

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON INSTITUTIONS & CULTURAL EDUCATION

Call to Order: By **CHAIRMAN MARJORIE I. FISHER**, on February 7, 1995, at 8:05 a.m.

ROLL CALL

Members Present:

Rep. Marjorie I. Fisher, Chairman (R)
Sen. Larry J. Tveit, Vice Chairman (R)
Sen. Gary C. Aklestad (R)
Rep. William T. "Red" Menahan (D)
Rep. Steve Vick (R)
Sen. Mignon Waterman (D)

Members Excused: None

Members Absent: None

Staff Present: Lisa Smith, Legislative Fiscal Analyst
Mary LaFond, Office of Budget & Program Planning
Brandee Decrevel, Committee Secretary

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

Committee Business Summary:

Hearing: None
Executive Action: Department of Corrections and Human Services
- Mental Health Division
- Central Operations

{Tape: 1; Side: A}

EXECUTIVE ACTION ON DEPARTMENT OF CORRECTIONS AND HUMAN SERVICES MENTAL HEALTH DIVISION

Bob Fairchild, Chief, Criminal Investigation Bureau, Montana Attorney General's Office, explained the action of the recent seizure of records from the Lewis & Clark Mental Health Center. There were accusations of Medicaid billing abuse that were corroborated enough to determine probable cause and get a search warrant. By regulation mental health centers are only required to keep Medicaid billing records for three years. All records available have been seized and are being audited by public

accountants. It may take as long as six months for a complete investigation of the charges.

PRESENT LAW ADJUSTMENTS

BUDGET ITEM: Base Budget

Motion/Vote: REP. RED MENAHAN moved to accept the base budget for the mental health division of the Department of Corrections and Human Services (DCHS). Motion **CARRIED** unanimously.

BUDGET ITEM: Personal services; inflation/deflation; fixed costs

Motion/Vote: REP. MENAHAN moved to accept \$905,671 in FY96 and \$1,038,760 in FY97 for personal services; \$142,370 for FY96 and \$232,114 for FY97 for inflation/deflation; and (\$181) each year of the biennium for fixed costs. Motion **CARRIED** unanimously.

BUDGET ITEM: Other Services

Joe Williams, Fiscal Bureau Chief, DCHS, reported that three federal grants applied for have been denied. These grants were for new services that have not been done before. The adjusted total requests for "other services" are (\$9,291) in FY96 and (\$18,549) in FY97. **EXHIBIT 1**

Motion/Vote: REP. MENAHAN moved to accept (\$9,291) in FY96 and (\$18,549) in FY97. Motion **CARRIED** unanimously.

BUDGET ITEM: Communications

Motion/Vote: REP. MENAHAN moved to accept (\$80,397) each year of the biennium for communications. Motion **CARRIED** unanimously.

BUDGET ITEM: Grants

REP. STEVE VICK Asked how much of these grants were for Managing Resources Montana (MRM). Lisa Smith, Legislative Fiscal Analyst (LFA) answered that the grants that are specifically in the MRM proposal are \$7.15 million in FY96 and \$7.2 million in FY97.

Motion: REP. VICK moved to approve funding at the same level as funded in FY94 - \$5,046,995 general fund per year - for each year of the biennium.

Discussion: SEN. MIGNON WATERMAN said that DCHS has struggled to get MRM going. In order to provide necessary services for emotionally disturbed children the legislature needs to adequately fund the program. She will not support the motion.

SEN. GARY AKLESTAD asked what would be the difference between the acceptance of MRM in the base budget motion and this motion. **Ms. Smith** answered there would not be much difference. The actual expenditures were reflected in the present law adjustment, so there is approximately a \$2 million increase over the base budget.

Vote: Motion **CARRIED** 5-1 with **SEN. WATERMAN** voting no.

BUDGET ITEM: Other

Motion/Vote: **REP. MENAHAN** moved to accept (\$65,732) in FY96 and (\$27,841) in FY97 for other. Motion **CARRIED** unanimously.

EXECUTIVE NEW PROPOSALS

BUDGET ITEM: Community Services/SED Youth

Motion/Vote: **REP. MENAHAN** moved to accept 1.4 FTE and \$3,084,325 for FY96 and 2.0 FTE and \$3,108,580 for FY97 for community services/SED youth. Motion **FAILED** 3-3.

Ms. Smith explained that this proposal was to fund 2 FTE which are already in place. One is currently with DCHS as the administrator of children's mental health programs, including MRM. The other position, for utilization review, is currently at the Department of Family Services (DFS) but will transfer to DCHS as part of the consolidation of MRM. DCHS had planned on funding those positions in this new proposal. The current DCHS FTE was funded on a time limited federal grant and the utilization review position was funded in DFS. Because the transfer position is considered an increase in FTE to the department, both positions for MRM had to be presented in the new proposals under the rules of the Office of Budget and Program Planning (OBPP).

Dan Anderson, Administrator, Mental Health division, DCHS, explained the children's services manager was responsible for all mental health services for children as a requirement of the federal block grant. This position is not exclusive to MRM. The utilization review position is required under Medicaid rules for all Medicaid children placed in residential treatment. These are both critical positions to managing children's mental health programs, particularly MRM.

Motion: **SEN. WATERMAN** moved to accept \$52,776 in FY96 and \$77,031 in FY97 to fund the existing 2 FTE in the MRM program.

{Tape: 1; Side: B}

Discussion: **SEN. WATERMAN** commented that the entire MRM program has been a cooperative effort between DFS and DCHS. The movement

of the utilization review FTE from DFS to DCHS is a result of this cooperation and consolidation.

SEN. GARY AKLESTAD asked if either of these positions are budgeted elsewhere. **Ms. Smith** answered that both positions are only budgeted in the new proposal. FY96 funding is for 1.4 FTE and FY97 funding is for the full 2 FTE.

Vote: Motion **FAILED** 3-3.

BUDGET ITEM: Housing/Crisis Intervention

Ms. Smith commented that this proposal provides on-going case management to get patients out into the community. It would help with purchase of housekeeping items and deposits on phones, but it does not pay or subsidize rents or mortgages.

Motion: **REP. MENAHAN** moved to accept \$316,250 in FY96 and \$866,250 in FY97 for housing/crisis intervention.

Discussion: **REP. VICK** asked if this is part of the program to reduce the number of patients in Warm Springs State Hospital. **Mr. Day** answered this proposal is to keep people in community programs. It does not result in a direct reduction to the state hospital population. If this program is successful it may prevent some of these patients from being new admissions to the state hospital.

Vote: Motion **FAILED** 3-3.

BUDGET ITEM: Sex Offender Treatment

Motion/Vote: **REP. MENAHAN** moved to accept \$105,534 in FY96 and \$114,202 for FY97 contingent on the passage of HB 93. Motion **CARRIED** unanimously.

BUDGET ITEM: Professional Staff Training

Motion: **REP. MENAHAN** moved to accept \$21,000 each year of the biennium for professional staff training.

Discussion: **CHAIRMAN MARGE FISHER** asked how large the training budget was in the base budget. **Ms. Smith** answered DCHS spent approximately \$11,000 on education and training costs in FY94 which is in the base.

Vote: Motion **FAILED** 3-3.

BUDGET ITEM: Center for the Aged Physician

SEN. AKLESTAD asked how these funds had been shown in the budget for the private practice physician who had been providing the services. Mr. Day explained that the private practitioner billed Medicaid directly so it was not reflected in the budget. Under this proposal the Medicaid fees will come into the state general fund and then the contracted physician will be paid. It is a pass through system.

Motion/Vote: REP. MENAHAN moved to accept .5 FTE and \$69,171 in FY96 and .5 FTE and \$69,513 in FY97 for Center for the Aged physician. Motion **CARRIED** unanimously.

BUDGET ITEM: Discontinue CFA Canteen

Motion/Vote: REP. MENAHAN moved to accept (\$2,541) each year of the biennium to discontinue CFA canteen. Motion **CARRIED** unanimously.

BUDGET ITEM: Program 30 Vehicle

The subcommittee deferred action on this item until all DCHS vehicle lease proposal can be considered together.

BUDGET ITEM: Personal Services Reduction - Laundry Transfer

Motion/Vote: SEN. AKLESTAD moved to accept (13) FTE and (\$209,525) for FY96 and (13) FTE and (\$211,397) for FY97 for personal services reduction - laundry transfer. Motion **CARRIED** 5-1 with REP. MENAHAN voting no.

BUDGET ITEM: Personal Services Reduction - FTE Elimination/Vacancy Savings

Motion/Vote: REP. AKLESTAD moved to accept (2.5) FTE and (\$260,291) in FY96 and (2.5) FTE and (\$260,574) in FY97 for personal services reduction - FTE elimination/vacancy savings. Motion **CARRIED** 5-1 with REP. MENAHAN voting no.

BUDGET ITEM: MHSIP Implementation

Motion/Vote: REP. WATERMAN moved to accept 2.75 FTE and \$135,000 each year of the biennium for Mental Health Statistical Improvement Program (MHSIP). Motion **CARRIED** 4-2 with SEN. AKLESTAD and CHAIRMAN FISHER voting no.

BUDGET ITEM: Energy Savings/Debt Service Transfer for Galen Project

Mary LaFond, OBPP, reported that HB 777 passed during the 1991 regular session authorized the Department of Natural Resources and Conservation (DNRC) to issue general obligation bonds to fund energy savings projects. DCHS entered into this retrofitting program at the Galen campus. There was no provision in the budget for the projected savings so OBPP decreased either electricity or gas by the \$36,000 savings. Because there was no provision in the contract for the savings that Powell County would incur under DCHS' commitment to perform the energy savings improvements DNRC agreed to reduce the bond payment by \$19,000. **EXHIBITS 2 and 3.** This budget has a \$36,000 decrease in electricity for the state hospital and a \$36,000 increase in the bond payments.

{Tape: 2; Side: A}

Mr. Day said this project represents the improvements that DCHS has made to the campus which were completed after Galen closed. The energy savings are projections as if the state were still operating the program. This budget is an adjustment for artificial savings because there is no longer savings to the mental health budget for this project.

Motion/Vote: SEN. WATERMAN moved to accept the energy savings/debt service transfer for the Galen project. Motion **CARRIED** unanimously.

{Tape: 2; Side: A; Approx. Counter: 192}

**EXECUTIVE ACTION ON DEPARTMENT OF CORRECTIONS AND HUMAN SERVICES
CENTRAL OPERATIONS****BUDGET ITEM: Base Budget**

Motion/Vote: REP. MENAHAN moved to accept the base budget for central operations of DCHS. Motion **CARRIED** unanimously.

PRESENT LAW ADJUSTMENTS**BUDGET ITEM: Personal services; inflation/deflation; fixed costs**

Ms. Smith said the appropriation for audit for the 1995 biennium was \$141,000. The 1996 appropriation is \$142,000. The apparent increase in the audit cost is because some of the funds were not spent in 1994 so were not in the base budget.

Motion: REP. MENAHAN moved to accept \$100,393 in FY96 and \$107,636 in FY97 for personal services; \$1,177 in FY96 and \$1,877

in FY97 for inflation/deflation; and \$672,501 in FY96 and \$538,342 in FY97 for fixed costs.

Discussion: SEN. AKLESTAD asked why the elimination of early retirement is shown as a cost in personal services. Ms. Smith explained in FY94 DCHS incurred some costs to pay out the early retirements which artificially inflated 1994, so the difference between FY94 and FY96 is smaller. Personal services also includes funding the pay plan approved by the 1993 legislature.

Vote: Motion CARRIED 5-1 with SEN. AKLESTAD voting no.

BUDGET ITEM: Upgrade of Employees for Board of Pardons

Ms. Smith explained that when the Executive prepares the budget it takes a "snapshot" of the state payroll system which it will not change beyond that point. After that "snapshot" was taken the Department of Administration approved two upgrades at the Board of Pardons. EXHIBIT 4 The LFA initially presented this as an issue to the Executive because the Board of Pardons only has 5 FTE and cannot count on vacancy savings to fund these personal services.

SEN. WATERMAN asked what would happen if the legislature did not approve funding the upgrade. Ms. LaFond answered the Board of Pardons would have to absorb the costs.

Ms. Smith said the LFA removed this as an issue during the review process. It would not be practical for DCHS to absorb the cost since it is important that the Board of Pardons remain autonomous. The Board of Pardons sometimes makes decisions that are in opposition to DCHS preferences which is why their autonomy is vital.

SEN. AKLESTAD asked if the upgrades are due to reclassification. Ms. Smith answered that these upgrades were a result of reclassification of these positions through the standard review and reclassification of the Department of Administration.

Motion/Vote: SEN. WATERMAN moved to accept \$7,092 in FY96 and \$7,120 in FY97 for upgrade of employees in the Board of Pardons. Motion CARRIED 4-2 with SEN. AKLESTAD and REP. VICK voting no.

BUDGET ITEM: Other Services

Motion/Vote: SEN. WATERMAN moved to accept (\$59,967) each year of the biennium for other services. Motion CARRIED unanimously.

BUDGET ITEM: Equipment

Motion/Vote: SEN. AKLESTAD moved to accept (\$6,411) each year of the biennium for equipment. Motion **CARRIED** unanimously.

BUDGET ITEM: Leases

Motion/Vote: REP. MENAHAN moved to accept \$10,596 each year of the biennium for leases. Motion **FAILED** 3-3.

BUDGET ITEM: Other

Motion/Vote: REP. MENAHAN moved to accept (\$3,320) each year of the biennium for other. Motion **CARRIED** unanimously.

EXECUTIVE NEW PROPOSALS**BUDGET ITEM: BOP-Passenger Car Purchase**

SEN. WATERMAN asked why some passenger vehicles are leased and others purchased. Ms. Smith explained that there is a DCHS proposal to make all vehicles leased. If that proposal is passed the LFA and OBPP will replace all approved purchased vehicles with leased vehicles. It is the position of the Executive that leasing is more economical than purchasing.

{Tape: 2; Side: B}

SEN. AKLESTAD asked how many miles a year do you travel? Craig Thomas, Executive Director, Montana Board of Pardons, DCHS said the 1989 owned vehicle has 160,000 miles. The 1989 leased vehicle was leased in 1992 and now has 90,000 miles. Approximately 20,000 of that is from the Board of Pardons. The lease amount is approximately \$100 month and about \$.03 cents a mile. The Department of Transportation provides the gas.

Motion/Vote: REP. WATERMAN moved to accept \$16,000 in FY96 for BOP - passenger car purchase. If the lease proposal is approved this vehicle will be leased, not purchased. Motion **CARRIED** 4-2 with SEN. AKLESTAD and SEN. LARRY TVEIT voting no.

BUDGET ITEM: Postage Meter/Mailing Machine

Motion/Vote: REP. MENAHAN moved to accept \$1,934 in FY96 and \$384 in FY97 for postage meter mailing machine. Motion **CARRIED** 4-2 with SEN. AKLESTAD and SEN. TVEIT voting no.

BUDGET ITEM: BOP Board & Staff Training

Motion/Vote: REP. MENAHAN moved to accept \$3,750 each year of the biennium for BOP board & staff training. Motion **FAILED** 3-3.

BUDGET ITEM: Early Return to Work/Safety Program

Motion/Vote: SEN. WATERMAN moved to accept \$160,000 each year of the biennium for early return to work/safety program. Motion **CARRIED** 5-1 with SEN. TVEIT voting no.

BUDGET ITEM: ISB Programming Staff

CHAIRMAN FISHER asked if this service could be contracted out rather than adding FTE. Bill Furois, Administrator, Management Services Division, DCHS, answered it could be contracted but it would probably cost more money. For example programmers contracted through the Department of Administration are \$30 per hour. The private sector would be higher. It is cheaper to add FTE.

REP. VICK commented that generally the computer program goes with the programmer; i.e. when the programmer leaves there is a difficult learning transition for the new programmer. Mr. Furois agreed this is a problem with programs, but DCHS carefully addresses it with an emphasis on documentation. The better the documentation the easier the transition.

SEN. AKLESTAD said the request for upgrades and additions to computers throughout state government seems to be never ending. It is difficult to determine if all this additional data is in fact beneficial.

SEN. WATERMAN said that the legislature is constantly asking state agencies for more and better data so it should be willing to provide the tools to get that data.

REP. VICK asked if the workload has tripled in the last biennium to justify the request to triple the staff from 2 FTE currently to 6 FTE in FY97. Ms. Furois answered the division has only been computerized for six years. The addition of this staff is actually making up for about the past fifteen years of data reporting. The new FTE's would be assigned one to the corrections division, one to reimbursement, the other two spread over mental health, developmental disability, veterans and chemical dependency. This system responds to division managers questions as well as the legislature and LFA questions.

Motion/Vote: SEN. WATERMAN moved to accept 3 FTE and \$119,861 for FY96 and 4 FTE and \$127,526 for FY97 for ISB programming staff. Motion **FAILED** 3-3.

BUDGET ITEM: Equipment Lease/Copiers

Motion/Vote: REP. MENAHAN moved to accept \$16,000 each year of the biennium for equipment lease/copiers. Motion **FAILED** 3-3.

BUDGET ITEM: AS/400 Operating Upgrade

Motion: REP. MENAHAN moved to accept \$22,175 each year of the biennium for AS/400 operating upgrade.

Discussion: REP. VICK asked if this upgrade needs to be approved since the lease for AS/400 was not approved in the present law adjustment. Mr. Furois said the present law adjustment, which is for hardware, is committed and must be paid even through the subcommittee denied the additional funding. This new proposal is an upgrade for software that could be put off if funding weren't available.

{Tape: 3; Side: A}

VOTE: Motion **FAILED** 3-3.

BUDGET ITEM: Program 10 Vehicle Lease

The subcommittee deferred action on this item until all DCHS vehicle lease proposal can be considered together.

BUDGET ITEM: Personal Services Reductions

Motion/Vote: SEN. AKLESTAD moved to accept (\$21,586) each year of the biennium for personal services reductions. Motion **CARRIED** 5-1 with SEN. MENAHAN voting no.

ADJOURNMENT: 10:15 a.m.

RECORDING SECRETARY: Paula Clawson

ADJOURNMENT

Adjournment: 10:15 a.m.

Notes Paul 6/95

Mar 97

MARJORIE I. FISHER, Chairman

Paula Clawson

PAULA CLAWSON, Recording Secretary

Note: These minutes were proofread by Lisa Smith, LFA.

MIF/pc

INSTITUTIONS

Joint Appropriations Subcommittee

ROLL CALL

DATE 2-7-95

NAME	PRESENT	ABSENT	EXCUSED
Rep. Marj Fisher, Chairman	✓		
Rep. Red Menahan	✓		
Rep. Steve Vick	✓		
Sen. Larry Tveit, Vice Chairman	✓		
Sen. Gary Aklestad	✓		
Sen. Mignon Waterman	✓		

LEGISLATIVE SUB-COMMITTEE ON PUBLIC SAFETY & CORRECTIONS VISIT

<u>Time</u>	<u>Activity</u>
8:00 A.M.	Pick-up by Department of Military Affairs Minivans at South Door of Capitol Building
8:30 A.M.	Tour of Department of Military Affairs Division and National Guard Armory
9:00 A.M.	Briefing by Division Directors
10:30 A.M.	Transport by Bus to Fort Harrison
10:45 A.M.	Bus Tour of Fort Harrison
11:15 A.M.	Tour Combined Support Maintenance Shop
11:30 A.M.	Lunch at Combined Support Maintenance Shop and Video Presentation "National Guard Year-in-Review"
12:00 P.M.	Transport by Bus to New Helicopter Battalion Headquarters Near Helena Airport
1:00 P.M.	Return to State Capitol

EXHIBIT 1DATE 2-7-95SB HB 2DCHS
EXECUTIVE ACTION

2-7-95

Page D-139, Issue # 4, Other Services.

	Executive Budget FY96	Adjusted Budget FY96	FY96 Reduction	Executive Budget FY97	Adjusted Budget FY97	FY97 Reduction
1. 2102: New CSP Grant Request. Application Not Approved. Reduce Federal Funds each year of the biennium.	22,200	0	(22,200)	22,200	0	(22,200)
2. 2102: New Respite Grant Request. Application Not Approved. Reduce Federal Funds of \$188,267 each year of the biennium and \$53,432 GF each year of matching funds	241,699	0	(241,699)	241,699	0	(241,699)
3. 2102: New Children's Initiative Grant Request. Application Not approved. Reduce federal funds each year of the biennium	578,400	0	(578,400)	1,034,400	0	(1,034,400)
4. 2888: Indirect Costs on items 1-3 above. Federal funds.	27,146	0	(27,146)	34,911	0	(34,911)
Totals	869,445	0	(869,445)	1,333,210	0	(1,333,210)

Total Biennial Reduction	<u>(2,202,655)</u>
GF Reduction	<u>(106,864)</u>
Federal funds Reduction	<u>(2,095,791)</u>

FY96 Other Services as appears in LFA Book, page D-139:	860,154
FY96 Other Services as calculated	<u>(869,445)</u>
New Total, FY96	(9,291)

FY97 Other Services as appears in LFA Book, page D-139:	1,314,661
FY97 Other Services as calculated	<u>(1,333,210)</u>
New Total, FY97	(18,549)

**LICENSED MENTAL HEALTH PROVIDERS
MONTANA - JANUARY 1995**

SOCIAL WORKERS (Masters level)	312¹	29.1%
LICENSED PROFESSIONAL COUNSELORS (Masters level)	477²	44.5%
PSYCHOLOGIST (Doctorate level)	200	18.7%
PSYCHIATRIST	82	7.7%
CHILD PSYCHIATRIST (Board Certified)	5³ (estimated)	
TOTAL PROFESSIONALS:	1071	100%

Data in the above table was provided by the licensing authorities for the respective professions.

¹Of this total, 14 are inactive.

²Of this total 13 are inactive.

³These are located in Missoula, Butte, Great Falls, and Billings. These are included in the total of 82 psychiatrist.

2
EXHIBIT

DATE 2-7-95

HB 2

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION



MARC RACICOT, GOVERNOR

LEE METCALF BUILDING
1520 EAST SIXTH AVENUE

STATE OF MONTANA

DIRECTOR'S OFFICE (406) 444-6699
TELEFAX NUMBER (406) 444-6721

PO BOX 202301
HELENA, MONTANA 59620-2301

MEMORANDUM

TO: Mary LaFond, OBPP

FROM: Tom Livers, DNRC - Energy *Tom Livers*

DATE: December 7, 1994

SUBJECT: Energy savings/debt service transfer from Galen project

Thanks for your phone call today regarding the transfer on the Galen project. I've attached a copy of my November letter to Dan Anderson, along with previous correspondence that pretty well illustrates what happened.

I think given the circumstances that the reduction from \$36,000 to \$17,000 is acceptable. Otherwise, the Department of Corrections and Human Services would be penalized for not incorporating this into the Powell County lease. We have examined our cash flow projections and have determined that the State Buildings Energy Conservation Program can absorb this change since the economics of the project were so favorable in the first place.

Over the past several months we have developed and refined a memorandum of understanding regarding savings transfers under this program. In the future, DNRC will enter into this MOU with participating agencies prior to implementing the energy conservation project; we're hopeful that this more formal arrangement will help head off such confusion in the future, and better articulate the terms of the savings agreement.

Thanks for your attention to this. Please give me a call at 444-6776 if you have questions or need more information.

Enclosures

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION



MARC RACICOT, GOVERNOR

LEE METCALF BUILDING
1520 EAST SIXTH AVENUE

STATE OF MONTANA

DIRECTOR'S OFFICE (406) 444-6699
TELEFAX NUMBER (406) 444-6721

PO BOX 202301
HELENA, MONTANA 59620-2301

November 15, 1994

Dan Anderson, Administrator
Mental Health Division
Department of Corrections
and Human Services
DEADHEAD

Dear Dan:

About a year ago the Department of Corrections and Human Services requested that DNRC consider installing individual heating systems at the residences on the Galen Campus. This would save energy and money by allowing DCHS to shut down the main central heating plant while still providing heat to the occupied residences. We agreed to fund this project through the State Buildings Energy Program, and in the enclosed correspondence outlined projected debt service and energy savings. Since that time, the project has been completed and we have revised the debt service and energy savings calculations to \$17,000 and \$36,000, respectively.

We recently learned that your department has leased these buildings to Powell County and that the County now pays utility costs on these facilities. As a result of this arrangement, Powell County now receives the benefit of the energy savings, instead of the savings accruing to your department. Based on the terms outlined in the attached correspondence, DNRC will support a request to reduce your utility transfer from \$36,000 (projected savings) to \$17,000 (actual debt service attributable to this project). *\$19,000 reduction g.f.*

We are concerned that Powell County is receiving the benefits of the State of Montana's bonded investment, while the State continues to pay debt service. There probably is nothing to do at this point with the Galen lease, but this should be a consideration in the future if you anticipate similar transactions. Also, I think both our agencies could have avoided some confusion if we had known that you were no longer paying utility bills and thus not realizing the savings. Our understanding as of mid July, or last contact with DCHS on this issue, was that the state was still paying the utility bills. Simply staying in touch may head off confusion in the future.

Dan, please let me know if you have any questions or concerns with this action, or if you need more information. Thanks.

Sincerely,

Tom Livers

Tom Livers
Chief, Conservation and
Renewable Energy Bureau

Enclosures

DEPARTMENT OF CORRECTIONS
AND HUMAN SERVICES

RECEIVED

SEP 17 1993



MARC RACICOT, GOVERNOR

DNRC
1539 NTH AVENUE

STATE OF MONTANA

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

PO BOX 201301
HELENA, MONTANA 59620-1301

September 16, 1993

EXHIBIT 2
DATE 2-7-95
HB 2

Georgia Brensdal, P.E.
Engineering Supervisor
Energy Division
Dept. of Natural Resources & Conservation
Capitol Station
Helena, MT 59620

Dear Georgia:

Thank you for your memorandum of September 15 outlining the potential savings and costs of installing individual heating systems and upgrading insulation in the Galen campus residences. It is obvious that this project makes economic sense, and we believe it will increase the comfort of the Galen residents while conserving energy.

It is our understanding that under the State Building Energy Conservation Program the Department of Corrections and Human Services will be responsible for repaying the cost of these improvements. The repayment amount will be at least the debt service on the bond proceeds used to pay for the improvements, which you estimate to be \$13,000 annually. We also understand that if energy savings attributable to the project exceed the debt service, the Department will be responsible for repayment up to the amount of the savings so long as the Department is responsible for utility costs for the Galen residences. In the event we are no longer paying heating costs, we will still be obligated for debt service until the bonds are repaid, a period of ten years.

We wish to proceed with this project at the earliest possible opportunity. It is our goal to have these improvements completed by January 1, 1994.

Please inform Randy Poulsen or me of any additional steps we need to take to initiate this project or of any additional information you need.

Sincerely Yours,

A handwritten signature in dark ink, appearing to read "Dan Anderson".

DAN ANDERSON, Administrator
Mental Health Division

DA:bt

cc: Rick Day, Director, DCHS
Jim Whaley, Architecture & Engineering

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION



MARC RACICOT, GOVERNOR

LEE METCALF BUILDING
1520 EAST SIXTH AVENUE

STATE OF MONTANA

DIRECTOR'S OFFICE (406) 444-6699
TELEFAX NUMBER (406) 444-6721

PO BOX 202301
HELENA, MONTANA 59620-2301

MEMORANDUM

TO: Kathy Willis, A/E Division
Dan Anderson, Mental Health Division
Connie Onstad, DNRC

FROM: Georgia Brensdal, Energy Division *GBrensdal*

DATE: May 5, 1994

RE: Increased authorization to Galen Boiler Shutdown,
A/E 93-30-06

We authorize A/E to expend a total of \$128,334 for this project using State Building Energy Program funds from FY93 SBBP bond funds, 1991 Sessions Law Chapter No. 553, HB 777, 52nd Legislature, to fund the project.

This is an increase of \$119.00 over the original amount authorized. The additional funding is necessary to cover additional expenses for filing fees and advertising.

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

EXHIBIT 2
DATE 2-7-95
HB 2

MARC RACICOT, GOVERNOR

LEE METCALF BUILDING
1520 EAST SIXTH AVENUE

STATE OF MONTANA

DIRECTOR'S OFFICE (406) 444-6699
TELEFAX NUMBER (406) 444-6721

PO BOX 202301
HELENA, MONTANA 59620-2301

MEMORANDUM

TO: Randy Poulson
Mental Heath Division

FROM: Georgia Brensdal *GB*
Energy Division

DATE: September 15, 1993

RE: Boiler Plant Shutdown at Galen

The boiler plant shutdown, which involves the installation of individual heating systems at the residences on the Galen campus, has been proposed as a project for DNRC's State Building Energy Conservation Program. I have reviewed the proposed cost estimates prepared by Rich Jarvis, A&E, and the energy consumption information from the energy study performed on the campus in 1991 to arrive at some savings estimates for this project. The attached table shows savings by building using today's gas costs. I would recommend a conservative estimate from these figures due to the uncertain occupancy level of the buildings, and difficulty in getting reliable information on steam lines losses. The following figures are presented for your review of this project:

Annual Energy Savings = \$45,000
Annual Debt Service Costs Estimate = \$13,000

This project would meet the criteria for funding by the State Building Energy Conservation Program because it results in energy savings, the investment by the State has a positive present value, and there is positive cash flow (i.e. the yearly savings is greater than the costs). However, if your agency will not continue to receive energy savings from this project for at least two years, the investment should not be made, because you will not recapture your repayment.

EXHIBIT 3
DATE 2-7-95
SB HB 2

Handlon ①
2-7-95

Department of Corrections and Human Services
Mental Health System
Energy savings/debt service transfer for Galen project
Presented to Subcommittee on Tuesday, February 7, 1995

<u>Exec</u> <u>Budget</u>	<u>FY96</u> <u>DNRC</u> <u>Reduction</u>	<u>New</u> <u>Total</u>	<u>Exec</u> <u>Budget</u>	<u>FY97</u> <u>DNRC</u> <u>Reduction</u>	<u>New</u> <u>Total</u>
-36,000	-19,000	-17,000	-36,000	-19,000	-17,000
36,000	-19,000	17,000	36,000	-19,000	17,000

These amounts are included in the Mental Health operating budget CV03100 Program 30. The decrease due to savings is in object of expenditure 2601 - electricity, and the increase to cover the bond payment is object of expenditure 2608 - energy savings.

Waterman - moves
motion carries

EXHIBIT 4
 DATE 2-7-95
 SB HB 2

Handwritten: 10
 Central Oper.
 2-7-95

**Board of Pardons
 Upgrade of Employees
 Presented to Subcommittee on Tuesday, February 7, 1995**

		FY96			FY97		
		Exec Budget	Upgrade	New Total	Exec Budget	Upgrade	New Total
13001	Executive Secretary Salary Benefits @ 16.36%	33,087	3,196	36,283	33,214	3,209	36,423
		5,413	523	5,936	5,434	525	5,959
		3,719			3,734		
13010	Administrative Officer Salary Benefits @ 16.36%	30,783	2,899	33,682	30,901	2,910	33,811
		5,036	474	5,510	5,055	476	5,531
		3,373			3,386		
		7,092			7,120		

water man moves

14,212

VICK
 ALLstad } NO
 carries