

SECTION F (LONG-RANGE PLANNING)

Long-Range Planning Budget Status Report

Long-Range Building Program

Through May, total expenditures in the Long-Range Building Program (LRBP) are \$73.7 million. From the total expenditures, \$64.6 million of the authority was from non-legislative and prior year authority. The distribution of the authority is as follows:

- o Prior biennium legislative authority: \$45.8 million
- o Administrative Authority: \$16.6 million
- o Appropriation Transfers: \$ 1.5 million
- o Budget Amendment Authority: \$ 0.7 million

The 2015 Legislature provided the LRBP (Architectural and Engineering Division of the Department of Administration), \$93.8 million of all funds appropriations and authority budget in HB 403. The budget was reduced by \$800,000 through an appropriation transfers, providing total modified authority of \$93.0 million. The specific modified budget appropriations and authority include:

- o Capital project funds: \$15.6 million
- o State special funds: \$ 8.3 million
- o Federal special funds: \$ 4.2 million
- o Authorizations (not appropriations): \$64.9 million

As shown in the figure below, expenditures through May 31 from the 2017 biennium LRBP appropriations are \$9.1 million, or 9.8% of the budget.

LRBP 2017 Biennium Project Appropriations and Authority							
Budget and Expenditures Through May 31							
Project	Allocated		Modified		Total		% Expended
	HB 403 Budget	AT	HB 403 Budget	Expenditures	Balance		
AUTHORITY ONLY - Bitterroot College Facility - Hamilton	\$4,200,000		\$4,200,000	\$0	\$4,200,000		0.0%
AUTHORITY ONLY-Engineering Building - MSU Bozeman	60,000,000	(400,000)	59,600,000	5,258,851	54,341,149		8.8%
Automotive Tech Center, MSU-Northern	2,000,000		2,000,000	0	2,000,000		0.0%
Def. Maintenance & Repairs, Original Gov. Mansion	200,000		200,000	0	200,000		0.0%
Elevator Modifications, Capitol Complex	700,000		700,000	0	700,000		0.0%
Equipment Storage Buildings	4,300,000		4,300,000	92,459	4,207,541		2.2%
Fire Protection Measures, Capitol Complex	300,000		300,000	0	300,000		0.0%
Firing Range Cleanup	500,000		500,000	0	500,000		0.0%
Flooring Replacement, Capitol Complex	500,000		500,000	37,430	462,570		7.5%
Improvements at Montana Military Museum	65,000		65,000	65,000	0		100.0%
Infrastructure Repairs, Capitol Complex	2,500,000		2,500,000	456,898	2,043,103		18.3%
Life Safety & Deferred Maintenance	7,300,000		7,300,000	583,196	6,716,804		8.0%
Life Safety, Deferred Maintenance & Energy Improvements	2,000,000		2,000,000	809,467	1,190,533		40.5%
Mechanical System Corrections, GFAFRC USAR	450,000		450,000	0	450,000		0.0%
Misc. Improvements, VA Cemetery	2,000,000		2,000,000	0	2,000,000		0.0%
Miscellaneous Improvements MSDB	125,000		125,000	0	125,000		0.0%
MTAg Experiment Station ProjectsPhase 1	2,480,000		2,480,000	1,594,660	885,340		64.3%
Replace Boiler, MVH	331,500		331,500	40,400	291,100		12.2%
Roof Repairs & Replacements	1,950,000		1,950,000	205,126	1,744,874		10.5%
Sandblast Booth, CSMS	1,500,000		1,500,000	0	1,500,000		0.0%
Historic Buildings Maintenance	400,000	(400,000)	0	0	0		-
Grand Total	\$93,801,500	(\$800,000)	\$93,001,500	\$9,143,486	\$83,858,014		9.8%

As permitted in law, the LRBP project budgets are automatically re-appropriated until the project is complete. This is because it generally takes longer than the two years in a biennium to complete projects. As such, while the time passed in the 2017 biennium is 45.8%, it is not unusual that LRBP expenditures are 9.8%.

Some of the notable project progress includes:

- o Engineering Building, MSU Bozeman (2015 Legislature) – this project, financed with a large donation, is in design with construction set to commence in the fall of 2016 and be completed by

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- December 2018. The parking structure component and utility work are presently under construction with a scheduled completion of January 2017
- Montana Agricultural Experiment Station Projects, Phase 1 (2015 Legislature) – projects consist of improvements at six of the agricultural stations across the state. One of the projects is complete and is now in warranty and the other five projects are under construction and are expected to be complete by September 2016
- Construction of the Missoula College, UM Missoula (2013 Legislature) – project is in construction phase and will be available for use by June 2017
- Natural Resource Research Center Addition, MT Tech (2013 Legislature) – project is under construction and expected to be completed by December 2016
- Main Hall Renovation, All 3 Phases, UM Western (2011 and 2013 Legislatures) – the multi-phase Main Hall Renovation is expected to be complete in August 2016

The legislature budgets LRBP to anticipated revenues of the LRBP capital projects fund. Total revenues for the fund; consisting of cigarette taxes, coal severance taxes, short-term interest, supervisory fees, and energy savings transfers; were expected to be \$21.3 million. Revised estimates are approximately \$3.6 million (17.0%) lower than initial estimates, with reduced projections of coal severance taxes and short-term interest earnings. The LRBP may need to manage expenditures within the limits of the available revenues.

State Building Energy Conservation Program

The State Building Energy Conservation Program (SBECP), administered by the Department of Environmental Quality, is appropriated in the LRBP bill (HB 403). The SBECP functions as a revolving loan program. In effect, agencies borrow from the program for energy conservation projects and then repay the program for the project costs from the associated energy savings. The SBECP appropriations assume the LRBP ability to re-appropriate authority until all projects or complete, or in this case all funds are expended. Often, SBECP project appropriations are transferred to the LRBP and used in conjunction with LRBP project funding.

In the 2017 biennium, the legislature provided the SBECP with \$2.5 million of appropriation authority and the program re-appropriated \$128,000. As of May 31, the department had transferred \$624,000 of the authority to the Long-Range Building Program, reducing the program's authority to 2.0 million. The department not expended any of the remaining authority.

Long-Range Information Technology Program

Through May, total expenditures through the Long-Range Information Technology Program (LRITP) are \$4.1 million. From the total, \$696,176 of the expenditures were attributed to prior biennia authority.

The 2015 Legislature provided the LRITP (State Information Technology Services Division of the Department of Administration), \$34.5 million of appropriations in HB 10. The budget has been reduced by \$20.6 million through appropriation transfers out of the LRITP to various agencies for their projects. As a result, the LRITP has modified authority of \$13.9 million. The specific modified budget appropriations include:

- Capital project funds: \$6.1 million
- State special funds: \$3.7 million
- Federal special funds: \$4.1 million

As shown in the figure below, expenditures through May from the 2017 biennium LRBP appropriations are \$3.4 million, or 24.8% of the total budget.

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LRITP 2017 Biennium Project Appropriations						
Project	Allocated		Modified		Total Expenditures	% Expended
	HB 10 Budget	AT	HB 10 Budget	Expenditures		
Statewide Information Technology Projects	\$6,466,000		\$6,466,000			0.0%
Network Equipment	0		0		2,867,989	
Data Protection Initiative	0		0		569,925	
Statewide Public Safety Communications	0	(20,000)	(20,000)			
Security System Replacements/Assessments	0		0			
Court Data Exchange Enhancement	0	(370,025)	(370,025)			
Total Statewide Information Technology Projects	\$6,466,000	(\$390,025)	\$6,075,975		\$3,437,914	56.6%
Enhanced Federal Financial Participation	20,000,000	(20,000,000)	0		0	
PPMS, Risk Based Management, Linear Referencing System	5,000,000	(200,000)	4,800,000		4,800,000	
Financial Management Suite	3,000,000		3,000,000		3,000,000	
Total	\$34,466,000	(\$20,590,025)	\$13,875,975		\$3,437,914	24.8%

Treasure State Endowment Program

Through May, total project expenditures through the Treasure State Endowment Program (TSEP) are \$7.1 million. From the total expenditures, \$6.2 million are from prior biennia authority. The TSEP legislation, HB 11, contains language that allows projects that are not completed to be re-appropriated within guidelines provided in the TSEP legislation.

The 2015 Legislature provided the TSEP (Community Development Division of the Department of Commerce), \$18.9 million of appropriations in HB 11. As shown in the figure below, total expenditures through May from the 2017 biennium TSEP legislative budget are \$1.3 million, or 6.7% of the total budget. From the list of authorized 2017 biennium grants, 7 out of 9 bridge projects and 15 out of 24 infrastructure projects have met start-up conditions. None of the local governments have withdrawn their project requests, and as a result, there are still 3 contingency projects. Two bridge projects and six infrastructure projects are receiving reimbursement funding for project costs. A full list of the projects with the project funding to date is available upon request.

TSEP 2017 Biennium Project Appropriations and Expenditures					
Expenditures	Appropriations		Total		% Expended
	HB 11	Expenditures	Expenditures	Balance	
Emergency Grants	\$100,000		\$0	\$100,000	0.0%
Infrastructure Planning Grants	900,000		29,800	870,200	3.3%
Bridge Grants	3,988,000		273,012	3,714,988	6.8%
Infrastructure Grants	13,941,000		968,211	12,972,789	6.9%
Total Expenditures	\$18,929,000		\$1,271,023	\$17,657,977	6.7%

The legislature budgets TSEP to anticipated revenues of the TSEP state special revenue fund. Total revenues for the fund; consisting of coal severance tax trust interest was expected to be \$19.9 million in the 2017 biennium. Revised estimates are approximately \$1.2 million (6.0%) lower than initial estimates. The agency may need to manage TSEP expenditures within the limits of the available revenues.

Treasure State Regional Water Program

The 2015 Legislature provided the Treasure State Endowment Regional Water Program (TSEPRW), administered by the Conservation and Resource Development Division of the Department of Natural Resources and Conservation, \$4.3 million of appropriations in HB 11. Through May, total project expenditures are \$198,723, or 4.7% of the total appropriation.

DNRC Grant and Loan Programs

Three programs, administered by the Conservation and Resource Development Division of the Department of Natural Resources and Conservation (DNRC), are budgeted through the work of the Long-Range Planning Subcommittee and include:

- Renewable Resource Grant Program – HB 6
- Reclamation and Development Grant Program – HB 7
- Renewable Resource Loan Program – HB 8

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The grants programs are funded through the natural resource projects state special account (projects account). The projects account receives funding from resource extraction taxes, most notably the oil and natural gas tax, and the interest earnings of the Resource Indemnity Trust. Total revenues for the projects account was expected to be \$10.1 million in the 2017 biennium. Revised revenue estimates are approximately \$1.2 million lower (11.4%) lower than the initial estimates. The agency may need to manage grant program expenditures within the limits of the available revenues.

Agency note: Because of uncertain revenue earnings, we have limited grant awards to roughly match the expected pace of the biennium's income so we don't outstrip revenues. In other words, we contract a little over ¼ of the projects each quarter. In every grant approved in HB6 and HB7, many of the projects are ready to go before we can contract with them due to this revenue concern. As of May 1, 2016, 52% of the HB6 and HB7 approved projects have been contracted for about 69% of appropriated funds.

Renewable Resource Grant Program

The 2015 Legislature provided the Renewable Resource Grant Program (RRG), \$5.6 million of appropriations in HB 6. As shown in the figure below, total project expenditures through May from the 2017 biennium RRG budget are \$487,061, or 8.7% of the total appropriations. From the list of authorized 2017 biennium grants, 17 of the 33 approved RRG projects have contracted for their grants and eight projects are receiving reimbursement funding for project costs. A full list of the projects with the project funding to date is available upon request.

RRG 2017 Biennium Project Appropriations and Expenditures					
	# Grants Contracted	Appropriations HB 6	Total Expenditures	Balance	% Expended
Emergency Grants	1	\$100,000	\$35,000	\$65,000	35.0%
Project Planning Grants	61	700,000	37,500	662,500	5.4%
Irrigation Development Grants	5	200,000	14,000	186,000	7.0%
Watershed Grants	12	300,000	10,547	289,453	3.5%
Septic Loan Grants	0	100,000		100,000	0.0%
RRG Project Grants	17	4,172,615	390,014	3,782,601	9.3%
Total / Balance		\$5,572,615	\$487,061	\$5,085,554	8.7%

Renewable Resource Loan Program

The 2015 Legislature provided the authorization to issue \$27.5 million in bonds, and the associated appropriations, for the Renewable Resource Loan Program in HB 8. In FY 2016, \$4.7 million in coal severance bonds have been issued from which the proceeds will fund two of the HB 8 loans along with four wastewater/water projects from the \$5.0 million appropriation to refinance existing debt or rehabilitation of water and sewer facilities.

Reclamation and Development Program

The 2015 Legislature provided the Reclamation and Development Grant Program (RDGP), \$5.3 million of appropriations in HB 7. As shown in the figure below, total project expenditures through May from the 2017 biennium RDGP budget are \$659,003, or 12.5% of the total appropriations. From the list of authorized 2017 biennium grants, five of the ten approved projects have contracted for their grants and one project is receiving reimbursement funding for project costs. A full list of the projects with the project funding to date is available upon request.

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RDGP 2017 Biennium Project Appropriations and Expenditures					
	# Grants Contracted	Appropriations HB 7	Total Expenditures	Balance	% Expended
Project Planning	21	\$800,000	\$46,720	\$753,280	5.8%
Aquatic Invasive Species Control	10	500,000	3,533	496,467	0.7%
Montana Salinity Control Association	1	214,000	108,750	105,250	50.8%
RDGP Project Grants	5	3,770,620	500,000	3,270,620	13.3%
Total / Balance		\$5,284,620	\$659,003	\$4,625,617	12.5%

Cultural and Aesthetic Grant Program

The 2015 Legislature provided the Cultural and Aesthetic Grant Program (C&A), administered by the Arts Council, with \$384,995 of appropriations in HB 9. Through May, total expenditures are \$203,073, or 52.7% of the total appropriations. In addition to the appropriation to the Arts Council, HB 9 included an appropriation of \$30,000 for the Historical Society, from which \$17.54 has been expended to date. Given concerns for interest earnings in the C&A trust, the agency has encouraged the grantees to request their grant funding only when needed, since that will allow monies deposited in the trust to earn more interest. The agency does anticipate fully expending all of their grant appropriation.