

## LONG-RANGE BUILDING PROGRAM

**Purpose** - The Long-Range Building Program was initiated in 1965 to provide funding for construction and maintenance of state buildings. The LRBP was developed in order to present a single, comprehensive and prioritized plan for allocating state resources for capital construction and maintenance of state-owned facilities. Primary statutory authority is Title 17, Chapter 7, part 2, MCA.

### Executive Recommendation -

- **Volume 2 of the Governor's 2003 biennium Executive Budget** contains the complete LRBP project applications and recommended project descriptions, which total \$163,711,610. All recommended projects are listed on Table F-2.
- **HB 5** contains \$4,319,660 LRBP, \$22,275,325 state special revenue, \$14,286,000 federal special revenue, and \$33,595,625 other funds for a total of 53 projects and \$74,476,610 in the cash bill.
- Highest priorities in the cash recommendations are safety and mechanical projects statewide.
- **HB 14** recommends general obligation bonds for 11 projects, of which up to \$46.7 million maximum could require general fund debt service payments.
- Total bonded program is for \$89,235,000 and includes \$46.7 million in LRBP, \$11.4 million in state special revenue, \$25.7 million in federal special revenue and \$5.3 million in other funds.
- General fund debt service is budgeted at \$1 million in the Executive Budget balance sheet based on the planned design/construction schedule and the proceeds from the sale of the Montana National Guard Headquarters Armory of \$1.2 million.
- If HB 14 is approved, the total LRBP debt service will be approximately \$5.9 million by FY 2004, compared with a high of about \$20.8 million in FY 1995.

### Language Recommendation -

The following language will be included in the introduced version of **HB 5**:

- "Inmate labor will be utilized for the construction of the new female dormitory wing at the treasure state correctional training center."
- "The department of fish, wildlife and parks, the department of military affairs, and the department of transportation are authorized to transfer money appropriated in this bill among fund types."
- "The appropriations of \$150,000 in capitol land grant revenue to the department of fish, wildlife, and parks for capitol ground improvements, and \$400,000 to the department of administration for capitol complex land acquisition are the last priorities for use of these funds during the 2003 biennium and are dependent upon the availability of revenues. The department of administration architecture and engineering division will set the priorities for revenue available for the two projects."
- "If **HB 5** and the bill to increase the cigarette tax both are passed and approved, the following projects are approved for LRBP funding, in addition to current requested projects: Increase Life Safety Projects, Statewide - \$450,000; Increase Hazardous Material Mitigation Fund - \$1,000,000; Increase Roofs – Statewide - \$150,000; Increase Project Litigation Fund - \$25,000; Increase Paving and Improvements at Eastmont, Glendive - \$103,300; Code Compliance/Deferred Maintenance, University System - \$1,100,000; SWLO Missoula Unit Improvements, DNRC - \$150,000."
- "Funding for the museum study/design is contingent upon passage and approval of HB 16."

The following language will be included in the introduced version of **HB 14**:

- "All proceeds derived from the sale of the Montana national guard headquarters armory located in Helena, Montana, shall be used to pay the general obligation debt service on the bonds issued for construction of the new DPHHS building. The proceeds of the sale shall be deposited to the general fund for this purpose."
- "Prior to bonding for the applied technology center, private and/or federal funding must be available to match the bonded amount for completion of the building. The "other" authority in HB 14 may be utilized as federal special revenue authority if required."

## LONG-RANGE BUILDING PROGRAM

<b>Table F-1</b> <b>REVENUE ESTIMATE</b> <b>LONG-RANGE BUILDING PROGRAM ACCOUNT</b> <b>2003 BIENNIUM</b>	
<b>Estimated Beginning Cash Balance (July 1, 2001)</b>	<b>(\$165,568)</b>
<b>Revenues:</b>	
Cigarette Tax	\$3,416,161
Coal Severance Tax	8,272,000
Interest Earnings	330,792
Supervisory Fees	365,010
DEQ Transfer - Energy Savings	<u>287,993</u>
<b>Total Revenues</b>	<b><u>12,671,956</u></b>
<b>Funds Available</b>	<b>12,506,388</b>
<b>Expenditures:</b>	
Operating Costs - A & E Division (Current Request)	(2,322,127)
Debt Service - 1996D Issue*	(3,583,988)
Debt Service - 1997B Issue*	(882,862)
Debt Service - 1999C Issue *	<u>(1,395,644)</u>
<b>Total Expenditures - Excluding Capital Projects</b>	<b><u>(8,184,621)</u></b>
<b>Funds Available For Capital Projects</b>	<b>4,321,767</b>
<b>Funding Proposals</b>	
Capital Construction Program - LRBP Projects Only (Funds will be allocated in LRBP budget)	0
<b>Total Funding Proposals</b>	<b>0</b>
<b>Balance Remaining</b>	<b><u><u>\$4,321,767</u></u></b>
* CST portion only	

### Funding -

- Cigarette tax revenue is projected at \$3.416 million
- Coal severance tax revenue is projected at \$8.272 million.
- State buildings energy savings transfers by the DEQ are \$287,993
- If the cigarette tax increase is adopted as recommended, an additional \$3 million would be available for major maintenance.

## LONG-RANGE BUILDING PROGRAM

<b>Table F-2</b> <b>Long-Range Building Program Recommendations 2003 Biennium Cash &amp; Bonded Projects</b>						
Priority	PROJECT	LRBP	STATE SPECIAL	FEDERAL SPECIAL	OTHER FUNDS	TOTAL
<b><u>House Bill 5 - CASH PROGRAM</u></b>						
1	REPLACE PRIMARY POWER DISTRIBUTION SYSTEM, UM-WMC	162,750			59,375	222,125
2	LIFE SAFETY PROJECTS, STATEWIDE	400,000				400,000
3	HAZARDOUS MATERIAL MITIGATION FUND	350,000				350,000
4	ROOFS – STATEWIDE, A&E	499,000				499,000
5	ROOFS – STATEWIDE, MUS	426,000				426,000
6	UPGRADE FOUNDATIONS AND BOILER, MLEA	200,000				200,000
7	HEATING PLANT STEAM DIST- PHASE II, UM-Tech	438,750			236,250	675,000
8	FACILITY IMPROVEMENTS, MSD&B	315,160				315,160
9	LICENSURE COMPLIANCE, MMHNNC	524,000				524,000
10	MASTER PLAN CAMPUSES, MUS	150,000			150,000	300,000
11	PROJECT LITIGATION FUND	475,000				475,000
12	EXPAND UNIT OFFICE, DNRC LIBBY	94,000				94,000
13	PAVING AND IMPROVEMENTS AT EASTMONT, PHHS GLENDIVE	200,000				200,000
14	NEW FEMALE DORMITORY WING AT BOOT CAMP, TSCTC	85,000				85,000
15	ANIMAL & RANGE SCIENCE FACILITY ,MSU				5,000,000	5,000,000
16	GRANT PROJECTS, ALL CAMPUSES, UM				1,500,000	1,500,000
17	ADA CODE / DEFERRED MAINTENANCE,UM				1,000,000	1,000,000

## LONG-RANGE BUILDING PROGRAM

Table F-2 Long-Range Building Program Recommendations 2003 Biennium Cash & Bonded Projects						
Priority	PROJECT	LRBP	STATE SPECIAL	FEDERAL SPECIAL	OTHER FUNDS	TOTAL
18	FINE ARTS MUSEUM REMODEL/UPGRADE, UM				5,000,000	5,000,000
19	MULTI MEDIA CENTER, UM YELLOW BAY				1,350,000	1,350,000
20	INTERNATIONAL CENTER, UM				1,250,000	1,250,000
21	LAW BUILDING RENOVATION / EXPANSION, UM				5,000,000	5,000,000
22	SCHOOL OF JOURNALISM BUILDING, UM				12,000,000	12,000,000
23	FAS MAINTENANCE, FWP		275,000			275,000
24	FAS SITE PROTECTION, FWP		600,000	100,000		700,000
25	FAS ACQUISITION, FWP		600,000			600,000
26	HATCHERY MAINTENANCE, FWP		575,000			575,000
27	PARK/BEARPAW LAKES DAM REPAIR, FWP		210,000			210,000
28	FUTURE FISHERIES, FWP		2,010,000			2,010,000
29	VALIER BOAT RAMP, FWP			150,000		150,000
30	WILDLIFE HABITAT MAINTENANCE, FWP		750,000			750,000
31	HABITAT MONTANA, FWP		4,800,000			4,800,000
32	WATERFOWL STAMP PROGRAM, FWP		230,000			230,000
33	UPLAND GAME BIRD PROGRAM, FWP		1,200,000			1,200,000
34	BIG HORN SHEEP PROGRAM, FWP		25,000			25,000
35	CARA – WILDLIFE, FWP			2,120,000		2,120,000
36	CULTURAL & HISTORIC PARKS, FWP		1,755,000	150,000		1,905,000

## LONG-RANGE BUILDING PROGRAM

Table F-2 Long-Range Building Program Recommendations 2003 Biennium Cash & Bonded Projects						
Priority	PROJECT	LRBP	STATE SPECIAL	FEDERAL SPECIAL	OTHER FUNDS	TOTAL
37	MOTORBOAT RECREATION, FWP		754,650	505,000		1,259,650
38	FEDERAL WB, FWP			745,000		745,000
39	LEWIS & CLARK BICENTENNIAL, FWP				500,000	500,000
40	STATE PARK ROADS, FWP		400,000			400,000
41	CAPITOL COMPLEX GROUNDS IMPROVEMENTS, FWP				150,000	150,000
42	LWCF GRANTS, FWP			570,000		570,000
43	FEDERAL TRAILS GRANTS, FWP			1,900,000		1,900,000
44	OHV TRAILS GRANTS, FWP		425,000			425,000
45	CARA – LWCF, FWP			6,546,000		6,546,000
46	ADMINISTRATIVE FACILITY REPAIR AND MAINTENANCE		764,000			764,000
47	MAINTENANCE , REPAIR & SMALL PROJECTS, MDT		2,800,000			2,800,000
48	CONSTRUCT EQUIPMENT STORAGE, BUILDINGS, MDT		2,700,000			2,700,000
49	MUSEUM STUDY/DESIGN, Admin		1,000,000			1,000,000
50	CAPITOL COMPLEX LAND ACQUISITION, Admin				400,000	400,000
51	FEDERAL SPENDING AUTHORITY, DMA			1,500,000		1,500,000
52	MVH IMPROVEMENTS, PHHS		223,875			223,875
53	EMVH IMPROVEMENTS, PHHS		177,800			177,800
<b>TOTAL HB 5 CASH PROGRAM</b>		<b>\$ 4,319,660</b>	<b>\$ 22,275,325</b>	<b>\$ 14,286,000</b>	<b>\$ 33,595,625</b>	<b>\$ 74,476,610</b>

## LONG-RANGE BUILDING PROGRAM

Table F-2						
Long-Range Building Program Recommendations 2003 Biennium Cash & Bonded Projects						
Priority	PROJECT	LRBP	STATE SPECIAL	FEDERAL SPECIAL	OTHER FUNDS	TOTAL
<b><u>House Bill 14 - BONDED PROGRAM</u></b>						
54	RENOVATE CHEMISTRY BUILDING	6,350,000				6,350,000
55	RENOVATE LIBERAL ARTS LIFE SAFETY MAINTENANCE, MSU-Billings	3,220,000				3,220,000
56	REPLACE HVAC- PHASE II - SCIENCE COMPLEX, UM	3,286,000				3,286,000
57	RENOVATE EXTERIOR LINFIELD HALL AND MONTANA HALL, MSU, DEFERRED MAINTENANCE	1,450,000				1,450,000
58	CONSTRUCT DPHHS BUILDING, HELENA	10,162,391	11,411,050	17,953,559	1,200,000	40,727,000
59	EXPAND COT-HELENA, UM	5,492,000				5,492,000
60	CONSTRUCT NEW DILLON ARMORY,DMA	1,940,000		3,800,000		5,740,000
61	CONSTRUCT C. RECEPTION UNIT,DOC	8,547,000				8,547,000
62	UPGRADE HVAC SYSTEMS, COWAN HALL, MSU-Northern	2,173,000				2,173,000
63	CONSTRUCT MISSOULA JOB SERVICE, Labor			4,000,000		4,000,000
65	CONSTRUCT APPLIED TECHNOLOGY CENTER, MSU-Northern	4,125,000			4,125,000	8,250,000
<b>TOTAL HB 14 BONDED PROGRAM</b>		<b>\$ 46,745,391</b>	<b>\$ 11,411,050</b>	<b>\$ 25,753,559</b>	<b>\$ 5,325,000</b>	<b>\$ 89,235,000</b>
<b>TOTAL LRB PROGRAM</b>		<b>\$ 51,065,051</b>	<b>\$ 33,686,375</b>	<b>\$ 40,039,559</b>	<b>\$ 38,920,625</b>	<b>\$ 163,711,610</b>

CASH PROGRAM EXPANDED WITH CIGARETTE TAX INCREASE		
66	LIFE SAFETY PROJECTS, Admin	450,000
67	CODE COMPLIANCE/DEFERRED MAINTENANCE,MUS	1,100,000

## LONG-RANGE BUILDING PROGRAM

<b>Table F-2</b> <b>CASH PROGRAM EXPANDED WITH CIGARETTE TAX INCREASE</b>						
Priority	PROJECT	LRBP	STATE SPECIAL	FEDERAL SPECIAL	OTHER FUNDS	TOTAL
68	HAZARDOUS MATERIAL MITIGATION, Admin	1,000,000				
69	ROOFS STATEWIDE, Admin	150,000				
70	PAVING AND IMPROVEMENTS AT EASTMONT, GLENDIVE, PHHS	103,300				
71	SWLO- MISSOULA UNIT IMPROVEMENTS, DNRC	150,000				
72	PROJECT LITIGATION FUND, Admin	25,000				
	EXPANDED CASH PROGRAM	2,978,300	-	-	-	2,978,300
	<b>TOTAL EXPANDED PROGRAM WITH INCREASE CIGARETTE TAX</b>	<b>\$ 54,043,351</b>	<b>\$ 33,686,375</b>	<b>\$ 40,039,559</b>	<b>\$ 38,920,625</b>	<b>\$166,689,910</b>

## TREASURE STATE ENDOWMENT PROGRAM

**Purpose** - The Treasure State Endowment Program (TSEP), administered by the Department of Commerce, is a coal tax-funded program designed to assist communities with infrastructure financing as authorized by Montana voters with passage of Legislative Referendum 110 in 1992. The program is defined in Title 90, Chapter 6, part 7, MCA. Goals for the program include:

- create jobs for Montana residents;
- promote economic growth in Montana by helping to finance the necessary infrastructure;
- encourage local public facility improvements;
- create a partnership between the state and local governments to make necessary public projects affordable;
- support long-term, stable economic growth in Montana;
- protect future generations from undue fiscal burdens caused by financing necessary public works;
- coordinate and improve infrastructure financing by federal, state, local government, and private sources; and
- enhance the quality of life and protect the health, safety, and welfare of Montana citizens.

### **Executive Recommendation -**

- **Volume 3 of the Governor's 2003 biennium Executive Budget** contains the department's evaluation of each of the TSEP applications and recommendations.
- About \$14 million in net endowment interest will be available for grant awards for the 2003 biennium.
- **HB 11** contains recommendations for grants to 31 of the 38 applicants, whose requests totaled \$16,771,278 from TSEP funds.
- **HB 11** recommends three additional projects for contingent grant funding, if revenue projections are higher or other projects are not able use funds. All recommended projects are listed on Table F-3.

### **Since the Last Session -**

- Improved application ranking process, including pre-defined scoring levels and changes to the engineering review process.
- Prepared a new manual to assist local governments with the process of bidding a project and proceeding with construction.
- Developed new evaluation criteria for each of the seven statutory priorities as a result of the changes to the statutory priorities.



## TREASURE STATE ENDOWMENT PROGRAM

<b>Table F-3</b> <b>TSEP 2003 Biennium Grant Recommendations</b>				
Cumulative TSEP Grant Proposed Award	Applicant	Utility	Proposed Grant Award	Rank Order
500,000	Lewis & Clark County	Bridge	500,000	1
1,000,000	Alder Water & Sewer District	Wastewater	500,000	2
1,500,000	Town of Hot Springs	Water	500,000	3
2,000,000	Whitewater Water & Sewer District	Wastewater	500,000	4
2,500,000	Town of Virginia City	Wastewater	500,000	5
2,890,600	Town of Froid	Wastewater	390,600	6
3,390,600	Town of Nashua	Wastewater	500,000	7
3,687,100	Richland County	Bridge	296,500	8
4,170,100	Town of Lavina	Wastewater	483,000	9
4,568,600	Gardiner-Park County Water & Sewer District	Water	398,500	10
5,068,600	Park City Water & Sewer District	Wastewater	500,000	11
5,568,600	Town of Stanford	Wastewater	500,000	12
6,068,600	Florence County Water & Sewer District	Wastewater	500,000	13
6,568,600	Ashland County Water & Sewer District	Wastewater	500,000	14
6,736,060	Town of Geraldine	Water	167,460	15
7,236,060	Town of Manhattan	Wastewater	500,000	16
7,639,060	Lambert County Water & Sewer District	Water	403,000	17
8,139,060	Town of Browning	Water	500,000	18
8,524,060	Town of Kevin	Wastewater	385,000	19
8,949,060	Power-Teton County Water & Sewer District	Water	425,000	20
9,449,060	Blackfeet Tribe	Water	500,000	21
9,949,060	City of Whitefish	Wastewater	500,000	22
10,449,060	City of Choteau	Wastewater	500,000	23
10,949,060	Lockwood Water & Sewer District	Wastewater	500,000	24
11,318,060	Town of Eureka	Water	369,000	25
11,818,060	City of Shelby	Water	500,000	26
12,318,060	Charlo-Lake County Sewer District	Wastewater	500,000	27
12,543,060	Essex County Water & Sewer District	Water	225,000	28
13,043,060	City of Helena	Stormdrain	500,000	29
13,372,060	Hinsdale Water & Sewer District	Wastewater	329,000	30
13,872,060	City of Havre	Water	500,000	31
14,372,060	Town of Fairfield *	Wastewater	500,000	32
14,672,060	Yellowstone County *	Bridge	300,000	33
15,172,060	Town of Jordan *	Water/Wastewater	500,000	34
			<b>\$ 15,172,060</b>	

\* These applicants are recommended for grant awards contingent upon TSEP funds being available.

## RECLAMATION AND DEVELOPMENT GRANT PROGRAM

**Purpose** - The Reclamation and Development Grants Program (RDGP) was established by the Montana Legislature in 1987 to enable funding for projects that indemnify the people of Montana for the effects of mineral development on public resources and that meet other crucial needs serving the public interest and the total environment of the citizens of Montana. Administered by the Department of Natural Resources and Conservation (DNRC), the RDGP fulfills this mission by funding projects that (1) repair, reclaim, and mitigate environmental damage to public resources from nonrenewable resource extraction, and (2) develop and ensure the quality of public resources for the benefit of all Montanans. The RDGP Act is Title 90, Chapter 2, part 11, MCA.

### **Executive Recommendation -**

- **Volume 4 of the Governor's 2001 biennium Executive Budget** contains the complete project evaluations and funding recommendations for the RDGP. Table F-4 lists the recommended projects.
- **HB 7** presents the reclamation and development grant recommendations which total \$5,982,297 for 25 projects.
- Requests are matched by about \$13 million in non-RDGP funds from a variety of state, federal, private and local sources.
- Representative mineral development-related projects include reclamation and cleanup of the Ruby Gulch mine tailings at the Zortman-Landusky Mine, the Ontario Mine near Elliston, the Broadway/Victoria, Mammoth and Gregory Mines all located in western Montana, four drainages impacted by placer mining located near Canyon Ferry Lake, and numerous oil/gas wells located throughout Montana.
- Non-mineral projects include cleanup and reclamation of three hazardous waste sites contaminated by petroleum and/or pesticides.

### **Since the Last Session -**

- Most project work has been reclamation of abandoned hard rock mines, hazardous waste sites, and plugging and site restoration of orphaned oil and gas wells.
- Progress has been made in reclamation research on heavy metal tolerant plants, technical assistance to local governments, and investigation of cumulative effects on the Yellowstone River caused by channel modifications.
- DNRC received 30 grant applications requesting \$7,595,837 in RDGP funding during the interim.

## RECLAMATION AND DEVELOPMENT GRANT PROGRAM

<b>Table F-4</b> <b>2003 Biennium Reclamation and Development Grants</b>				
	Sponsor/Title	Amount Requested	Recommended Amount	Cumulative Amount Recommended
1	Board of Oil and Gas Conservation 2001 Eastern District Orphaned Well Plug/ Abandonment-Site Recovery	300,000	300,000	300,000
2	Board of Oil and Gas Conservation 2001 Northern District Orphaned Well Plug/Abandonment-Site Recovery	300,000	300,000	600,000
3	Department of Environmental Quality Development-Trust Fund long term water treatment-Zortman-Landusky	300,000	300,000	900,000
4	Powell County Ontario Wet Tailings Reclamation	300,000	300,000	1,200,000
5	City of Lewistown Reclamation of Brewery Flats on Big Spring Creek	297,740	297,740	1,497,740
6	Department of Environmental Quality CMC Pony Mill site Reclamation Project (completion phase)	291,191	291,191	1,788,931
7	Broadwater County Conservation District Big Belt Mine Reclamation Projects	145,380	145,380	1,934,311
8	City of Deer Lodge Former Chicago Milwaukee Railroad Fueling Area, Deer Lodge	140,000	140,000	2,074,311
9	Butte-Silver Bow County Upper Clark Fork Basin; Superfund Technical Assistance	107,814	49,272	2,123,583
10	Board of Oil and Gas Conservation 2001 Southern District Orphaned Well Plug/Abandonment-Site Recovery	300,000	300,000	2,423,583
11	Custer County Conservation District Yellowstone River Resource Conservation Project	299,977	299,977	2,723,560
12	Cascade County / Weed and Mosquito Management Fort Shaw Weed Shop Soil Contamination Remediation	237,345	218,466	2,942,026
13	Department of Environmental Quality Zortman Mine - Ruby Gulch Tailings Removal	300,000	300,000	3,242,026
14	Sheridan County Conservation District Reclamation of Oilfield Brine Contaminated Soils	299,950	299,950	3,541,976
15	Department of Natural Resources and Conservation DNRC Environmental Hazard Sites on State Land	272,500	272,500	3,814,476
16	Flathead and Missoula Counties Assessment of Aggregate Resources for long-term planning	167,821	167,821	3,982,297

## RECLAMATION AND DEVELOPMENT GRANT PROGRAM

Table F-4 2003 Biennium Reclamation and Development Grants				
Sponsor/Title		Amount Requested	Recommended Amount	Cumulative Amount Recommended
<b>Reauthorization of existing appropriations:</b>				
<b>Three 1999 DEQ Appropriations - \$900,000 outstanding authorization reauthorized for any of the following 6:</b>				
1	Department of Environmental Quality Mammoth Mine and Mammoth Tailings Site Reclamation Project	300,000	300,000	300,000
2	Department of Environmental Quality Gregory Mine Reclamation Project	300,000	300,000	600,000
3	Department of Environmental Quality Broadway / Victoria Mine Reclamation Project	300,000	300,000	900,000
4	Department of Environmental Quality Zortman and Landusky Mines - Organic Soil Amendments	300,000	300,000	1,200,000
5	Department of Environmental Quality Zortman and Landusky Mine Highwall Reduction Program	300,000	300,000	1,500,000
6	Department of Environmental Quality Coal-Bed Methane EIS	300,000	300,000	1,800,000
7	Glacier County 2000 Glacier County Plugging and Abandonment	300,000	100,000	100,000
8	Pondera County Pondera County Oil & Gas Well Plug and Abandon Project	300,000	50,000	150,000
9	Liberty, Hill, Blaine, and Chouteau Counties Abandonment Aid Program for Small Independent Operators	100,000	50,000	200,000
<b>Total Recommended</b>				<b>\$5,982,297</b>

## RENEWABLE RESOURCE GRANT & LOAN PROGRAM

**Purpose** - The Renewable Resource Grant and Loan Program offers funding for projects that conserve, manage, develop, and preserve renewable resources to provide economic and other benefits of the state's natural heritage. The Department of Natural Resources and Conservation (DNRC) administers the program, which is provided for in Title 85, Chapter 1, part 6, MCA. Governmental entities may apply to the program to obtain funding for community resource-related projects. Project eligibility covers a wide spectrum including irrigation system rehabilitation, stream restoration, watershed management, public water and sewer systems, and resource assessment projects.

### Executive Recommendation -

- **Volume 5 of the Governor's 2001 biennium Executive Budget** contains the complete project evaluations and funding recommendations for all grant and loan applications. Table F-5 shows the recommended projects.
- **HB 6** presents the renewable resource grants recommendations for legislative action.
- Grant funding is limited to \$3.7million and would provide funding for the first 38 of the 71 applications.
- Funding is recommended in the bill for 61 projects, in order of priority, for a total of \$5.9 million, in keeping with the DNRC policy of including all projects that meet minimum technical and financial feasibility requirements.
- The highest priority grant will rehabilitate a state owned, high-hazard dam on the North Fork of the Musselshell River in central Montana.
- Other projects include Nevada Creek and other dam rehabilitation, nutrient reduction on Flathead Lake, Virginia City wastewater, irrigation rehabilitation projects, and numerous proposals for municipal water and sewer systems.
- **HB 6** recommends provision of \$125,000 in emergency grants to communities for projects that present immediate threats to public health.
- Grant funding for project planning grants is limited to \$300,000.
- Grant funding for private grants is limited to \$100,000.
- **HB 8** presents the renewable resource bonds and loans recommendations from applications that total \$3 million in new requests.

### Since the Last Session -

- As of August 2000, DNRC entered into grant agreements with 31 of the 39 grantees that received appropriations for a total of \$2,708,956.
- Five grants were awarded for emergency repairs to municipal water systems or exploration for water for municipal water systems and for fire related rehabilitation in the Bitterroot Valley.
- Forty-three project planning grants were issued.
- Eleven private grants were issued for a total of \$31,708.

## RENEWABLE RESOURCE GRANT & LOAN PROGRAM

**Table F-5**  
**2003 Biennium Renewable Resource Grant and Loan Program**

<b>SPONSOR PROJECT</b>	<b>REQUEST</b>	<b>RECOMMEND</b>	<b>Cumulative Total</b>
1 Mt Dept. of Natural Resources and Conservation Bair Dam Rehabilitation Proposal	100,000	100,000	100,000
2 Mt Dept. of Natural Resources and Conservation Nevada Creek Dam Rehabilitation	100,000	100,000	200,000
3 Mt Dept. of Corrections Correctional Enterprises Ranch Rehabilitation of Prison Ranch Dams	100,000	100,000	300,000
4 Canyon Creek Irrigation District Wyant Lake Dam Rehabilitation	100,000	100,000	400,000
5 Canyon Creek Irrigation District Canyon Lake Dam Rehabilitation	100,000	100,000	500,000
6 Alder Water and Sewer District Wastewater Collection and Treatment System	100,000	100,000	600,000
7 Flathead Basin Commission Implementation of the Flathead Basin Voluntary Nutrient Reduction	99,697	99,697	699,697
8 Cascade County Conservation District Sun River Valley Ditch Company Water Conservation and Quality Improvement	99,230	99,230	798,927
9 Virginia City, Town of Wastewater Treatment System	100,000	100,000	898,927
10 Whitefish County Water and Sewer District Revisit to the Limnology of Whitefish Lake	100,000	100,000	998,927
11 Florence County Water and Sewer District Wastewater System Improvements	100,000	100,000	1,098,927
12 Bitterroot Irrigation District BRID-Water Use and Water Quality Improvement Project - Phase II	100,000	100,000	1,198,927
13 Manhattan, Town of Wastewater Systems Improvements	100,000	100,000	1,298,927
14 Glen Lake Irrigation District Therriault Creek Point of Diversion Infrastructure and Fish Habitat Improvement	94,500	94,500	1,393,427
15 Whitefish, City of Wastewater Aeration System Improvements and Lagoon Solids Removal Project	100,000	100,000	1,493,427
16 Ruby Valley Conservation District Lower Ruby Valley Groundwater Management Plan	98,352	98,352	1,591,779
17 Charlo Sewer District Wastewater System Improvements	100,000	100,000	1,691,779
18 Whitewater Water and Sewer District Wastewater Systems Improvements	100,000	100,000	1,791,779
19 Glasgow Irrigation District Vandalia Diversion Dam Rehabilitation Phase II North Bridge Pier	100,000	100,000	1,891,779
20 Geraldine, Town of Water System Improvements Phase I	\$100,000	100,000	1,991,779

## RENEWABLE RESOURCE GRANT & LOAN PROGRAM

**Table F-5**  
**2003 Biennium Renewable Resource Grant and Loan Program**

<b>SPONSOR PROJECT</b>	<b>REQUEST</b>	<b>RECOMMEND</b>	<b>Cumulative Total</b>
21 Ashland Water and Sewer District Wastewater Systems Improvements	100,000	100,000	2,091,779
22 Milk River Project Joint Board of Control Saint Mary River Siphon Repair Phase II	100,000	100,000	2,191,779
23 Stanford, Town of Wastewater System Improvements	100,000	100,000	2,291,779
24 LaCasa Grande Water and Sewer District Water Supply and Distribution System	100,000	100,000	2,391,779
25 Clyde Park, Town of Water Systems Improvements Project	100,000	100,000	2,491,779
26 Nashua, Town of Wastewater System Improvements	100,000	100,000	2,591,779
27 Park City/County Water and Sewer District Wastewater System Improvements .	100,000	100,000	2,691,779
28 Lower Willow Creek Drainage District Lower Willow Creek Dam Rehabilitation	100,000	100,000	2,791,779
29 Deer Lodge, City of Clark Fork River Water Quality Protection Project	100,000	100,000	2,891,779
30 Lewis & Clark Conservation District Willow Creek Erosion / Water Quality Improvement Project	98,636	98,636	2,990,415
31 Hot Springs, Town of Water System Improvements	100,000	100,000	3,090,415
32 Wisdom Sewer District Wastewater System Improvements	100,000	100,000	3,190,415
33 Teton County Burton Bench Aquifer Evaluation	99,014	99,014	3,289,429
34 Elk Meadows Ranchettes County Water District Water Systems Improvements	100,000	100,000	3,389,429
35 Carbon Conservation District Whitehorse Ditch Reorganization	97,200	57,200	3,486,629
36 Choteau, City of Water System Improvements	100,000	100,000	3,586,629
37 Beaverhead County Big Hole Watershed Management Project	100,000	100,000	3,686,629
38 Hobson, Town of Water Exploration	70,000	40,000	3,756,629

## CULTURAL AND AESTHETIC GRANT PROGRAM

**Purpose** - The Cultural and Aesthetic Grant Program began in the 1979 biennium for protection of works of art in the state capitol and for other cultural and aesthetic projects as provided in 15-35-108, and Title 22, Chapter 2, part 3, MCA. Initially administered by the Montana Historical Society, the C&A program was transferred to the Montana Arts Council in the 1985 biennium and continued to be funded by the interest from a statutory trust which receives coal severance tax revenues. Project applications are submitted to the MAC for review and ranking by the 16-member Cultural and Aesthetic Projects Advisory Committee, half of whom are appointed by the MAC and half by the MHS.

Coal severance tax revenue of 0.63 percent is statutorily allocated to the capitol art protection trust fund for partial funding of the recommended grants.

### **Executive Recommendation -**

- **HB 9** contains all the projects recommended by the advisory committee for funding in the amount of \$944,755. Projects are organized into four categories: special projects less than \$4,500, special projects, operational support, and capital expenditure grants.
- The revenue estimate for cultural trust interest earnings for the 2003 biennium is \$638,000.
- Montana Arts Council administration [appropriated in HB 2] is recommended for \$278,245.
- Montana Historical Society is appropriated in HB 9 the first \$15,000 for Capitol Complex works of art.
- The remaining balance of \$344,755 will be used for C&A projects in HB 9.
- There also is \$600,000 of general fund in HB 9 to continue support of the C&A projects. Table F-6 shows all of the requested and recommended grants.
- Language in HB 9 provides a mechanism for spending the funds within the total revenue available.
- **Volume 6 of the Governor's 2003 biennium Executive Budget** contains the C&A project applications and advisory committee assessment information. Limited copies of this volume are printed for use by members of the Long-Range Planning Appropriations Subcommittee.



## CULTURAL AND AESTHETIC GRANT PROGRAM

Table F-6				
CULTURAL TRUST APPLICATIONS & RECOMMENDATIONS				
2003 BIENNIUM				
Grant No.	Organization	Request	Rank	Recommend
<b>SPECIAL PROJECTS &lt; \$4500</b>				
908	Montana Storytelling Roundup	\$ 4,500	1	\$ 4,500
902	Council for the Arts, Lincoln	2,500	2	2,500
905	Miles City Preservation Commission	4,326	3	4,000
901	Chief Plenty Coups State Park	4,000	4	4,000
907	Montana Oral History Association	4,350	5	4,000
900	All Nations Pishkun Association	4,500	6	3,000
909	Swan Ecosystem Center	4,500	7	2,800
904	Garden City Ballet of Montana	4,400	8	-
903	Fort Wm H Harrison Museum Fdn	4,450	9	-
<b>SPECIAL PROJECTS</b>				
927	Montana Committee for the Humanities	87,500	1	32,000
934	V I A S, Inc	29,200	2	22,000
913	Glacier Orchestra & Chorale	28,000	3	22,000
919	M C T, Missoula Children's Theatre	80,000	4	10,000
917	KUFM-TV	72,929	5	22,000
911	Bozeman Symphony	14,000	6	10,000
915	Hockaday Museum of Art	30,000	7	15,000
922	Miles Community College	6,992	8	6,000
936	Valley County Coalition	22,898	9	12,000
930	Montana Repertory Theatre	60,000	10	20,000
924	Missoula Symphony Association	11,000	11	5,000
926	Montana Arts	80,500	12	20,000
928	Montana Historical Society	35,835	13	20,000
929	Montana Performing Arts Consortium	64,360	14	20,000
932	Rocky Mountain Ballet Theater	10,100	15	7,000
918	Lewistown Art Center	12,000	16	8,000
931	Museum of the Rockies	26,089	17	10,000
933	Southwest Montana Arts Council	16,940	18	10,000
925	Montana Alliance for Arts Ed	20,900	19	10,000
935	V S A of Montana	10,520	20	7,000
906	Montana Five Rivers Festival of Film	9,000	21	4,000
920	Madison Valley Cultural Corp	9,200	22	4,000
910	Artslink, College of Arts & Architecture, MSU	20,000	23	5,000
912	Dept of Music, MSU	15,300	24	5,000
914	Helena Art Center	35,413	25	-
916	JOSH Productions	35,000	26	-
923	Mineral Museum	28,602	27	-

## CULTURAL AND AESTHETIC GRANT PROGRAM

Table F-6 CULTURAL TRUST APPLICATIONS & RECOMMENDATIONS 2003 BIENNIUM				
Grant No.	Organization	Request	Rank	Recommend
<b>OPERATIONAL SUPPORT</b>				
964	Western Heritage Center	40,000	1	22,000
954	Montana Art Gallery Dir Assoc	35,000	2	25,000
966	Writer's Voice (Billings YMCA)	32,000	3	25,000
946	Custer County Art Center	32,770	4	22,000
945	Carbon County Historical Society	16,000	5	16,000
939	Art Museum of Missoula	40,000	6	20,000
961	Shakespeare in the Parks	35,000	7	18,000
942	Billings Symphony Society	48,000	8	20,000
937	Alberta Bair Theater	40,000	9	18,000
958	Montana Dance Arts Association	5,500	10	5,000
948	Great Falls Symphony Assoc	24,000	11	12,000
943	Butte Center for the Performing Arts	30,000	12	20,000
947	Fort Peck Community College	30,000	13	15,000
960	Schoolhouse History and Art Center	25,000	14	20,000
969	Young Audiences of Western Montana	11,321	15	10,000
951	Holter Museum of Art	60,000	16	20,000
953	Montana Agricultural Center & Museum	24,000	17	12,000
938	Archie Bray Foundation	30,000	18	15,000
944	Butte Symphony Association	40,000	19	15,000
949	Growth Thru Art Inc	20,000	20	12,000
963	Vigilante Theatre Company	40,000	21	18,000
950	Helena Symphony Society	40,000	22	12,000
941	Big Horn Arts & Crafts Assoc/ Jailhouse Gallery	20,000	23	10,000
956	Montana Association of Symphony Orchestras	47,430	24	15,000
959	Montana Transport Company	30,000	25	12,000
967	Yellowstone Art Museum	32,000	26	20,000
965	Whitefish Theatre Company	24,000	27	10,000
957	Montana Ballet Company	21,400	28	10,000
952	Livingston Depot Foundation	24,000	29	10,000
968	Yellowstone Ballet Company	20,950	30	6,000
940	Artist Group, The	21,000	31	1,600
955	Montana Asian-American Center	97,152	32	-
962	Storykeepers	22,778	33	-

## CULTURAL AND AESTHETIC GRANT PROGRAM

Table F-6				
CULTURAL TRUST APPLICATIONS & RECOMMENDATIONS				
2003 BIENNIUM				
Grant No.	Organization	Request	Rank	Recommend
<b>CAPITAL EXPENDITURES</b>				
975	Cascade Co Historical Society	40,000	1	20,000
972	Billings Preservation Society	50,000	2	20,000
974	Butte-Silver Bow Public Archives	48,993	3	20,000
971	Belt Public Library	16,500	4	12,500
970	Arlee Historical Society	1,655	5	1,655
977	Fort Peck Fine Arts Council	21,789	6	16,000
976	Daly Mansion	75,000	7	20,000
981	Paris Gibson Square	13,213	8	5,000
980	Liberty Village Arts Center	2,775	9	1,400
983	Tobacco Valley Improvement Assoc. Board of Art	52,000	10	18,000
973	Bitterroot Community Band	12,000	11	6,000
979	Great Falls Civic Center	57,905	12	6,800
978	Friends of Makoshika	5,000	13	-
982	Performing Arts Center, Bozeman	20,000	14	-
<b>CHALLENGE GRANTS</b>				
984	Billings Symphony Society	50,000		-
985	Bozeman Symphony	25,000		-
<b>TOTAL REQUESTED/RECOMMENDED</b>		<b>\$ 2,460,935</b>		<b>\$944,755</b>

## OIL OVERCHARGE PROGRAM

**Purpose** - Oil overcharge funds are allocated to the states by the U.S. Department of Energy or the courts as a result of litigation against oil companies for overcharging for their products. The funds are awarded as restitution. States must use the funds to assist those who were harmed.

The DOE requires that states present a single plan for all oil overcharge monies. Proposals submitted by agencies and organizations were reviewed and ranked by a five-member task force. Funds available for the 2003 biennium, which are covered by the "Stripper Well settlement guidelines," may not be used to replace state funds and may only be used for the following programs:

1. Low-income home energy assistance,
2. Low-income weatherization,
3. Institutional weatherization,
4. Energy extension service,
5. State energy conservation,
6. Highway and bridge maintenance and repair,
7. Ridesharing,
8. Public transportation,
9. Residential or commercial building energy audits,
10. Grant or loan programs for weatherization or other energy conservation equipment installation,
11. Energy assistance,
12. Airport maintenance or improvement,
13. Reduction in airport user fees.

### Executive Recommendation -

- **HB 10** contains the recommendations shown in Table F-7 below.
- It is estimated there will be about \$563,000 plus carryover funds available for consideration.
- After passage and approval of the oil overcharge projects in HB 10, the Department of Environmental Quality Planning, Prevention & Assistance Division will make formal application to the DOE and serve as the lead state agency.

Table F-7 2003 Biennium Oil Overcharge Recommendations			
Rank	Agency	Project	Amount
1	DPHHS	Food bank network transportation	\$ 15,000
2	DEQ	Ethanol cooperative	3,000
3	DPHHS	Transportation for seniors to nutrition sites	11,000
4	DEQ	Promotion of soil moisture monitors	5,000
5	DPHHS	Low-income home weatherization	229,000
6	DPHHS	Weatherization/Energy Share, Inc. Grant	300,000
		Total Projects	\$ 563,000
		Carryover reappropriations	90,000
		<b>Total</b>	<b>\$ 653,000</b>

- Calculations for funds available are shown in Table F-8.

## OIL OVERCHARGE PROGRAM

Table F-8				
AVAILABLE FUNDS CALCULATIONS FOR THE 2003 BIENNIUM				
Funds Managed by D of A			Projected Interest Earnings	
	Cash			Total
FYE 2000 Balances				
Exxon	166,755	5,649		172,404
Stripper	460,281	45,500		505,781
Projected Revenue:				
City Services Final Distributions				202,482
<b>Revenues</b>				<b>880,667</b>
<b>FY 2001 Expenses</b>				<b>649,938</b>
<b>Projected Balance Avail. for 2003 Biennium</b>				<b>\$ 230,729</b>
FY 2000 Expenditures from Fund 03199				
<b>Section</b>	<b>Program</b>	<b>Approp. HB10</b>	<b>Expend. FY 00</b>	<b>Balance FY 01</b>
4	Low-income Energy Assistance	300,000	139,062	160,938
5	Low-income Weatherization	500,000	250,254	249,746
6	Affordable, Efficient Housing Plan Book	40,000	0	40,000
7	Food Bank Network Transportation	15,000	7,500	7,500
8	Transportation to Nutrition Sites	11,000	0	11,000
9	Low-income Weatherization	200,000	99,246	100,754
10	Montana Public & Private Consortium	50,000	0	50,000
11	Refueling Infrastructure	40,000	10,000	30,000
Total		<b>\$ 1,156,000</b>	<b>\$ 506,062</b>	<b>\$ 649,938</b>

- Oil overcharge funds are managed by the Department of Administration.

## STATE BUILDINGS ENERGY CONSERVATION PROGRAM

**Purpose** - The State Buildings Energy Conservation Program, operated by the Department of Environmental Quality (DEQ), was established by the 1989 Legislature to reduce operating costs in state facilities by identifying and funding cost-effective energy efficiency improvements. The program operates as a profit center for state government, saving money in agency operating budgets and making money for the Long-Range Building Program through investment in these improvements. Statutory authority is Title 90, Chapter 4, part 6, MCA.

### Background -

- The state sells general obligation (G.O.) 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.
- Projects are designed so the cost savings exceed the bond debt service.
- There is incremental savings in the short term while the bonds are being repaid, and substantial savings after ten years, when the bonds are retired.
- Energy efficiency improvements include replacing old, inefficient boilers, upgrading inefficient lighting, increasing ventilation system efficiency, insulating buildings, and providing more effective temperature controls.
- DEQ contracts with private engineering firms to perform comprehensive energy analyses on state buildings and building complexes, and to recommend the energy improvements.
- After energy improvements are in place, the DEQ provides on-going training and technical assistance to facility staff to ensure that energy savings are maintained.
- 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 so the program is able to continue without additional federal or state funding.

### Executive Recommendation -

- **HB 12** recommends issuing G.O. bonds not to exceed \$3 million for projects during the 2003 biennium.
- The following projects are either in design, construction, or development. Since all projects are coordinated with the architect & engineering division, many of the facilities listed also appear in the LRBP recommendations. The following projects are expected to be among the projects implemented under this program during the 2003 biennium:

#### **Projects in design or construction**

University of Montana  
Heating Plant, Butte  
Science Complex, Missoula  
Montana State University  
Renne Library, Bozeman  
Cowan Hall, Havre  
Department of Fish, Wildlife, and Parks  
FWP Headquarters, Bozeman

#### **Projects in Development**

Department of Military Affairs  
Operational Maintenance Shop, Helena  
Department of Administration  
Justice Building, Helena  
Montana State University  
College of Technology, Great Falls

#### **Preliminary LRBP Projects**

Montana State University  
Liberal Arts Building, Billings  
Department of Justice  
Montana Law Enforcement Academy, Helena  
Department of Public Health and Human Services  
Montana Mental Health Nursing Care Center, Lewistown

## INFORMATION TECHNOLOGY BOND PROPOSAL

**Purpose** – The state requires a vehicle to fund large information technology projects, other than through the normal appropriation bill. The 1997 Legislature passed HB 188, defining information technology as infrastructure and as an asset, allowing bonding for large information technology projects. HB 188 authorized \$43 million in bonding for information technology projects. The 1999 Legislature authorized \$18.8 million for two projects 1) Department of Revenue for \$18 million for the META project, 2) the Montana University System for \$800,000 for the banner project. All bonds must be issued in accordance with Title 17, Chapter 5, part 8, MCA.

### **Executive Recommendation –**

- **HB 15** recommends \$800,000 in G.O. bonding for the Department of Justice to purchase 592 automated accounting and reporting system data collection units to continue the 1999 Legislature's directive for enhanced reporting from gambling establishments. Debt service payments will be made from the gambling state special revenue fund.
- **HB 15** recommends \$2.5 million of G.O. bonding for PBS digital conversion. The proceeds must be used to meet FCC mandated requirements. Bond proceeds, along with private contributions, may be used to match the national telecommunications information administration grant for digital conversion. The general fund balance sheet in the Governor's Executive Budget includes \$642,814 for debt service on the project for the 2003 biennium.

## COAL TAX TRUST FUND LOAN-CULTURAL HERITAGE INITIATIVE

**Purpose** – Montanans have great pride in their history. To preserve Montana history, and promote economic development through heritage tourism, the Executive Budget proposes a loan from the coal tax trust for funding history preservation and preparing for the upcoming Lewis & Clark Bicentennial. Up to nine million visitors per year could visit the state during the bicentennial period. Grants will be made available to Montana communities to prepare for the bicentennial.

### **Executive Recommendation –**

- **HB 16** will provide up to \$40 million for preservation of Montana history.
- Community grants will be funded with \$6.75 million and will require one-third hard or soft match for the Lewis & Clark bicentennial.
- Heritage Grant Program for preserving local history is funded at \$2 million and requires matching funds to the amount of the grant.
- Fish, Wildlife and Parks has 21 parks designated as having historical and cultural resources, requiring \$6.5 million to preserve, protect, and provide availability for public use.
- Virginia City and Nevada City would be funded with \$19 million over ten years to enhance restoration and develop an infrastructure to support and improve tourism.
- Daly Mansion requires \$4 million over several years for structural repair.
- Moss Mansion and Original Governor's Mansion will receive support maintenance.
- **HB 5** includes \$1 million for the study/design of a new Montana Historical Museum that would be funded from **HB 16**.
- Of the \$40 million, there is \$22.331 million projected to be spent in the 2003 biennium. The general fund balance sheet includes a net general fund interest loss of \$583,463 in FY 2002 and \$935,829 in FY 2003. for these projects.