

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
59th LEGISLATURE - REGULAR SESSION**

JOINT APPROPRIATIONS SUBCOMMITTEE ON LONG RANGE PLANNING

Call to Order: By **CHAIRMAN JACK WELLS**, on January 26, 2005 at 8:00 A.M., in Room 350 Capitol.

ROLL CALL

Members Present:

Rep. Jack Wells, Chairman (R)
Sen. John Brueggeman (R)
Sen. Bob Keenan (R)
Rep. Ralph L. Lenhart (D)

Members Excused: Rep. John E. Witt (R)

Members Absent: Sen. Jon Tester, Vice Chairman (D)
Sen. Mike Cooney (D)
Rep. Carol C. Juneau (D)

Staff Present: Laura Dillon, Committee Secretary
Catherine Duncan, Legislative Branch
Amy Carlson and Mark Bruno, OBPP

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

Committee Business Summary:

Hearing & Date Posted: HB 12, 1/26/2005; HB 5, 1/26/2005
Executive Action:

Reference book is: Governor's Budget State of Montana, Fiscal Years 2006-2007, Long Range Building Program (LRBP), Volume 4.

CHAIRMAN WELLS opened the hearing on HB 12 and HB 5.

Cathy Duncan handed out the State Building Energy Conservation Bonds Worksheet.

EXHIBIT (j1h20a01)

Lou Moore, Department of Environmental Quality (DEQ), distributed handouts of the State Building Program Project Status.

EXHIBIT (j1h20a02)

HEARING ON HB 12

Opening Statement by Sponsor:

REP. JON SESSO (D), HD 76, opened the hearing on **HB 12**, General Obligation Bonds for Energy Conservation Program. He explained that the money bonded for state buildings is paid back through the energy savings implemented by the program. The DEQ handout (Exhibit 2) contains amendments, which would add six more projects to the bill.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 5.6}

Proponents' Testimony:

Art Compton, DEQ, stated that 61 projects have been completed since the LRGP began in 1989. The program is fashioned so that the energy savings pay for the project. The bill's increased bonding authority accounts for the new projects that were added to the bill. A two-thirds vote is required for passage of the bill.

Tom O'Connell, Department of Administration, Architecture and Engineering, went over the language in the bill with the committee members.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

{Tape: 1; Side: A; Approx. Time Counter: 5.6 - 11.6}

CHAIRMAN WELLS commented that \$1.25 million in authorization had been added to the bill. He asked if the projects listed at the end of the amendment accounted for the change in authority.

Mr. Compton answered that the new projects accounted for the \$1.25 million. He explained that these projects were added to the bill so that it would present a more accurate picture of the current state building needs.

CHAIRMAN WELLS asked why these new projects were chosen from the Long Range Building Program.

Ms. Moore, DEQ, responded that the projects were chosen because they could be funded through their energy savings.

CHAIRMAN WELLS wanted to know how a project qualifies for energy savings.

Ms. Moore explained that completing the projects must save enough money to pay back the bond.

Closing by Sponsor:

REP. JON SESSO, HD 76, closed HB 12 with a "do pass" recommendation.

Ms. Duncan explained the debt service for outstanding bonds to the committee members.

{Tape: 1; Side: A; Approx. Time Counter: 11.6 - 23.4}

HEARING ON HB 5

Opening Statement by Sponsor:

REP. JACK WELLS (R), HD 69, opened the hearing on **HB 5,** Long-Range Building Appropriations. A one-time general fund transfer is authorized within the bill.

{SEN. TESTER entered the meeting at 8:30 A.M.}

Proponents' Testimony:

Joe Triem, Department of Administration, Architecture and Engineering, presented the committee with an overview of the LRBP (Exhibit 3). The program is administered state-wide by the Architecture and Engineering Division of the Department of Administration.

The LRBP is comprised of a cash program and a bonded program. Revenues for the cash program come from tax interest earnings, DEQ savings fund transfers, supervisory fees, and one-time

general fund transfers. Expenditures for the program include the debt service and administrative operating expenses.

EXHIBIT (j1h20a03)

Mr. Triem explained that a one-time general fund transfer was included in the bill to temporarily address the deferred state building maintenance backlog.

No projects included in HB 5 will result in continuing appreciable costs upon completion.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 22.8}

Opponents' Testimony: none.

Questions from Committee Members and Responses:

SEN. TESTER asked how much of the money appropriated in HB 5 for the university system was spending authority.

Mr. Triem responded that all of the \$71 million appropriation was for spending authority and would not count towards the spending cap.

SEN. KEENAN asked for a breakdown of the Warm Springs Building Project in the bill.

Mr. Triem explained that the figures on the worksheet included the costs of monitoring seclusion rooms and for code improvements throughout the campus.

SEN. KEENAN asked for clarification of the first column of figures listed on the worksheet. He wanted to know more about a Department of Health and Human Services (DPHHS) appropriation of "other funds" that was included.

{Tape: 1; Side: B; Approx. Time Counter: 22.8 - 32.7}

Mr. Triem explained that this was spending authority to allow fund-raising for the construction of a chapel on the campus.

SEN. TESTER asked if the \$3.7 million listed for veterans' homes came exclusively from license plate sales.

Mr. Triem replied that part of the veterans' homes money comes from license plate revenues, but there may also be a federal dollar infusion into the revenue.

SEN. TESTER asked how placing additional money into the cash program affects the way it is administered.

Mr. Triem answered that the additional funds allows the administration to approve projects that have been waiting for a long time.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 4.9}

SEN. TESTER asked if a portion of the projects costs were used to supplement the administration.

Mr. O'Connell replied that the \$2.5 million budget listed was intended to cover all administrative costs.

Mr. Triem continued his explanation of the LRBP and went over the budget figures with the committee.

CHAIRMAN WELLS directed the committee's attention to HB 5 LRBP project hearings.

{Tape: 2; Side: A; Approx. Time Counter: 4.9 - 20}

1100 North Last Chance Gulch, Page 150

Proponents' Testimony:

Jim Whaley, Department of Administration, Architecture and Engineering, explained that the building was first constructed in the 1940's for the Department of Military Affairs. A new military facility was later constructed, and the old building was transferred the Department of Administration in 2002. The building currently serves as office space for the DEQ. The proposed building improvements will upgrade the mechanical system, add an elevator and construct a more practical entryway.

Tom Livers, DEQ, testified that the project will address many of the functional problems they have been experiencing since moving into the building. Along with heating and ventilation upgrades, the project will allow for consolidation of work units and more convenient public access.

{Tape: 2; Side: A; Approx. Time Counter: 20 - 27.9}

Opponents' Testimony:

Taran Denning, Helena Middle School Student, called the proposed building upgrades "anti-youth and anti-community." He opposes the proposal because it would demolish the building's gym space to

make way for more offices. He feels the gym space should be made available to the public and the funding used to construct offices elsewhere. Taran included written copies of his testimony for the record.

EXHIBIT(jlh20a04)

{Tape: 2; Side: A; Approx. Time Counter: 27.9 - 32}

Questions from Committee Members and Responses:

SEN. BRUEGGEMAN asked what kind of consideration the department had for community impact when planning this project.

Mr. O'Connell that there was considerable discussion about what the building should be used for when it was first accepted from the Department of Military Affairs. It was decided that the building would be used to house the DEQ office. This proposal is within the intentions for the building. The new gym was included in construction at the new armory facilities.

CHAIRMAN WELLS asked how many DEQ staff were currently housed in the building.

Mr. Livers replied that around 25 percent of the DEQ employees had offices in the building.

CHAIRMAN WELLS wanted to know what the anticipated use of the building would be after the project was completed.

Mr. Livers stated that other offices will be brought into the building. It is expected to house around 70 additional employees upon completion.

REP. LENHART asked for the location of the gym within the building.

Mr. Livers responded that the gym was located on the fourth floor of the building, at the center of a number of offices.

REP. LENHART asked if the department had entertained the notion of making the gym a cooperative aspect of the community.

Mr. Livers stated that this had been discussed before the department moved into the building. The decision was then made by the state to make the building suitable for offices. He does not feel the building could function as a community center.

SEN. BRUEGGEMAN asked how much was paid for the building.

Mr. O'Connell explained that the building had always been a possession of the state; it had just changed functions.

{Tape: 2; Side: B; Approx. Time Counter: 0 - 11.8}

Roof Repairs and Replacements Statewide, Page 56

Proponents' Testimony:

Mr. Triem explained that 20 projects throughout the state had been prioritized for roof repair. Many of the projects propose maintenance rather than a total roof replacement. The department is allowed to deviate from the list in rare instances where a necessary repair project is identified that was not part of the original list.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

REP. LENHART commented that a considerable amount of the project money was spent on consultant services. He asked if these consultants were from outside the state administration.

Mr. Triem answered that this was correct. He explained to REP. LENHART where the fees for in-kind services would show up on the worksheet.

CHAIRMAN WELLS asked how much of the project work could be done within the department.

Mr. Triem replied that by statute, projects totaling less than \$75,000 can be designed in-house. The department is also able to take care of some repairs in this manner.

CHAIRMAN WELLS asked if the roof repairs qualified to be handled in-house.

Mr. Triem responded that the projects do qualify. The department is completing the preliminary design on as many of the projects as possible.

{Tape: 2; Side: B; Approx. Time Counter: 11.8 - 20.2}

Repair and Preserve Building Exteriors Statewide, Page 59

Proponents' Testimony:

Mr. Triem stated that many state campus buildings are included in the repair project. The exterior repair projects are sometimes combined with other projects for efficiency. The department is recommending a total of \$500,000 be set aside for these projects.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

CHAIRMAN WELLS asked why the buildings affected by the project were not specifically listed.

Mr. Triem replied that this was done to give the department time to assess all of the structures and identify priorities.

Repair and Replace Windows Statewide, Page 61

Proponents' Testimony:

Mr. Triem described the window replacement project. Replacing the deteriorating windows in the state will add to the energy efficiency of the building. A funding amount of \$1.28 million has been recommended by the department for the project. Buildings at several state university campuses, as well as at the Capitol Complex have been identified for replacement. Projects with significant energy savings are submitted to the DEQ for additional funding.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

CHAIRMAN WELLS asked for an explanation of the contingency funds added to each project.

Mr. Triem responded that projects do not go to bid without at least a five percent contingency. This allows for some flexibility in design of the projects.

CHAIRMAN WELLS asked if the department was generally able to stay within the contingency limits.

Mr. Triem replied that if any of these funds are left over, they usually go to supplement the funding of other state projects.

Mr. O'Connell added that any money leftover from projects is reverted back into the starting balance once per year.

Montana Law Enforcement Academy, Page 64

Proponents' Testimony:

Mr. Triem stated that this project would address the highest priority deferred maintenance at the academy. The department has recommended that the project receive funding of \$765,000. Specific improvements to be made with this appropriation include the replacement of the old boiler, temperature controls, and several windows. Exterior repairs to the wood and foundation will also be included in this project.

{Tape: 2; Side: B; Approx. Time Counter: 20.2 - 32.8}

Kevin Olson, Montana Department of Justice, provided the committee members with an outline of the project (Exhibit 5). The handout listed the specifically listed the building repairs to be included with the project.

EXHIBIT (j1h20a05)

Opponents' Testimony: none.

Questions from Committee Members and Responses:

CHAIRMAN WELLS asked where the academy was located.

Mr. Triem said that the academy was located in the northeast part of the Helena Valley, off of the frontage road.

CHAIRMAN WELLS asked if the gym at the facility could be made available to community youth.

Mr. Olson responded that the campus gym is used at varying hours of the day by the students. Although the gym has been made available to the community on occasion, it would be too difficult to schedule this on a regular basis.

{Tape: 3; Side: A; Approx. Time Counter: 0 - 8.3}

Hazardous Materials Abatement, Page 67

Proponents' Testimony:

Mr. Triem stated that this project would fund the removal of asbestos and other hazardous materials from state buildings. The

project funding of \$500,000 is intended to address unanticipated instances of these materials. When a building project is known to include elements of hazardous materials, the abatement funding is included in the total funding amount.

Opponents' Testimony: none.

Questions from Committee Members and Responses: none.

{Tape: 3; Side: A; Approx. Time Counter: 8.3 - 11.3}

Code Deferred Maintenance Statewide, Page 70

Proponents' Testimony:

Mr. Triem explained that this project will address safety, disability access and code-deferred maintenance projects throughout the state. The department has recommended funding of \$1.35 million for this project. No individual facilities were specifically listed for this project. This allows the department the flexibility to identify priority buildings during the biennium.

Opponents' Testimony: none.

Questions from Committee Members and Responses: none.

Repair Campus Infrastructure Statewide, Page 77

Proponents' Testimony:

Mr. Triem stated that this project is all-inclusive of building related repairs. Previous projects have included water, sewer, road, and parking lot improvements and repair. All state campuses are included in the appropriation.

Opponents' Testimony: none.

Questions from Committee Members and Responses: none.

{Tape: 3; Side: A; Approx. Time Counter: 11.3 - 20.6}

Upgrade Fire Alarm Systems, Page 113

Proponents' Testimony:

Mr. Triem described the project. Fire alarm systems will be upgraded or replaced in identified state buildings. University campus buildings are included in the project as well. Old

systems, or systems with limited capacity will be addressed. Funding of \$400,000 has been requested to address the buildings with most serious need.

Opponents' Testimony: none.

Questions from Committee Members and Responses: none.

Repairs and Maintenance to State Capitol, Page 80

Proponents' Testimony:

Marvin Eicholtz, Department of Administration, General Services, described the planned repairs to the exterior of the Capitol Building. The building is due to be resealed and areas around the windows need to be repainted. Leaks will be repaired in the skylights and the loose sections on the dome will be repaired. The concrete and asphalt overlay on the North Oval parking area will be repaired.

Opponents' Testimony: none.

Questions from Committee Members and Responses: none.

Capitol Complex Elevator Repairs, Page 121

Proponents' Testimony:

Mr. Eicholtz stated that this project will provide elevator repair and maintenance in several buildings that are part of the Capitol Complex. Three elevators in the Mitchell Building, two elevators in the Cogswell Building and four elevators in the Capitol will be addressed through the project. The worn components of these elevators will be replaced and they will be brought into compliance under the Americans with Disabilities Act. The project is recommended funding of \$800,000, which is the estimated cost of all the elevator repairs.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

CHAIRMAN WELLS asked Mr. Eicholtz how long he had been in charge of the General Services Division.

Mr. Eicholtz replied that he had been in his present position for two years.

{Tape: 3; Side: A; Approx. Time Counter: 20.6 - 30.9}

CHAIRMAN WELLS asked Mr. Triem if there were any further projects.

Mr. Triem indicated that his presentation was through and **CHAIRMAN WELLS** concluded the hearing.

{Tape: 3; Side: B; Approx. Time Counter: 0 - 4}

ADJOURNMENT

Adjournment: 10:55 A.M.

REP. JACK WELLS, Chairman

LAURA DILLON, Secretary

JW/ld

Additional Exhibits:

EXHIBIT ([j1h20aad0.PDF](#))