings on construction account balances of 4.0% per annum, with construction beginning in April of 1994 and concluding in April of 1996.

(3) Assuming two years of capitalized interest with debt service account balances invested at 4.0% per annum and earnings on the debt service reserve account flowing to the debt service account.

(4) Based upon estimated costs of issuance as follows:

Underwriters discount(at 1.6%)	$210,570
MHFA fee	30,000
Board of Investments fee	98,705
Bond counsel	50,000
Underwriters counsel	15,000
Rating	12,000
Printing	6,000
Trustee	2,500
State audit fee	3,948
Miscellaneous	4,500
Total financing costs	$429,275

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MONTANA HEALTH FACILITY AUTHORITY
HEALTH CARE FACILITY REVENUE BONDS
(MONTANA DEVELOPMENTAL CENTER PROJECT)
SERIES 1994

SCHEDULE OF ESTIMATED NET DEBT SERVICE
(Based upon an assumed average interest rate of 6.25 %)

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL DEBT SVC	LESS: CAP'D INTEREST	LESS: RESERVE EARNINGS	NET DEBT SVC
1994	$0	$205,635	$205,635	(161,883)	($43,752)	$0
1995	0	822,540	822,540	(778,789)	(43,752)	0
1996	69,622	822,540	892,162	(616,905)	(43,752)	231,506
1997	269,814	818,189	1,088,003	0	(43,752)	1,044,251
1998	286,677	801,325	1,088,003	0	(43,752)	1,044,251
1999	304,595	783,408	1,088,003	0	(43,752)	1,044,251
2000	323,632	764,371	1,088,003	0	(43,752)	1,044,251
2001	343,859	744,144	1,088,003	0	(43,752)	1,044,251
2002	365,350	722,653	1,088,003	0	(43,752)	1,044,251
2003	388,184	699,818	1,088,003	0	(43,752)	1,044,251
2004	412,446	675,557	1,088,003	0	(43,752)	1,044,251
2005	438,224	649,779	1,088,003	0	(43,752)	1,044,251
2006	465,613	622,390	1,088,003	0	(43,752)	1,044,251
2007	494,713	593,289	1,088,003	0	(43,752)	1,044,251
2008	525,633	562,370	1,088,003	0	(43,752)	1,044,251
2009	558,485	529,517	1,088,003	0	(43,752)	1,044,251
2010	593,390	494,612	1,088,003	0	(43,752)	1,044,251
2011	630,477	457,525	1,088,003	0	(43,752)	1,044,251
2012	669,882	418,120	1,088,003	0	(43,752)	1,044,251
2013	711,750	376,253	1,088,003	0	(43,752)	1,044,251
2014	756,234	331,768	1,088,003	0	(43,752)	1,044,251
2015	803,499	284,504	1,088,003	0	(43,752)	1,044,251
2016	853,717	234,285	1,088,003	0	(43,752)	1,044,251
2017	907,075	180,928	1,088,003	0	(43,752)	1,044,251
2018	963,767	124,236	1,088,003	0	(43,752)	1,044,251
2019	1,024,002	64,000	1,088,003	0	(43,752)	1,044,251

D.A. Davidson & Co.
INCORPORATED MEMBER SIPC

Great Falls: Davidson Bldg., 8 Third St. No. • P.O. Box 5015
Great Falls, MT 59403 • (406) 727-4200 • 1-800-332-5915

December 31, 1992

Mr. George W. Leung
Managing Director
Moody's Investors Service
99 Church Street
New York, NY 10007

Re: Financing For Montana Development Center

Dear George:

You may recall that in 1991 the Montana Legislature considered legislation authorizing the issuance of revenue bonds to construct new facilities for the developmentally disabled at the Montana Developmental Center. Prior to enactment of the legislation, you and I visited about the financing structure and you assured me that, as structured, the bonds would not count as State tax-supported debt (see enclosed letter). The legislation was passed and codified in Montana Codes Annotated, Section 90-7-220, a copy of which is enclosed. You'll note that the statute includes language of the nature you and I discussed in 1991, in particular:

> *"(3) The obligations of the department under the agreement are special limited obligations payable solely from the facility revenues and do not constitute debt of the state or obligate the state to appropriate or apply any funds or revenues of the state, except the facility revenues as provided in this section."*

This session, the Montana Health Facility Authority will propose legislation to increase the construction amount from $8,665,000 to $10,500,000 (with an anticipated sale of bonds in early 1994) and the question may again arise as to whether the bonds will count as State tax supported debt. Therefore, I thought I'd once again touch base with you to confirm that these revenue bonds do not fit within the tax supported debt definition. Please call at your earliest convenience on this matter.

Thanks for your assistance, George. Best wishes to you for a great 1993.

Sincerely yours,

Mark J. Semmens
Vice President

MJS:lda

cc: Mr. Jerry Hoover, Administrator
Montana Health Facility Authority

EXHIBIT #2
DATE 3-29-93
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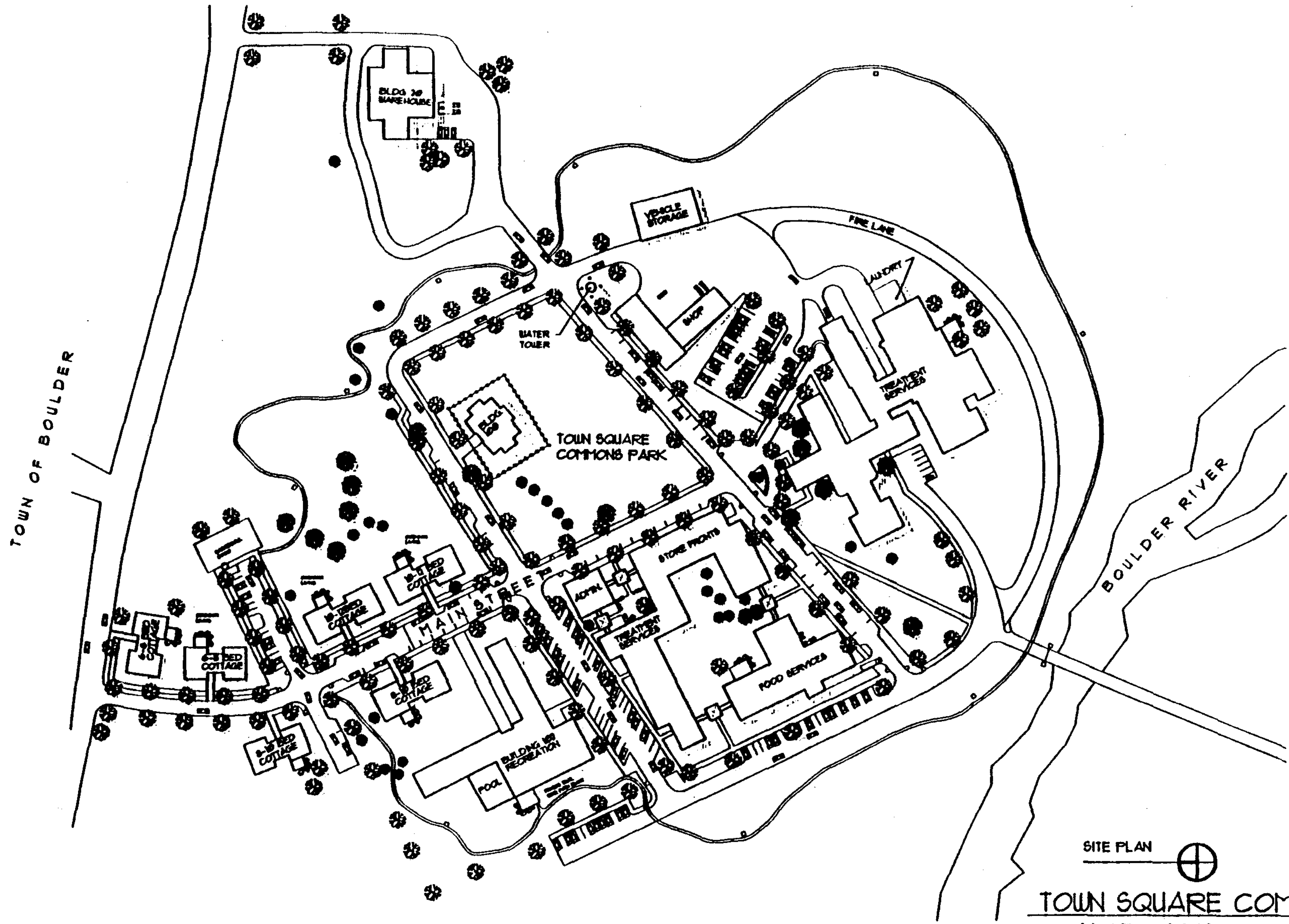
MONTANA DEVELOPMENTAL CENTER
PROJECTED OPERATIONAL SAVINGS
AFTER CAMPUS REDESIGN PROJECT
(Savings compared to FY 1993 budget)
Jan 1993

PERSONAL SERVICES SAVINGS		
Elimination of approximately 31.00 FTE = Administration, Maintanence, Laundry, Custodial, Warehouse, Food Service and Direct Care		($810,000)
OPERATIONS SAVINGS =		($190,000)
Supplies/materials	($81,000)	
Communications	($ 7,000)	
Utilities	($81,000)	
Repair/maintenance	($21,000)	

TOTAL COST SAVINGS =		($1,000,000)
		============



SITE PLAN

TOWN SQUARE COMMONS
ALTERNATE B

MITHUN

EXHIBIT #2
DATE 3-29-93
HB-537

PROGRAM AND COST COMPARISON

Programmed Area	Project to Budget		Proposed Project	
	Size	Est. Cost	Size	Est. Cost
Administration				
New Construction	3,962 sf	$267,435	3,962 sf	$267,435
Basement	0 sf	$0	0 sf	$0
SUBTOTAL		**$267,435**		**$267,435**
Treatment Services				
New Construction	23,248 sf	$1,639,012	23,668 sf	$1,639,012
Basement	1,599 sf	$31,980	1,599 sf	$31,980
Outdoor Stor.	600 sf	$10,800	600 sf	$10,800
Greenhouse	300 sf	$18,000	300 sf	$18,000
SUBTOTAL		**$1,699,792**		**$1,699,792**
Food Services				
New Construction	7,805 sf	$585,375	7,805 sf	$585,375
Food Serv. Ware.	4,760 sf	$261,800	4,760 sf	$261,800
Basement	500 sf	$10,000	500 sf	$10,000
SUBTOTAL		**$857,175**		**$857,175**
Recreation				
New Add. - Bldg. #102	0 sf	$0	5,865 sf	$469,200 [1]
Remodel Bldg. #102	7,980 sf	$199,500	7,980 sf	$199,500
Mech. / Elec. Demolition	Unit Price	$6,000	Unit Price	$6,000
Replace Gymnasium Flooring	0 sf	$0	5,580 sf	$47,430 [2]
SUBTOTAL		**$205,500**		**$722,130**
Laundry				
New Addition-Bldg #104	1,898 sf	$123,370	0 sf	$0
Remodel Basement - Building #104	0 sf	$0	1,898 sf	$75,920 [3]
SUBTOTAL		**$123,370**		**$75,920**
6-Bed Homes (Two)				
New Const. Main Level	2,915 sf	$218,610	2,915 sf	$218,610
Basement	1,500 sf	$30,000	1,500 sf	$30,000
Outdoor Stor. & Carport	540 sf	$13,500	540 sf	$13,500
Outdoor Patio	300 sf	$750	300 sf	$750
SUBTOTAL - (2 homes)		**$525,720**		**$525,720**
8-10 Bed Homes (Two)				
New Const. Main Level	3,657 sf	$301,686	3,657 sf	$301,686
Basement	1,500 sf	$30,000	1,500 sf	$30,000
Outdoor Stor. & Carport	540 sf	$13,500	540 sf	$13,500
Outdoor Patio	300 sf	$750	300 sf	$750
SUBTOTAL - (2 homes)		**$691,872**		**$691,872**

10-12 Bed Homes (Two)

New Const. Main Level	4,231 sf	$317,310	4,231 sf	$317,310	
Basement	1,500 sf	$30,000	1,500 sf	$30,000	
Outdoor Stor. & Carport	540 sf	$13,500	540 sf	$13,500	
Outdoor Patio	300 sf	$750	300 sf	$750	
SUBTOTAL - (2 homes)		**$723,120**		**$723,120**	

Warehouse

Mech. / Elec. System Demo & Ent.	Unit Price	$14,000	Unit Price	$14,000	
New Mech. / Elec. Equipment	Unit Price	$50,000	Unit Price	$50,000	
Floor Repair and New Flooring	11,558 sf	$0	11,558 sf	$49,122	4
SUBTOTAL		**$64,000**		**$113,122**	

Maintenance / Shops

New Addition Bldg. #30	4,617 sf	$184,680	0 sf	$0	
Remodel Bldg. #30	5,166 sf	$129,150	0 sf	$0	
New Construction - Steel Building	0 sf	$0	8,500 sf	$380,375	5
Mech. / Elec. System Upgrade	Unit Price	$40,000	Unit Price	$0	
Un-Heated Veh. Stor.	0 sf	$0	2,000 sf	$24,000	6
SUBTOTAL		**$353,830**		**$404,375**	

Mechanical / Electrical Upgrade - Building #104

Mech. / Elec. Demolition	Unit Price	$10,000	Unit Price	$10,000	
Mech. / Elec. Steam & Power Retro.	Unit Price	$10,000	Unit Price	$10,000	
SUBTOTAL		**$20,000**		**$20,000**	

Central Heating Plant

New Building for Plant	1,600 sf	$80,000	1,600 sf	$80,000	
New Boiler Equipment	Unit Price	$215,000	Unit Price	$215,000	
Stand-by Fuel (Diesel Fuel)	Unit Price	$55,000	Unit Price	$55,000	
SUBTOTAL		**$350,000**		**$350,000**	

Demolition

Remove Exist. Site Pave.	1,796 cy	$8,980	1,796 cy	$8,980	
Demolish Bldg. #55	48,000 cf	$12,000	48,000 cf	$12,000	
Demolish Bldg. #50	36,000 cf	$9,000	36,000 cf	$9,000	
Demolish Bldg. #56	36,000 cf	$9,000	36,000 cf	$9,000	
Demolish Bldg. #22	38,400 cf	$9,600	38,400 cf	$9,600	
Demolish Bldg. #21	80,000 cf	$20,000	80,000 cf	$20,000	
Demolish Bldg. #30	50,000 cf	$0	50,000 cf	$10,000	7
Demolish Bldg. #31	16,940 cf	$3,388	16,940 cf	$3,388	
Demolish Bldg. #32	11,200 cf	$2,240	11,200 cf	$2,240	
Demolish Bldg. #34	30,000 cf	$0	30,000 cf	$6,000	7
Demo. Misc. Stor. Bldgs.	Unit Price	$12,000		$12,000	
Mechanical Demo.-Tunnel	Unit Price	$22,000		$22,000	
SUBTOTAL		**$108,208**		**$124,208**	

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Site Utilities

New Sanit. Sewer Lines	Unit Price	$57,750	Unit Price	$57,750	
New Water Dist. System	Unit Price	$170,875	Unit Price	$180,875	8
New Elec. Dist. System	Unit Price	$75,000	Unit Price	$75,000	
New Well & Pump-Boulder System	Unit Price	$52,000	Unit Price	$52,000	
New Gas & Steam Dist.	Unit Price	$229,000	Unit Price	$229,000	
New Communications Conduit Sys.	Unit Price	$18,000	Unit Price	$18,000	
New Site Lighting System	Unit Price	$0	Unit Price	$0	
Emerg. Power System	Unit Price	$44,000	Unit Price	$44,000	
Update Fire Alarm Sys.	Unit Price	$30,000	Unit Price	$30,000	
Fire Sprink. Sys.-Bldg. #102 & #104	56,100 sf	$0	56,100 sf	$168,300	9
SUBTOTAL		**$676,625**		**$854,925**	

Site Development

New Paved Streets	12,950 sy	$129,500	18,000 sy	$180,000	10
New Gravel Streets	9,290 sy	$32,515	4,650 sy	$16,275	
New Conc. Sidewalks (6-ft wide typ.	28,170 sf	$84,510	44,837 sf	$134,511	11
New Conc. Curb & Gutter	6,640 lf	$46,480	10,211 lf	$71,477	12
Landscape - Grass Areas (seed)	22,200 sy	$0	22,200 sy	$38,850	13
Landscape - Trees	70 units	$0	70 units	$10,500	13
Underground Irrigation System	200,000 sy	$0	200,000 sy	$110,000	14
Irrigation Distribution System	Unit Price	$0	Unit Price	$20,000	15
Above Ground Fueling Station	1,000 gal.	$0	1,000 gal.	$2,500	16
SUBTOTAL		**$293,005**		**$584,113**	

Project Cost Summary

Construction Total		**$6,959,652**		**$8,013,907**	
Contingency	**7.50%**	**$524,758**	**10%**	**$801,391**	
Equipment & Furnishings		**$107,000**		**$264,893**	
State Admin. Fees @ 3%		**$208,790**		**$240,417**	
Architect / Engineering Fees		**$759,200**		**$894,100**	
Project Manager (Const. Phase)		**$0**		**$180,000**	17
Programming Fees		**$125,000**		**$125,000**	
Energy Analysis (50% Share w/ MPC.)		**$17,000**		**$17,000**	
Survey & Soils Analysis		**$20,000**		**$20,000**	
1% For the Arts (Negotiated Amount)		**$60,000**		**$60,000**	
Project Grand Total		**$8,781,399**		**$10,616,708**	

Footnotes :

1.) Originally identified as part of the project, the Aquatic Training Tank was deleted in an effort to meet the available budget. Part of the direct care facilities, the Aquatic Training Tank was the first item identified as a potential addition if funds allowed.

2.) Also identified as part of the original project, the existing gymnasium floor was to be refinished or replaced. Due to the poor condition of the existing wood floor, the projected cost includes a complete floor replacement.

3.) Projected costs include a minor remodel of the existing basement in Building #104 to house the laundry facility for Cottages 16A, B & C. This option was proposed as an alternative to a new laundry addition to Building #104.

4.) Projected costs include repair of the floor substrate and the installation of new vinyl flooring. The poor condition of the existing warehouse flooring has become a safety concern and an efficiency problem.

5.) Projected costs include the construction of a pre-engineered steel shop / maintenance structure. This option provides a smaller, more efficient facility for the maintenance operation in comparison to the remodel/addition of Building #30 identified in the base-line project.

6.) Un-heated vehicle storage will be attached to the proposed shop / maintenance structure.

7.) These structures will be demolished to provide for the proposed new shop / maintenance facility.

8.) Projected costs include the removal of the existing elevated water storage tank.

9.) Fire sprinkler systems are proposed for Buildings #104 & #102 to meet future Life-Safety requirements.

10.) Paved roads had previously been dramatically reduced to meet the available project budget. The increase in paved surface will provide adequate road and parking areas for all critical traffic areas.

11.) Concrete sidewalks had previously been dramatically reduced to meet the available project budget. The increase will provide pedestrian walks in all areas traveled by clients and/or staff.

12.) Concrete curb and gutter had previously been reduced, along with the paved roads, to meet budget.

13.) All landscaping had previously been deleted from the project to meet budget.

14.) All underground irrigation had previously been deleted from the project to meet budget.

15.) As part of the negotiations with the City of Boulder for city provided water services, it was agreed that MDC would provide their own on-site irrigation water.

16.) A fueling station was identified as being needed to provide for efficient fueling of the facilities vehicles.

17.) Due to the complex nature of the project and the extended duration of the construction phase, a full time construction administrator has been suggested by the Department of Administration, Architecture and Engineering Division. The identified costs are estimated at this time.

EXHIBIT #2
DATE 3-29-93
HB-537

MDC CAMPUS REDESIGN
SCHEDULE

PHASE	COMPLETION DATE
PROGRAMMING DOCUMENT COMPLETE	Jan 1993
SCHEMATIC DESIGN	Apr 1993
REVIEW/APPROVALS	May 1993
DESIGN DEVELOPMENT	Jul 1993
REVIEW/APPROVALS	Aug 1993
CONTRACT DOCUMENTS	Dec 1993
REVIEW/APPROVALS	Jan 1994
BIDDING	Feb/Mar 1994 (bonds)
CONSTRUCTION PHASE I housing, adm/treatment ser. food ser. site utilities, aquatic tng., shops	Mar 1994 - Oct 1995
CONSTRUCTION PHASE II recreation bldg., warehouse	Oct 1995 - Apr 1996

Amendments to House Bill No. 537
Third Reading Copy

Requested by Senator Hockett
For the Committee on Senate Finance and Claims

Prepared by Jim Haubein
March 25, 1993

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 3
DATE 3/29/93
BILL NO. HB 537

1. Title, line 7.
Following: ";"
Insert: "APPROPRIATING STATE SPECIAL REVENUE FUNDS TO THE DEPARTMENT OF ADMINISTRATION;"

2. Page 4, line 18.
Following: Line 17
Insert: "NEW SECTION. **Section 3. Appropriation.** There is appropriated $5,000 from state special revenue funds to the department of administration from donations for the project described in [section 1]."

{Office of Legislative Fiscal Analyst 444-2986}

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 4
DATE 3/29/93
BILL NO. HB 609

LIQCON
04-Mar-93

Liquor/Welfare/Gambling Consolodation

Anticipated One-Time Start-Up Costs
1995 Biennium

PERSONAL SERVICES

1. Upgrades from grade 14 to 16 for eight investigators	$95,000

OPERATING COSTS

1. Rent adjustment for NEW space:	
a. Liquor (3 new field offices)	$4,100
b. Welfare Fraud (office space for 4.00 FTE)	$9,600
2. Officer Training	$4,000
3. Moving Expenses – relocation of current offices	$10,000
4. Moving Allowances (relocation of four staff @ $1500/ea.)	$6,000
Total Operating Expenses	$33,700

EQUIPMENT

1. One vehicle with radio	$15,000
2. Computers/Printers:	
a. Liquor investigators/support staff	$18,500
b. Welfare fraud investigators/support staff	$10,500
3. Software	$8,300
4. Law Enforcement Equipment (weapons, radios, vests, pagers, etc.)	$31,000
5. Copy Machines (2)	$3,000
Total Equipment	$86,300

TOTAL START-UP REQUEST	$215,000

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 5
DATE 3/29/93
BILL NO. HB 97

February 1, 1993

STATE BUILDINGS ENERGY CONSERVATION PROGRAM

The State Buildings Energy Conservation Program reduces operating costs in state facilities by identifying and funding cost-effective energy efficiency improvements. The program operates as a profit center for state government. It actually makes money for the state through investment in these improvements.

Through this program, the state sells general obligation bonds, uses the bond proceeds to pay for energy efficiency improvements, then uses the resulting energy cost savings to pay the debt service on the bonds. The projects are designed so that the cost savings exceed the bond debt service. In this manner, the state realizes some incremental savings in the short term while the bonds are being repaid, and substantial savings after 10 years, when the bonds are retired.

The energy efficiency improvements include replacing old, inefficient boilers, upgrading inefficient lighting, increasing ventilation system efficiency, insulating buildings, and providing more effective temperature controls.

The Department of Natural Resources and Conservation contracts with private engineering firms to perform comprehensive energy analyses on state buildings and building complexes. The engineering firms recommend cost-effective energy improvements that could be made to these buildings. DNRC uses this information to develop proposed financing packages that use general obligation bonds to finance the energy improvements.

These financing packages are presented to the Governor's Office and to the Legislature for approval. Once the projects are approved, DNRC enters an interagency agreement with the Department of Administration's Architecture and Engineering Division (A&E). A&E then procures design and construction services, using the same mechanism as the state's Long-Range Building Program.

When the project design is completed and the construction and/or installation of the energy improvements is ready to begin, DNRC sells general obligation bonds through the Board of Examiners to finance the work. After the energy improvements are in place, DNRC provides on-going training and technical assistance to facility staff to ensure that energy savings are maintained. The energy cost savings realized by participating agencies are transferred to a debt service account and used to retire the bonds. A portion of the proceeds from each bond issuance is set aside to fund analysis, design and program administration for the next round of projects. In this manner, the program is able to reseed itself and to continue without additional federal or state funding.

RESULTS

As of January, 1993, DNRC has completed three retrofits under this program -- the SRS Building, the School for the Deaf and Blind, and the Center for the Aged. A major retrofit at the Montana State Hospital at Warm Springs is about 90 percent complete, and we've also completed lighting retrofits at six buildings at the University of Montana. The savings already realized from these projects totals more than $120,000. We estimate savings from state buildings energy projects to be more than a quarter million dollars in fiscal year 1994 and well over half a million in fiscal year 1995. The program currently has 30 projects in analysis, design or construction.

DESCRIPTION OF ENERGY CONSERVATION PROJECTS AUTHORIZED THROUGH HOUSE BILL 97

University of Montana

Field House: Light fixture and lamp replacement, installation of a programmable lighting control panel, installation of control valves on steam lines, and modifications to the HVAC system.

Performing Arts and TV Building: Replacement of incandescent fixtures with high efficiency fluorescent and HID fixtures, and modifications to the water source heat pump HVAC system.

Social Science Building: Replacement of standard ballasts and lamps in the fluorescent fixtures in the common areas with electronic ballasts and high efficiency lamps, and conversion of the constant volume air handlers of the second and third floors to variable air volume and direct digital control.

Old Business Administration Building: Motor replacement for the main supply fan, revision to the existing variable air volume system, replacement of existing light fixtures with 3 lamp T-8 and electronic ballasts, and photocell control for exterior lights.

Schreiber Gymnasium: Motor replacement on the heating and ventilation units, temperature control modifications, and time clock control on the domestic hot water recirculation system.

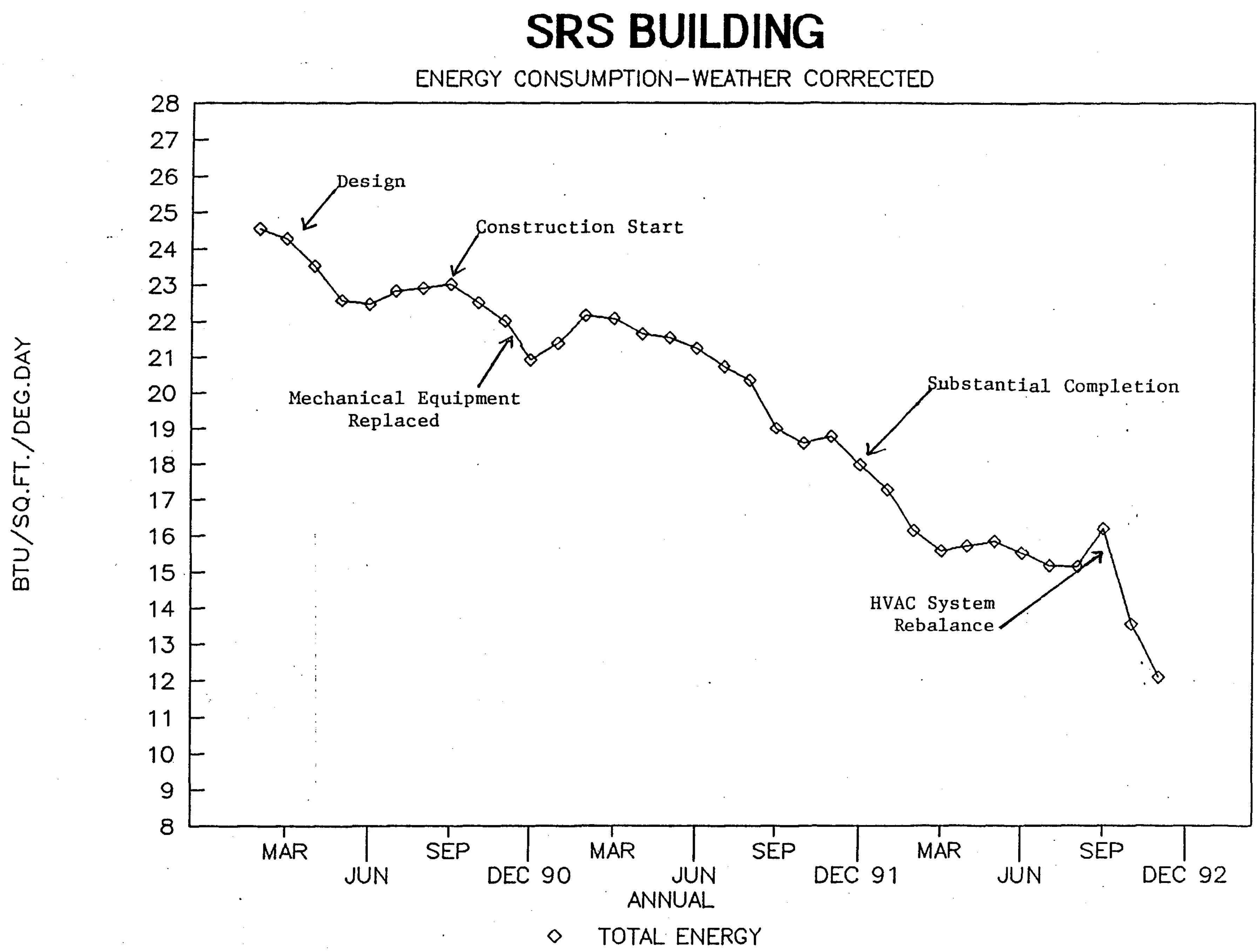
Northern Montana College

Physical Education Building: Stand alone semi-instantaneous hot water heater for domestic hot water loads, natural gas fired clothes dryer, and replacement of inefficient incandescent lights and fixtures with higher efficient fluorescent, high pressure sodium and metal halide lamps and fixtures. This project was being done in conjunction with a major remodel of this facility.

Eastern Montana College

Library Building/Liberal Arts Building: Replace the existing light fixtures in the classrooms and office areas with higher efficiency fluorescent fixtures.

Special Education Building: Conversion of the dual duct constant volume HVAC system to a variable air volume system, replacement of the existing chiller, and photocell control for exterior lighting.


SRS BUILDING
ENERGY CONSUMPTION–WEATHER CORRECTED
BTU/SQ.FT./DEG.DAY
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Design
Construction Start
Mechanical Equipment Replaced
Substantial Completion
HVAC System Rebalance
MAR
JUN
SEP
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MAR
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DEC 91
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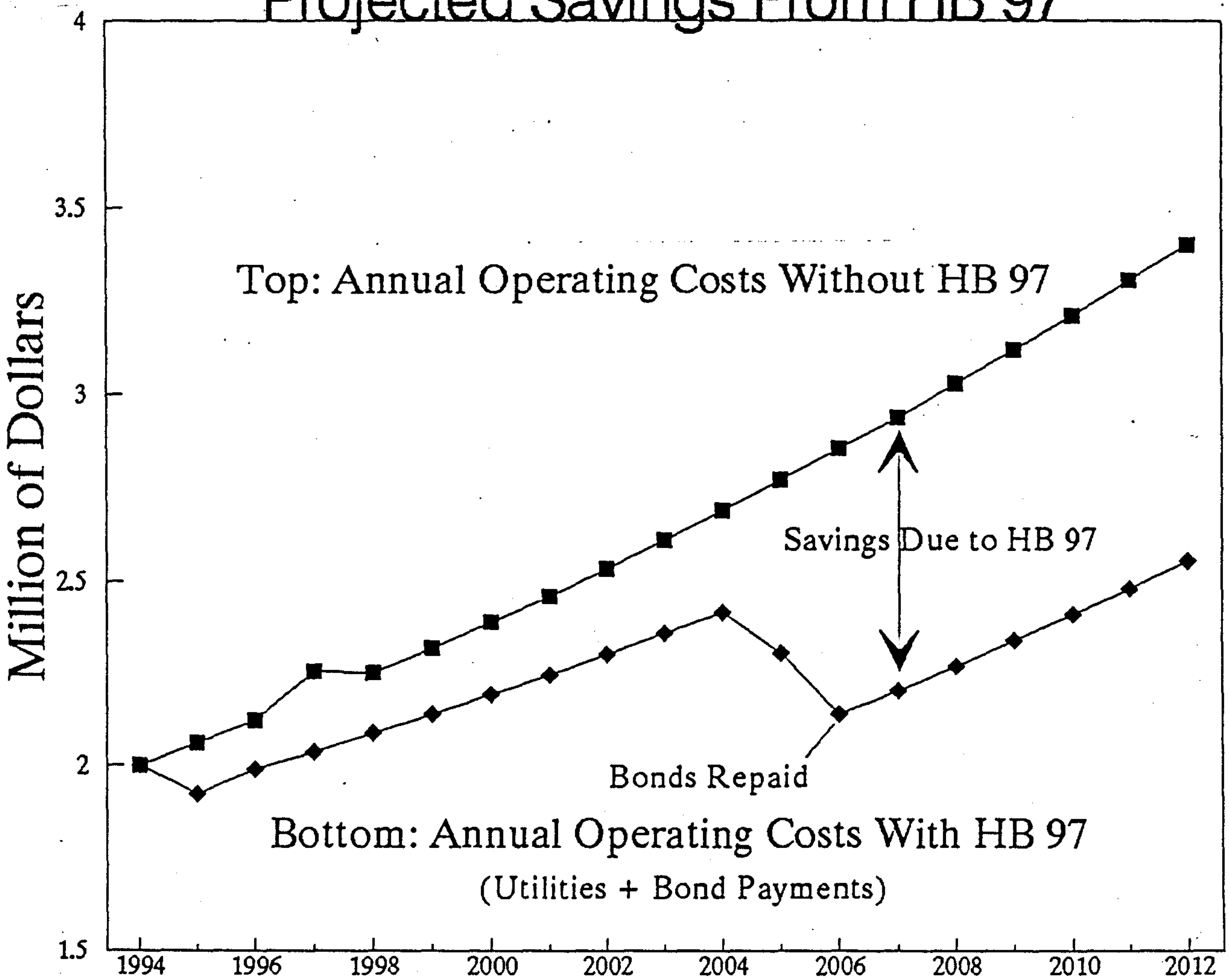
DEC 92
ANNUAL
TOTAL ENERGY

Projected Savings From HB 97



DATE 3/29/93

SENATE COMMITTEE ON Finance and Claims

BILLS BEING HEARD TODAY: HB 537, HB 549, ~~HB 616,~~ HB ~~603~~ 609, HB 97

Name	Representing	Bill No.	Check One Support	Oppose
Robert Anderson	DCHS	537	✓	
Doug Mitchell	Secretary of State	549	✓	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

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