

Proposed Warehouse Addition to Commodity Warehouse at 1400 Carter Drive

There is an immediate need for additional freezer space in the warehouse building. Since 1996, the first year the warehouse opened, outside freezer space has been rented in Helena. Beginning in September 2002, additional freezers were rented in Butte. In August 2003, the rented freezer in Helena suffered compressor failure and we were forced to move that frozen food to Butte. Depending on the month, the department currently rents two or three 1,500 square foot freezers (3,000 to 4,500 square feet) for nine months of the year. Rental cost in SFY 2004 was \$30,525 of which Office of Public Instruction (OPI) reimbursed the department for all but \$5,000, because it is primarily school lunch frozen food that is stored there. There are four freezers available in Butte, but it should be noted that they all operate using ammonia style compressors (the type that failed in Helena). The current freezer at the warehouse is just over 3,600 square feet. Our request is to increase freezer storage at this facility by 5,000 square feet.

Risk Management & Tort Defense self insures the dry commodities held at the warehouse, but maintains a separate policy with a private insurance carrier for refrigeration and freezer units. In 2004, the insurance carrier sent a representative to inspect our facilities, including the freezers in Butte. The carrier recommended some additional safety measures that were installed. They recommended that our facility be capable of operating with emergency generator power. We were verbally warned by the inspector that ammonia style compressor systems are less reliable than the newer freon systems.

Storing frozen food in Butte requires at least weekly trips to Butte, to load/unload food, sometimes to bring food back to Helena to be picked up at our warehouse for delivery throughout the state. Double and triple handling increases the chance of product damage and increases the time between receipt and distribution of commodities. In addition, USDA has announced they are entering into national food processing agreements to increase frozen food product available for school lunch programs, so the need for frozen space will likely increase. The variety of frozen products has increased in all USDA programs.

The installation of an emergency generator would reduce the risk of catastrophic freezer and/or refrigeration loss and would enable the facility to continue to operate in the event of a natural disaster. (The insurance carrier has requested this facility be at least emergency generator power capable). Making the building capable of operating under generator power and adding the required generator, tanks switches, etc is estimated to cost \$500,000.

Additional dry storage is not immediately needed for the programs operated at our facility, but would allow us to accept the maximum amount of bonus items and to provide additional space to stage orders. Each program has an

allotment for donated food based on the dollar value of the food. Bonus items do not reduce the allotments and can be passed on to the agencies that received the donated food without affecting the agencies allotments. More food would be available for distribution.

Additional dry storage space is primarily requested to enable the warehouse to fulfill multiple roles in the donations management plan required by the federal government and the Montana Emergency Operations plan in times of natural disaster. During the fires of 2002, we accepted and distributed donated items ranging from Fig Newton's to eye wash. Had a large quantity of donated items been received, it would have been difficult to store and distribute them in the current facility and still continue to operate the food distribution program.

Because of our central location in Montana, close proximity to airport and railroad facilities, the warehouse could fill the need for a centralized operation in homeland security for the Strategic National Stockpile (SNS). The dry storage addition will be designed to comply with SNS warehousing requirements.

We will continue our quest for funding to increase the dry and frozen storage areas at the warehouse, to enable the building to be operated under emergency power, and to purchase and install the emergency generators. This request is for the authority to act should funding become available.

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Proposal #1 Addition of 5,200 square feet of freezer and compressor space, upgrade facility to be capable of operating under emergency generator power, purchase and install generators and related equipment.

Cost Projection:	Expand building 5,200 sq feet at \$75 per sq ft.	\$390,000
	Freezer box unit including compressors	\$138,000
	Upgrade and install generators	\$500,000
	Total for this Proposal	\$1,028,000

Proposal #2 Addition of 15,000 square feet of secured dry storage, including three loading docks, and temporary office to accommodate disaster relief supplies, and address homeland security needs.

Cost Projection:	Expand building 15,000 sq feet at \$75 per sq. ftless cost of freezer box unit	\$987,000
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Cost of both projects combined estimated at	\$2,015,000
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Vacant land in back of the warehouse is already owned by the state of Montana.