

EXHIBIT 8
DATE Jan 26, 09
HD 5

Introduction:

Hello Mr. Chairman and members of the committee.

My Name is Joe Triem

I am the Planning Manager for the Architecture & Engineering Division of the Department of Administration.

Other people here today from the Division are Tom O'Connell...

As Tom mentioned the Architecture & Engineering Division assembles and implements the Long-Range Building Program and I am going to lead off an introduction of our proposed 2010-2011 biennium program.

And then talk you through our budget proposal book.

A major change from our previous programs is the significant integration of energy efficiency projects throughout our program.

In order to accomplish this it has been necessary to combine our efforts with that of the SBCEP – arriving at what is our biggest effort to date to target energy efficiency upgrades and deferred maintenance ever.

Occasionally I will mention the SBCEP; however I will only tap lightly on their details, which will be explained in more detail by DEQ later this morning.

For a historic perspective of the LRBP I refer you to the first page of Cathy Duncan's analysis of Section F of the Executive Budget proposal.

The **primary drivers** of our proposed 2010-2011 program are **deferred maintenance** and **energy efficiency** upgrades. **Our highest priority proposals target projects that we believe accomplish both.**

Where does the money come from – there are a variety of sources.

- LRBP fund
- SBCEP fund
- SSR
- FSR
- Other
 - Proprietary
 - Non-state university funds
 - Grants
 - Donations

The LRBP fund is the main source of funds primarily for the major repair, maintenance, and construction of General Fund supported buildings (page 3).

The primary drivers of our budget normally are:

- Cigarette Tax
- Coal Severance Tax
- General Fund Transfer \$5.2 million

Where does the money go?

Subtracted from this are our operating costs and debt services from two bond issuances for past projects.

This leaves us with an amount of funds available for Capital Projects; which gives us our target for evaluation and proposal.

I have provided you two handouts.

The first handout is a listing of some of the projects completed since the last legislative session, as well as projects underway right now. I have brought one picture board today, and will bring another tomorrow, which will give you some visual idea of some of these projects.

The second handout is an overview of the entire program, by Agency and University.

The statewide appropriations – although they are not intended to be spread around evenly and are intended to be more targeted at specific needs – generally over time are distributed relative to the buildings out there.

For a more detailed listing, in order of priority, please refer to pages 4-6 of our budget book.

“The Book”

This leads me into showing you how the Long-Range Building Program budget proposal book is laid out (in front of you).

You will find volume 3 of the Executive Budget Proposal in front of you

Please open your book to the third page. This is the Table of Contents. In bold text you can see the three major sections of the book, and in regular text the various subsections are shown.

The first major section is the Long Range Building Program Proposal, which is **the** Executive Budget Recommendation.

The second major section contains all of the requests submitted for consideration. Also included in this section are projects anticipated for the next two biennia.

The third and last major section contains campus maps for almost all of the Agency campuses in the State.

“The First Section”

I will further describe the first section, because this is the section where our presentations will come from. The only exceptions are where amendments may be requested by various agencies and legislators, and for those I suspect you will see handouts that will further describe those proposals.

Starting on page 1 you will find the Executive Summary. This is a condensed look at the overall building program proposal, including our revenue estimate, non-construction expenditures and proposed construction program. You will find each recommended project listed in this summary, on pages 4 thru 6. If you must quickly get “up to speed” or send a recap to a colleague, this would be the section you would want to highlight.

A total of 53 projects are being recommended.

Approximately 30 of our projects are primarily funded with Long Range Building Program fund dollars; this will be referred to as our “cash program”.

The remainder of the projects will be funded with Energy Program, State Special, Federal Special, and “Other” funds.

The rest of this first major section provides the backup for the Executive Summary. Section dividers, in yellow color, separate the individual subsections and have written on them pretty good descriptions of what information follows.

On page 7 you will find a summary of recommended appropriations and spending authority by Agency and fund type.

Starting on page 8 is a prioritized listing of all projects to be funded with current revenues, or by any source other than bond proceeds. This shows the numerical funding sources for each fund type.

Starting on page 14, and grouped by agency, are brief descriptions of every single project. This will provide a quick reference that can be easily followed during the individual agency presentations.

And the last part of this section begins on page 34, where a full detailed description of each project is listed in order of state priority. This would be the section you would go to

if you have further questions about the components or full description of any specific project. A table of contents for this section has been inserted between the divider and the first project.

Sections 2 and 3.

Sections 2 and 3 are pretty self-explanatory – as described in the table of contents.

I will not describe sections 2 and 3 further, unless there are any specific questions from the committee.

This concludes our introduction of the Long Range Building Program Proposal.

Thank you for your time and consideration.

Statewide Appropriations – A&E Division:

Energy Related Deferred Maintenance, Statewide (51)

- Please turn to page 51 of your books.
- We are requesting the use of 3.15 million in LRBP funds for this project.
- These funds will augment Energy Program funds on projects where there is a dual benefit to be attained.
- Problem being addressed: Often when designing energy improvement projects related systems are found to be not working, broken, or in conflict with code. Without another source of funding these items must be left as they were found.
- Alternatives to funding this proposal:
 - Require energy projects to stand alone;
 - Reduce the amount of funding to a lower level.
- This amount is equal to a little over 23% of the Energy Program amount that it will apply towards, so you can still see that those projects will still have to pencil based upon their energy merits.
- Having a funding source that can address these opportunities in a timely manner makes for more comprehensive design solutions and saves a great deal of money.
- This concludes my presentation of this project.

Hazardous Materials Abatement, Statewide (69)

- Please turn to page 69 of your books.
- We are requesting the use of 400 thousand in LRBP funds for this project.
- This appropriation will allow the remediation of unanticipated asbestos, PCB, and other hazardous materials encountered in the construction of projects.
- Problem being addressed: The key word here is unanticipated. It is our intention to identify and appropriate funds for abatement within projects where the substances are known to exist. When these materials are encountered where they were not reasonably anticipated to exist the project completion may be in jeopardy.
- Alternatives to funding this proposal:
 - To not provide this funding source for unforeseen conditions;
 - Reduce the amount of funding to a lower level.
- We think this amount is reasonable as a contingency to address this type of occurrence.
- Having a funding source to address unforeseen hazardous materials will allow tight projects to proceed to completion in accordance with original legislative intent.
- This concludes my presentation of this project.

Roof Repairs & Replacements, Statewide (72)

- Please turn to page 72 of your books.
- We are requesting the appropriation of 1.31 million LRBP funds, and the authority to spend up to 700 thousand in Federal funds for this project.
- This project is to repair or replace roofs of state-owned facilities throughout the state.
- The State owns millions of square feet of roofs of all kinds: membrane roofs, wood shake roofs, shingle roofs, tile roofs, and metal roofs.
- Problem being addressed: All State-owned buildings have roofs, and these roofs have a lifespan. The typical lifespan of a well maintained roof will be between 20

and 30 years. And when a roof starts to leak the potential for a cascading failure begins.

- Alternatives to funding this proposal:
 - To not provide this funding source and delay roof repairs and replacements;
 - Reduce the amount of funding to a lower level.
- Agencies submitted just under \$5 million in requests for roof repairs or replacements.
- This last biennium A&E has begun a process of independent evaluation roofs at various campuses throughout Montana. This process is working well and will be continued.
- Based upon these analyses A&E will address the highest priority roof repairs and replacements within this appropriation limit.
- Past 6 biennia roof appropriations have ranged from \$950k to \$3.5 million; for an average of \$1.6 million per biennium.
- This concludes my presentation of this project.

Repair/Preserve Building Envelopes, Statewide (78)

- Please turn to page 78 of your books.
- We are requesting the appropriation of 1.5 million in LRBP funds for this project.
- This appropriation will repair exterior elements of buildings, including window and exterior skin repairs and replacement.
- Problem being addressed: Building exteriors deteriorate as they age and must be maintained. Montana's weather is hard on all exterior skins and periodic repairs and replacements must be done.
- Alternatives to funding this proposal:
 - To not provide this funding source;
 - Reduce the amount of funding to a lower level.
- Agencies submitted just under \$3.6 million in requests for building envelope repairs and replacements.

- With this appropriation we will have sufficient funds to work with agencies to identify and prioritize projects where buildings are in need of repair to protect its envelope integrity.
- This concludes my presentation of this project.

Code Deferred Maintenance, Statewide (81)

- Please turn to page 81 of your books.
- We are requesting the appropriation of 2 million in LRBP funds for this project.
- This project will address Life Safety, Disability Access, and Code and Deferred Maintenance deficiencies.
- Please note that there is a separate and larger CDM appropriation specifically for the MUS; and it is intended that this appropriation is for non-MUS facilities.
- Problem being addressed: A&E received a multitude of request to address facility deficiencies in existing facilities. These requests significantly exceed available funding, and targeted appropriations may not address the highest priority needs as the biennium evolves.
- Alternatives to funding this proposal:
 - Fund all deferred maintenance requests;
 - Reduce the amount of funding to a lower level;
 - Do not fund this request.
- Agencies submitted just over \$6.7 million in requests for work that falls under this appropriation.
- Past 5 biennia have ranged from \$730k to \$3.3 million, for an average of \$1.74 million per biennium.
- With this appropriation we will have sufficient funds to work with agencies to identify and prioritize projects in the most efficient and expedient manner possible.
- This concludes my presentation of this project.

Campus Infrastructure, Statewide (94)

- Please turn to page 94 of your books.
- We are requesting the appropriation of 1 million in LRBP funds for this project.
- This project will improve, repair or replace infrastructure within State-owned campuses.
- Examples are: streets, sidewalks, retaining walls, storm drainage, irrigation, site lighting, and various underground and above-ground utilities and structures.
- Although we have not done this with any of the two previous appropriations of this nature, we have written this project description to allow the demolition of deteriorated or nonfunctional facilities or components.
- Problem being addressed: Some state campuses have infrastructure deteriorated beyond a level that can be reasonably maintained through regular maintenance. Other campuses may need infrastructure where it doesn't exist.
- Alternatives to funding this proposal:
 - Fund all campus infrastructure requests;
 - Reduce the amount of funding to a lower level;
 - Do not fund this request.
- This request is the same level of funding approved in each of the last two sessions. The last two appropriations have been extremely valuable in helping complete one building project with City infrastructure requirements, and react to a failing million dollar plus sewage treatment system failure.
- With this appropriation we will provide required infrastructure where it doesn't exist, and return deteriorated systems to a condition that can be properly maintained by campus personnel.
- This concludes my presentation of this project.

Upgrade Fire Protection Systems, Statewide (107)

- Please turn to page 107 of your books.
- We are requesting the appropriation of 800 thousand in LRBP funds for this project.

- This project will repair, upgrade and in some cases add fire protection systems at State-owned buildings throughout Montana.
- Problem being addressed: Some fire protection systems have limited capability, are unreliable, or are obsolete to the extent that replacement parts are not available. In other buildings where we would like them to exist, fire protection systems may be non-existent.
- Alternatives to funding this proposal:
 - Upgrade or install fire protection systems in all State-owned buildings;
 - Upgrade or install fire protection systems where documented problems exist;
 - Do not fund this request.
- This appropriation will provide a statewide coordinated effort to address the highest priority fire protection system repairs, upgrades and replacements.
- This concludes my presentation of this project.

Campus Master Planning, Statewide (114)

- Please turn to page 114 of your books.
- We are requesting the appropriation of 200 thousand in LRBP funds, and 200 thousand of authority to spend Veterans' Home and University funds for this project.
- This project will provide resources to master plan various State facilities that have requested multiple projects over the last few session and seem to need more comprehensive capital improvement plans – that support agency missions and strategic objectives.
- While other planning opportunities may arise, this appropriation is generally targeted at master planning for the Dept of Admin, Montana State University MAES proposals, Department of Corrections facilities statewide, and Montana Veterans' Homes campuses currently in two locations within the State.
- Problem being addressed: Many agencies have not maintained a current facilities master plan to support their mission and strategic objective. This often leads to difficulty in pursuing capital improvements on a piece by piece basis.

- Alternatives to funding this proposal:
 - Fund master planning for all agencies without current plans;
 - Fund master planning for those agencies pursuing significant capital plans;
 - Do not fund this request.
- Master planning has been a successful endeavor at UM and the Capitol Complex; and the ongoing DOC planning is making us address significant questions.
- With this appropriation we will be able to pursue planning for a number of developing situations where understanding how capital programs fit into agency missions will assist in both Executive and Legislative evaluation of building proposals.
- This concludes my presentation of this project.

State Liquor Warehouse, Capitol Complex-Dept of Revenue – Shauna Helfert, Department of Revenue:

Renovation & Energy Improvements, State Liquor Warehouse (37)

Statewide Appropriations, DEQ-State Bonded Energy Conservation Program – Lou Moore and Ken Phillips, Department of Environmental Quality:

DPHHS Energy Projects, Statewide (54)

Energy Projects at Community Colleges, Statewide (57)

Cabinet Agency Energy Projects, Statewide (60)

Spending Authority, Utility Energy Conservation Funds (67)

Capitol Complex Projects, DOA-General Services Division – Marv Eicholtz:

Mechanical & Energy Projects, Capitol Complex (40)

Elevator & ADA Modifications, Capitol Complex (75)

Infrastructure Repairs, State Capitol (89)

Parking Lot Upgrades, Capitol Complex (101)

LONG-RANGE BUILDING PROGRAM

PROGRAM DESCRIPTION

In 1963, the legislature enacted the Long-Range Building Program (LRBP) to provide funding for construction, alteration, repair, and maintenance of state-owned buildings and grounds. The program, as established in Title 17, Chapter 7, part 2, MCA, was developed in order to present a single, comprehensive, and prioritized plan for allocating state resources for the purpose of capital construction and repair of state-owned facilities. Historically, the LRBP has been funded with a combination of cash accounts and bonding. The various types of cash accounts include state and federal special revenue funds, other funds (such as university and private funds), and long-range building program account funds.

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COMMENT**

The LRBP program, over time, has changed from the original program vision. Now, the LRBP budget includes projects which are not construction, alteration, repair, and maintenance of state-owned buildings and grounds. For example, for a number of years the LRBP has included projects for the Department of Fish, Wildlife, and Parks (FWP) that fund several grant programs. As seen in the Future Fisheries and Grant Programs/Federal Projects, these projects differ from the usual LRBP projects because they are programs that provide grant funds to private individuals and communities for capital projects on non-state owned lands. Another unusual project that has been included in LRBP in recent biennia is the Department of Transportation (DOT) project titled, U.S. Highway 93 Projects. The Highway 93 project differs from the original vision because it is highway capital construction, rather than the construction, major maintenance, or acquisition of state-owned buildings and lands. In the 2011 biennium, the LRBP will again be changed with the inclusion of State Building Energy Conservation Program (SBCEP) projects. While this program is the same in purpose, major capital maintenance, it is typically not included as a component of the LRBP.

Figure 1 summarizes capital project appropriations for each biennium since 1999, along with the executive request for the 2011 biennium (R).

Long-Range Building Program Capital Projects Appropriations by Fund Type and Biennium								
Biennium	LRBP Cash	Other State Funds	State Special	Federal Special	Authority Only (2)	Total LRBP Cash Program	G.O. Bonding	Total LRBP Program
1999	\$9,159,658		\$24,058,107	\$15,092,557	\$30,013,619	\$78,323,941	\$43,319,315	\$121,643,256
2001	7,515,000	170,000 (1)	22,204,804	39,236,497	46,495,000	115,621,301	33,403,750	149,025,051
2003	5,489,660		20,420,275	15,800,000	39,105,080	80,815,015	25,025,286	105,840,301
2005	3,281,500		24,044,460	11,319,212	41,095,000	79,740,172		79,740,172
2007	35,438,075	500,000 (3)	26,945,974 (4)	19,984,000	139,697,500	222,565,549	53,100,000 (5)	275,665,549
2009	139,676,000	18,000,000 (6)	51,947,160 (7)	48,178,978	46,600,000	304,402,138		304,402,138
2011R	22,565,000	15,357,000 (8)	50,665,000 (7)	9,435,000	15,050,000	113,072,000		113,072,000

(1) General Fund
 (2) Projects that require authority only to use higher education funds, proprietary funds, and General Service internal service funds, appropriations are not required
 (3) Capital Land Grant Funds
 (4) Excludes the HB 5 appropriation of \$133.8 million for Highway 93 construction projects (this is not a LRBP project)
 (5) Excludes the HB 540 bond authorization of \$19.5 million for the St. Mary's Water Project and the Ft. Belknap Water Compact (these are not a LRBP project)
 (6) Includes capital land grant (\$4 million), FWP capital projects (\$10 million), and DOC proprietary funds (\$293,000)
 (7) Includes an appropriation for Highway 93 construction projects (this is not a LRBP project)
 (8) Includes FWP capital projects funds (\$2 million) and SBCEP capital projects funds (\$21.5 million)

Figure 1

EXECUTIVE RECOMMENDATION

NOTE: The Legislative Fiscal Division analysis of the Long-Range Building Program (LRBP) budget has been coordinated with the December 15, 2008 executive budget revisions. The executive budget for the LRBP was reduced by \$28.0 million, which would directly affect the planned general fund one-time only transfer to the LRBP. The reduction represents a 20.0 percent reduction of total funds and a 32.7 percent reduction of LRBP capital project funds from the first executive budget. In Figure 2, reduced and eliminated projects are designated with a “@” following the project name.

LONG-RANGE BUILDING PROGRAM – 2009 SESSION PRESENTATION

Projects completed since last session (partial list):

- Purchase Forensic Science Lab Building, Missoula
- Housing for High Risk Behaviors, Montana Developmental Center – Boulder
- Chemistry Research Building, Montana State University – Bozeman
- Anderson Journalism Building, University of Montana – Missoula
- Steam Tunnel System Upgrades Phase 2, University of Montana – Missoula
- College of Technology Renovation/Addition, MSU – Billings
- College of Technology Renovation/Addition, MSU – Great Falls
- College of Technology Renovation/Addition, UM – Helena
- Post Farms Seed Storage Facility, MSU-AES – Bozeman
- DES Storage Facility, Fort Harrison
- Lone Pine State Park Visitor's Center, Kalispell
- Montana Veterans' Home Entrance & Pavement Improvements, Columbia Falls
- Demolish Four Buildings, Montana State Hospital – Warm Springs
- And small but significant renovations at numerous DNRC and DPHHS facilities throughout the State.

Construction under way (partial list):

- Enterprise Systems Services Center, Helena
- Enterprise Systems Services Center, Miles City
- Work Dorm Expansion, Montana State Prison – Deer Lodge
- McMullen Hall Renovation, MSU – Billings
- Montana Bureau of Mines and Geology & Petroleum Building, UM Tech – Butte
- Leon Johnson Hall Exterior Masonry Repairs, Montana State University – Bozeman
- Gaines Hall Renovation, Montana State University – Bozeman
- Animal Bio-Science Facility, Montana State University – Bozeman
- School of Education Renovation/Addition, University of Montana – Missoula
- Law School Renovation/Addition, University of Montana – Missoula
- Native American Center, University of Montana – Missoula
- Consolidated DNRC/DEQ Office Building – Kalispell
- Pictographs State Park Visitor's Center, East of Billings
- Lewis & Clark Visitor's Center, Three Forks

LONG-RANGE BUILDING PROGRAM – 2009 SESSION PRESENTATION

- MDT Equipment Storage Facilities at Boulder and Townsend
- Boiler Upgrades at UM-Butte COT, Montana School for the Deaf & Blind, and MUS-Northern.
- Improvements to existing and construction of new facilities at MSU Agricultural Experiment Station locations throughout the State
- And continued demolition and campus improvements at the State Hospital at Warm Springs.

LONG RANGE BUILDING PROGRAM

LRBP SUMMARY - ALL FUND CATEGORIES							
AGENCY	LRBP	SBEP	STATE SPECIAL	FEDERAL SPECIAL	OTHER FUNDS	TOTAL	
Statewide LRBP Appropriations	\$10,360,000	\$0	\$100,000	\$700,000	\$2,200,000	\$13,360,000	
Statewide SBEP Appropriations	0	7,714,000	0	0	0	7,714,000	
Dept of Justice	0	0	0	0	0	0	
MT School for the Deaf & Blind	250,000	25,000	0	0	0	275,000	
Fish, Wildlife & Parks	0	0	22,665,000	3,900,000	2,000,000	28,565,000	
Dept of Transportation	0	0	27,900,000	0	0	27,900,000	
DNRC	1,000,000	0	0	0	0	1,000,000	
Dept of Revenue	0	460,000	0	0	1,750,000	2,210,000	
Dept of Administration	500,000	1,533,000	0	0	3,600,000	5,633,000	
Dept of Agriculture	525,000	0	0	0	0	525,000	
Corrections	5,030,000	3,360,000	0	250,000	500,000	9,140,000	
Labor & Industry	0	0	0	0	0	0	
Military Affairs	100,000	265,000	0	4,585,000	0	4,950,000	
DPHHS	450,000	0	0	0	0	450,000	
Dept of Commerce	750,000	0	0	0	0	750,000	
Montana University System	3,600,000	0	0	0	7,000,000	10,600,000	
LRBP PROPOSAL TOTALS	\$22,565,000	\$13,357,000	\$50,665,000	\$9,435,000	\$17,050,000	\$113,072,000	