

EXHIBIT 2
DATE Feb 26, 09
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funds for capital projects. In the 2011 biennium, the executive recommendation proposes a greater commitment to state building maintenance by including a one-time general fund transfer of \$5.2 million to the LRBP account.

The LRBP account revenues include a 2.6 percent distribution of cigarette tax revenue and 12.0 percent distribution of coal severance tax revenue. Other income includes LRBP interest earnings and supervisory fees paid to the Architecture and Engineering Division (A&E) of the Department of Administration.

Figure 3 shows the projected fund balance for the LRBP account for the 2011 biennium. As shown, approximately \$22.6 million is requested for cash program projects in the LRBP projects bill, leaving an estimated cash balance of \$200,208 at the end of the 2011 biennium. The fund balance estimate includes the proposed transfer of \$5.2 million in one-time only transfers. This estimated ending fund balance, as prepared by the LFD, is slightly higher than that shown in the executive budget, primarily because of higher cigarette tax and coal severance tax revenues estimates, as adopted by the Revenue and Transportation Interim Committee (RTIC).

Long-Range Building Program Fund (05007)	
Cash Balance Projection 2011 Biennium	
Estimated Beginning Cash Balance-(7/1/2009)	\$5,027,410
Revenue Projections ¹	
Cigarette Tax	\$4,255,000
Coal Severance Tax	11,325,000
Interest Earnings	3,093,171
Supervisory Fees	866,664
2011 Biennium Revenues	19,539,835
Expenditures	
Operating Costs-A & E Division ⁵	(3,980,628)
Debt Service-2003G ²	(2,646,207)
Debt Service-2005A ³	(1,705,202)
Funding Switch ⁴	1,330,000
Total Expenditures	(7,002,037)
Balance Available for Capital Projects	17,565,208
One Time General Fund Transfer ⁵	5,200,000
Total Available for Capitol Projects	22,765,208
Executive Proposals LRBP Cash Account ⁵	(22,565,000)
Estimated Ending Cash Balance - (6/30/2011)	\$200,208
¹ Based on RTIC revenue estimates	
² Refinance of 1996D issue	
³ Refinance portions of 1997B and 1999C issues	
⁴ Debt Service Funding Switch, 2001 legislative session	
⁵ Based on executive budget proposal	

Figure 3

General Fund OTO Transfers

According to information in the executive budget, there would be general fund one-time only (OTO) transfers for four separate purposes contained in the LRBP bill, HB 5. As shown in Figure 4, the transfers include:

- General fund OTO transfers of a total \$5.2 million to the LRBP. This transfer of funds would increase the funds available to the LRBP for major maintenance and deferred maintenance projects. The additional funds would also support the Governor's 20 x 10 Initiative; an effort to increase the energy efficiencies of state government agencies by 20 percent by the year 2010
- General fund OTO transfers of \$13.4 million to the SBCEP. This transfer would provide the funding for energy conservation projects in state buildings. As in the case of the LRBP transfer, this transfer supports the Governor's 20 x 10 Initiative
- General fund OTO transfers of \$2.0 million for the Access Montana project. The project provides funds that are used to acquire Montana properties that will provide access to rivers and other waterways throughout the state. Figure 4 shows the general fund OTO transfers by fiscal year
- General fund OTO transfers of \$1.5 million for administration of the SBCEP. While these funds will be transferred in the LRBP bill, HB 5, the funds will be appropriated in the general appropriations act (HB 2)

Long-Range Planning Program			
General Fund Summary: Proposed General Fund OTO Transfers			
(millions)			
Program	Fund	Transfers	
		FY 2010	FY 2011
Long-Range Building Program	05007	\$2.6	\$2.6
Fish, Wildlife, and Parks, Access Montana	05144	1.0	1.0
State Building Energy Conservation Program	05145	10.4	3.0
State Building Energy Conservation Program-Administration	02370	1.0	0.5
Total General Fund OTO Transfers:		\$15.0	\$7.1

Figure 4

State Building Energy Conservation Program Executive Recommendation - 2011 Biennium					
LRBP Rank	Project	Description	SBCEP Cost	Annual Savings	Years to Total Cost Recovery
Department of Administration					
3	Renovation and Energy Improvements, State Liquor Warehouse		\$460,000	\$36,165	12.72
4	Mechanical & Energy Projects, and Controls, Capitol Complex				
	Aviation Support Building	Infrared heating and boiler replacement	\$157,039	\$13,154	11.94
	Capitol Complex Boiler Plant Building	Burner upgrade and interruptible supply	340,535	54,605	6.24
	Walt Sullivan Building	Replace chiller and steam boiler	138,384	11,592	11.94
	Justice Building	Air Conditioning Upgrade	29,176	2,444	11.94
	Lee Metcalf Building	Lighting upgrade and controls	106,211	8,897	11.94
	Cogswell Building	Chiller replacement	10,684	895	11.94
	DPHHS Building	Building controls	152,880	12,806	11.94
	FWP Building	Boiler replacement and VAV retrofit	63,390	5,310	11.94
	Scott Hart Building	Chiller replacement and ventilation	34,070	2,854	11.94
	Capitol Complex	Lost Opportunities and Commissioning	<u>500,631</u>	<u>41,930</u>	11.94
	Project Total:		\$1,533,000	\$154,487	9.92
13	Cabinet Agencies	Statewide Energy Projects			
	Residential Office Buildings 6th & 8th Avenues	New Furnaces and Envelope	\$24,000	\$1,600	15.00
	State Grain Lab Mechanical Upgrade	Upgrade mechanical controls and demand ventilation	10,000	800	12.50
	Reader's Alley and Miscellaneous Virginia City Buildings	Lighting and Heating Upgrades	36,000	2,400	15.00
	Hatchery	Energy Improvements Statewide	200,000	26,706	7.49
	Regional Headquarters, Billings	HVAC replacements, controls and lighting	93,355	6,357	15.00
	Regional Headquarters, Missoula	HVAC replacements, controls and lighting	24,000	1,600	15.00
	Regional Headquarters, Great Falls	HVAC replacements, controls and lighting	30,000	4,000	7.50
	Regional Headquarters, Kalispell	HVAC replacements, controls and lighting	65,505	4,367	15.00
	Butte Highway Patrol Heating & Envelope Improvements	New HVAC, Lighting and Envelope	10,500	700	15.00
	State Crime Lab	HVAC replacement and building wide controls	270,000	22,617	11.94
	Workforce Center, Missoula	Controls upgrade	7,500	500	15.00
	Workforce Center, Great Falls	Controls upgrade	86,880	5,792	15.00
	Workforce Center, Butte	Controls upgrade	18,000	1,200	15.00
	Workforce Center, Miles City	Controls upgrade	15,195	1,013	15.00
	Workforce Center, Bozeman	Controls upgrade	30,000	2,000	15.00
	Spurgin Road Complex	New pump frequency drives, lighting, furnace replacements	78,000	5,200	15.00
	Field Office Campuses Statewide	Furnaces, envelope improvements, lighting	601,000	31,000	19.39
	1227 11th Avenue	Retrocommission	48,000	3,200	15.00
	1300 11th Avenue	Replace HVAC System	58,500	3,900	15.00
	Administration Building	VAV retrofit and controls	60,000	22,400	2.68
	PE Complex	Lighting controls and domestic hot water improvements	70,280	5,857	12.00
	Helena HQ	VAV retrofit and lighting	669,000	75,000	8.92
	Helena Shop	Heat recovery new boilers and controls	258,330	42,205	6.12
	Billings	Heating System and lighting upgrades	300,000	25,130	11.94
	Bozeman	Heating System and lighting upgrades	250,000	20,942	11.94
	Missoula	Heating System and lighting upgrades	250,000	20,942	11.94
	Maintenance Shops Statewide	Unit heater replacement, lighting and envelope	1,000,000	83,767	11.94
	Cabinet Agencies ®	Lost Opportunities and Commissioning	<u>958,955</u>	<u>80,340</u>	11.94
	Project Total:		\$5,525,000	\$501,534	11.02
Department of Corrections					
2	Men's Prison Mechanical & Electrical Upgrades		\$2,620,000	\$219,468	11.94
8	Alternative Energy-Biomass Boiler		740,000	45,000	16.44
Department of Military Affairs					
5	Statewide Energy Conservation Improvements		\$265,000	\$17,667	15.00
Department of Public Health and Human Services					
6	Montana Veterans' Home Improvements, Phase 2 ®		\$0	\$0	
9	Montana Mental Health Nursing Center Improvements, Phase 2 ®		0	0	
11	Statewide Energy Projects				
	Warm Springs Boiler	Removal of old central boiler with smaller staged boilers	\$210,000	\$14,000	15.00
	Eastern Montana Veterans' Home	Kitchen Ventilation Improvements and Controls	418,776	32,220	13.00
	Montana Developmental Center	Energy Upgrades	349,724	39,498	8.85
	Lost Opportunities and Commissioning	Lost Opportunities and Commissioning	<u>610,500</u>	<u>51,108</u>	11.95
	Project Total:		\$1,589,000	\$136,826	11.61
Montana School For the Deaf and Blind					
7	Energy and Facility Improvements	Building envelope and lighting	\$25,000	\$1,666	15.01
Montana University System					
1	Energy Conservation Improvements, MUS ®		\$0	\$0	
12	Energy Projects at Community Colleges, Statewide		600,000	50,260	11.94
	SBCEP Program Total:		\$13,357,000	\$1,163,073	11.48

® Reflects Dec. 15, 2008 executive budget revisions project reductions or eliminations

Figure 5