

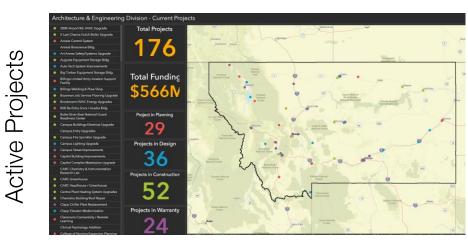
ARCHITECTURE & ENGINEERING DIVISION

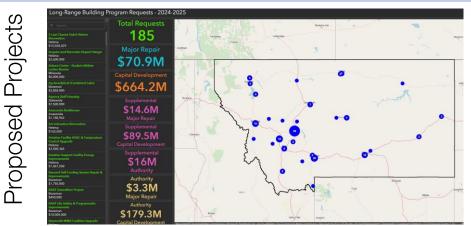
RUSS KATHERMAN ADMINISTRATOR

406-444-3332 <u>rkatherman@mt.gov</u> <u>architecture.mt.gov</u>

January 2023

• Interactive Project Mapping @ architecture.mt.gov





Remote & Office Workspace Study (ROWS)

ROWS Status: Key Objectives, Milestones and Progress All assessment and evaluation efforts are complete. Remaining ROWS efforts will focus on shaping elements of the Business case into an actionable path forward for the state based on the opportunities identified for implementation. **ROWS** has aimed to: ENHANCE OPERATIONAL (1) ENABLE AND OPTIMIZE TELEWORK 2 EFFICIENCY Assess telework eligibility, update policies, Provide an actionable Right size the portfolio and align provide training materials, and communicate changes to the workforce space design to support the decision-making framework elework implementation based on key opportunities Collected Employee Se on Hybrid Work elework Eligibility and Space Standards Site walk throughs and flo ved 14 depar -6400 em scuss the feasibility of enacting lesign and varying standa changes to implement hybrid sp standards, reduce overall footpr terminate leases, and relocate İŤŤ

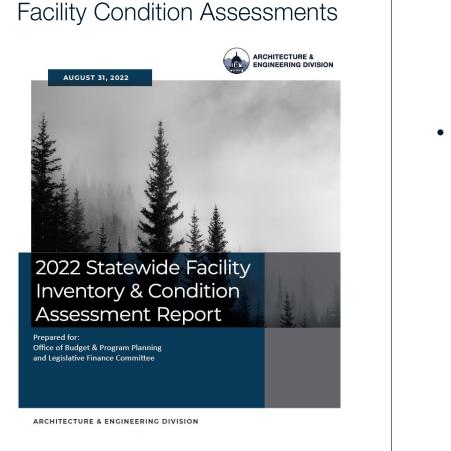


Case for Change: Business Imperatives to Consider

and provide feasible workplace options. When considering the opportunities provided in the Business Case, there are multiple imperatives that affect the strategy to make effective decisions on space.



DEPARTMENT OF ADMINISTRATION | ARCHITECTURE & ENGINEERING DIVISION



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- ARPA 604 Capital Projects
 Efforts in HB 632 for \$119.9M
 - Application structure, evaluation and scoring
 - Recommendations, interaction w/ Infrastructure Advisory Commission
 - Applications to Treasury

(Treasury declined; funding routed to broadband June 2022)

ubmittabl	e D Submissions Proje	sets Forms Reports ^v Funds More ^v
State	of Montana	
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ł	Results are being filtered. Clear Filters	Projects: State Capital Projects - 604 Funding
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SCORE		SUBMISSION
	Eligibility Review	Classroom Connectivity and Remote Learning
	Eligibility Review	CovId-19 Remote and Office Workspace Study & Planning
	ALL 3	
	Eligibility Review	Block Hall Renovation
	ALL 3	
	Eligibility Review	Liquor Warehouse Expansion
	ALL 3	CAPITAL ASSETS COMBINATION EDUCATION WORK
	Eligibility Review	Brockmann Center HVAC & Energy Upgrades
	ALL 3	
	Eligibility Review	Campus-Wide Access Control System
	ALL 3	
0	Eligibility Review	Auto Tech Building System Improvements
	ALL 3	CAPITAL ASSETS EDUCATION RENOVATION WORK
	Eligibility Review	Donaldson Building HVAC Upgrades
	— 411 3	

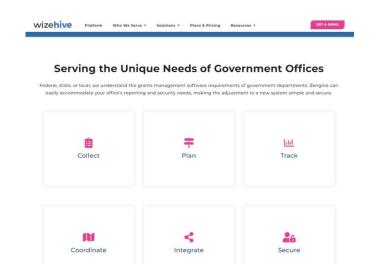
Art Annex Safety & System Upgrades

Eligibility Review



- ARPA Broadband, from scratch since June 2021:
 - Developed the Program & Staffing
 - Developed 604 Application to Treasury
 - Developed Application, Challenge, and Award Processes
 - Review/Acceptance via Communications Advisory
 Commission
 - Developed All Grant Award, Agreement, and Management
 Documents/Processes
- BEAD & DE Broadband, since IIJA passed in November 2021:
 - Submitted Letters of Intent
 - Developed Planning Grant Application Materials
 - Developed RFQs/RFPs and Agreements for Strategic Planning, Stakeholder Engagement, Technical Assistance, and Data Mapping
 - Launched Stakeholder Engagement & Strategic Planning

- LRBP Program Improvements
 - Developed and Launched New Project Submission
 Portal
 - Provided Leadership and Instructional Efforts to Agencies and MUS
 - Increased Accuracy, Detail, and Efficiency in the Submission Process







Commenced Capitol Complex Master Plan ۲ Update Montana Capitol Complex Master Plan



- ARPA 602 Projects, A&E Received 6 Projects:
 - \$2M, MSP Campus Domestic Water Upgrades
 - \$800K, UM Storm Water Upgrades
 - \$52M, DMA Billings Limited Army Aviation Support Facility
 - \$8M, DOC purchase and upgrades of the Butte Silver Bow Pre-Release Facility
 - \$262K, MLEA Instructional Network Upgrades
 - \$880K, MSDB Classroom Connectivity Upgrades

And, repetitively clean audit cycles with no fiscal or compliance issues

SAMPLE COMPLETED PROJECTS:



Southwest MT Veterans Home, DPHHS



Dental Clinic Addition, GFC





SAMPLE COMPLETED PROJECTS:

American Indian Hall, MSU

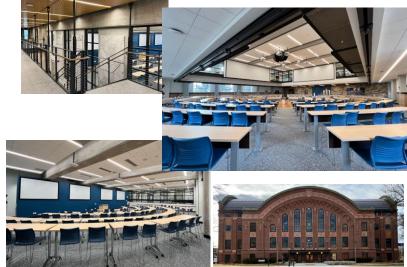




Life Sciences Addition, MSU-Billings

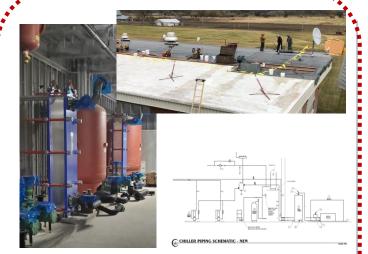




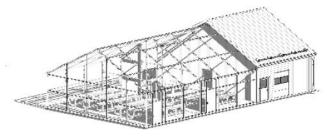


Romney Hall Renovation, MSU

SAMPLE PROJECTS IN-CONSTRUCTION:



Mech/Elec, Maintenance, and Roofing Upgrades, Statewide



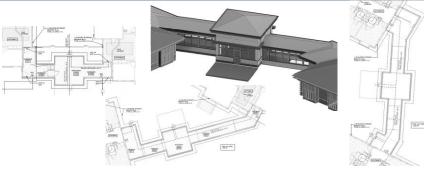
MAES Greenhouse Labs







Equipment Storage Buildings, Many Locations, MDT



SWMTVH Cottage Connectors, DPHHS



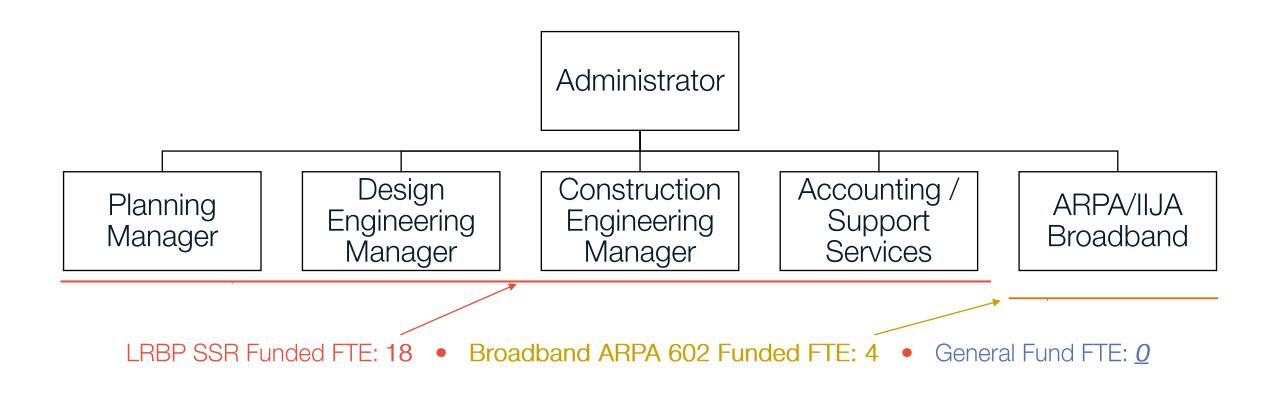
Wellness Center, MSU

SAMPLE PROJECTS IN-CONSTRUCTION:



ARCHITECTURE & ENGINEERING DIVISION

DIVISION STRUCTURE



OPERATIONAL STRUCTURE

FUNDING SOURCE:

- Operations are funded by State Special Revenue (LRBP Major Repair account)
- LRBP funding primarily from two sources:
 - 12% of Coal Severance Tax Revenue
 - 2.6% of total Cigarette Tax Revenue
 - Capital Development account
 - 17-7-208 & -209, MCA
 - Major Repair account
 - 17-7-221 & -222, MCA

LEGAL AUTHORITY:

- Title 17, Chapter 7, Part 2, MCA (Long-Range Building Program structure & budget)
- Title 18, Chapters 1, 2, & 8, MCA (administration, design, & construction processes)

OPERATIONAL RESPONSIBILITIES

- Administer the Long-Range Building Program (LRBP)
 - LRBP established by 38th Legislative Session in 1963, provides for a consolidated, statewide approach to procurement, design, construction and repair of state facilities
- Maintain the Statewide Facility Inventory
 - For all agencies' state-owned buildings, assemble and maintain location, square footage, current replacement value, LRBP eligibility
- Facility Condition Assessments
 - Perform, assemble, and maintain facility condition assessments for all LRBP-eligible buildings statewide
- Additionally,
 - Adopt high-performance building standards for major renovations and new construction & maintain the high-performance program for existing buildings

DEPARTMENT OF ADMINISTRATION | ARCHITECTURE & ENGINEERING DIVISION

LRBP, A BIT MORE DETAIL

Prepare Long Range Building Plan (LRBP) in conjunction with OBPP

- Solicit agency requests for vertical infrastructure projects
- Prioritize those requests
- Coordinate with other programs (DEQ State Building Energy Conservation Program; % for Art)
- Balance program with available funds as presented in the Executive Budget
- Present LRBP program to legislature (Section F, Volume 3 of Executive Budget)

Implement vertical infrastructure bill (HB 5) as approved by Legislature

- Provide administration and project management from initiation through warranty
- Conduct architect/engineer selection process and planning
- Solicit bids and award construction contracts
- Provide budgeting and accounting services for the LRBP

TOTAL STATEWIDE INVENTORY

		ALL BUILDINGS		MAJOR REPAIR ACCOUNT FUNDING LRBP-ELIGIBLE BUILDINGS		FACILITY ASSESSMENT REQUIRED BUILDINGS > \$150,000			
AGENCY	BLDGS	AREA	CRV	BLDGS	AREA	CRV	BLDGS	AREA	CRV
Montana School for the Deaf & Blind	14	165,423	\$26,175,778	14	165,243	\$26,175,778	9	164,537	\$26,152,692
Department of Administration	52	1,231,431	\$395,768,630	0			0		
Department of Agriculture	1	7,888	\$658,180	1	7,888	\$658,180	1	7,888	\$658,180
Department of Commerce	6	160,576	\$36,391,647	0			0		
Department of Corrections	138	1,164,289	\$247,246,806	94	930,716	\$225,541,711	53	880,229	\$223,592,811
Department of Environmental Quality	55	372,972	\$3,625,562	0			0		
Department of Fish, Wildlife & Parks	1,297	898,051	\$98,455,898	0			0		
Department of Justice	83	286,557	\$43,617,300	37	275,961	\$39,141,525	28	263,721	\$38,697,740
Department of Labor & Industry	13	85,516	\$12,650,047	0			0		
Department of Military Affairs	76	710,528	\$137,202,444	50	626,432	\$130,039,378	33	621,904	\$129,828,151
Department of Natural Resources	179	303,581	\$39,843,399	148	246,395	\$22,650,245	37	158,958	\$18,949,475
Department of Revenue	1	108,258	\$8,674,248	0			0		
Department of Transportation	1,510	1,973,803	\$247,734,468	0			0		
Montana Heritage Commission	253	193,888	\$38,959,167	0			0		
Montana Historical Society	2	12,839	\$6,940,564	0			0		
Office of Public Instruction	31	27,312	\$757,411	31	27,312	\$757,411	0		
Public Health & Human Services	85	673,820	\$148,734,583	65	453,941	\$87,812,957	29	407,985	\$85,732,426
State Fund	1	117,203	\$35,576,757	0			0		
Montana State University	757	8,228,678	\$1,836,377,241	413	4,310,282	\$1,082,020,800	210	4,168,071	\$1,074,204,311
University of Montana	540	6,503,373	\$1,495,027,111	154	3,472,664	\$910,661,113	104	3,431,678	\$907,892,256
TOTALS:	5,094	23,225,986	\$4,860,417,243	1007	10,516,834	\$2,525,459,098	504	10,104,971	\$2,505,708,043

see next 3 slides for graphical breakdown by agency

DEPARTMENT OF ADMINISTRATION | ARCHITECTURE & ENGINEERING DIVISION

TOTAL STATEWIDE INVENTORY (Quantity)

Total Inventory # of



Quantity of Buildings by Agency:

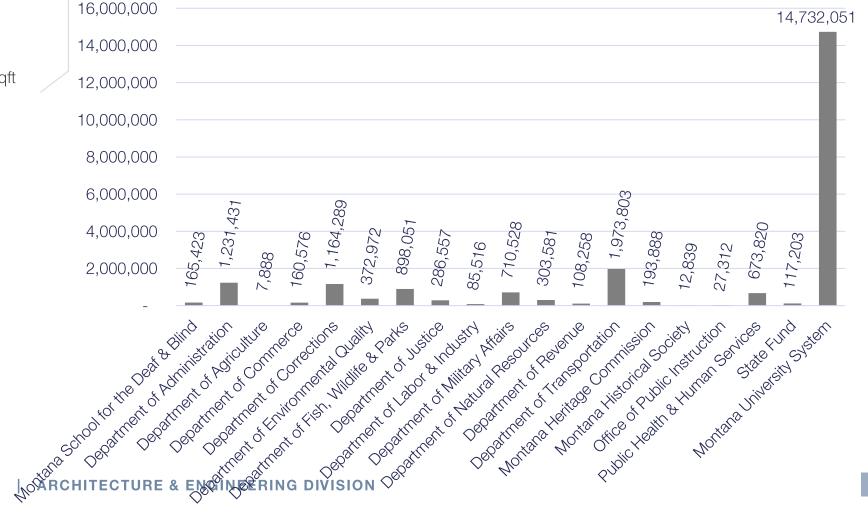
TOTAL STATEWIDE INVENTORY (SQFT)

All Agencies & MUS

DEPARTMENT OF ADMINISTRATION

Total Area of Buildings:





16

Square Footage Area of Buildings by Agency:

TOTAL STATEWIDE INVENTORY (Value)

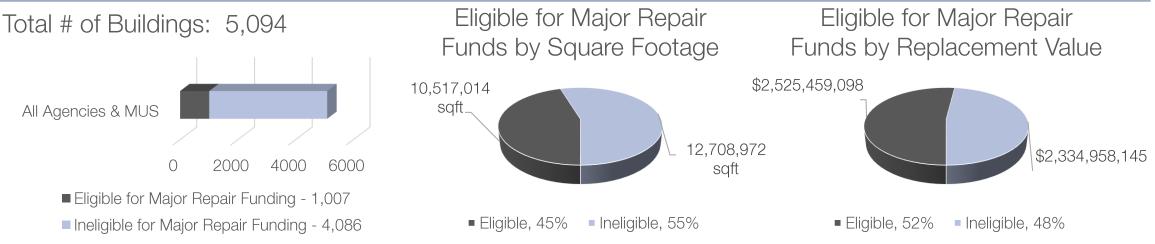
Total CRV of Buildings:	Current Replacement Value of Buildings by Agency:
	\$3,331,404,352
All Agencies & MUS	\$3,000,000
\$4,860,417,243	\$2,500,000,000
	\$2,000,000
	\$1,500,000,000
	\$62,175,778 \$335,768,630 \$6,175,778 \$335,768,630 \$6,175,778 \$335,768,630 \$6,391,647 \$3395,768,630 \$6,391,647 \$3395,768,630 \$6,391,647 \$137,202,444 \$3,417,300 \$6,42,246,806 \$6,25,562 \$137,202,444 \$3,617,300 \$6,42,248 \$39,843,399 \$39,843,399 \$39,843,399 \$39,950,167 \$39,0564 \$38,959,167 \$39,0564 \$57,411 \$148,734,583 \$35,576,757 \$35,576,757
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DEPARTMENT OF ADMINISTRATION	ARCHITECTURE & ENOTINE ERING DIVISION

17

TOTAL STATEWIDE INVENTORY

		ALL BUILDINGS		MAJOR REPAIR ACCOUNT FUNDING LRBP-ELIGIBLE BUILDINGS		FACILITY ASSESSMENT REQUIRED BUILDINGS > \$150,000			
AGENCY	BLDGS	AREA	CRV	BLDGS	AREA	CRV	BLDGS	AREA	CRV
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Department of Administration	52	1,231,431	\$395,768,630	0			0		
Department of Agriculture	1	7,888	\$658,180	1	7,888	\$658,180	1	7,888	\$658,180
Department of Commerce	6	160,576	\$36,391,647	0			0		
Department of Corrections	138	1,164,289	\$247,246,806	94	930,716	\$225,541,711	53	880,229	\$223,592,811
Department of Environmental Quality	55	372,972	\$3,625,562	0			0		
Department of Fish, Wildlife & Parks	1,297	898,051	\$98,455,898	0			0		
Department of Justice	83	286,557	\$43,617,300	37	275,961	\$39,141,525	28	263,721	\$38,697,740
Department of Labor & Industry	13	85,516	\$12,650,047	0			0		
Department of Military Affairs	76	710,528	\$137,202,444	50	626,432	\$130,039,378	33	621,904	\$129,828,151
Department of Natural Resources	179	303,581	\$39,843,399	148	246,395	\$22,650,245	37	158,958	\$18,949,475
Department of Revenue	1	108,258	\$8,674,248	0			0		
Department of Transportation	1,510	1,973,803	\$247,734,468	0			0		
Montana Heritage Commission	253	193,888	\$38,959,167	0			0		
Montana Historical Society	2	12,839	\$6,940,564	0			0		
Office of Public Instruction	31	27,312	\$757,411	31	27,312	\$757,411	0		
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Montana State University	757	8,228,678	\$1,836,377,241	413	4,310,282	\$1,082,020,800	210	4,168,071	\$1,074,204,311
University of Montana	540	6,503,373	\$1,495,027,111	154	3,472,664	\$910,661,113	104	3,431,678	\$907,892,256
TOTALS:	5,094	23,225,986	\$4,860,417,243	1007	10,516,834	\$2,525,459,098	504	10,104,971	\$2,505,708,043



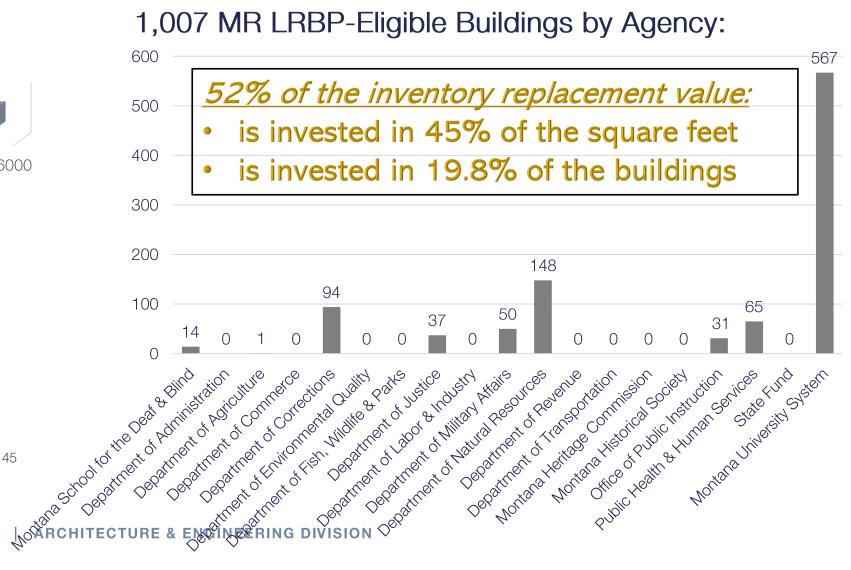


- "Major Repair" project type and "Major Repair Account" funding eligibility are two different things in MCA
- Entire 5,094 inventory is eligible for Capital Development funding; many agencies funded via state/federal special or other
- Refer to the A&E Division's Facility Condition Assessment Report for full inventory data and eligibility by department -<u>https://architecture.mt.gov/LRBP</u>

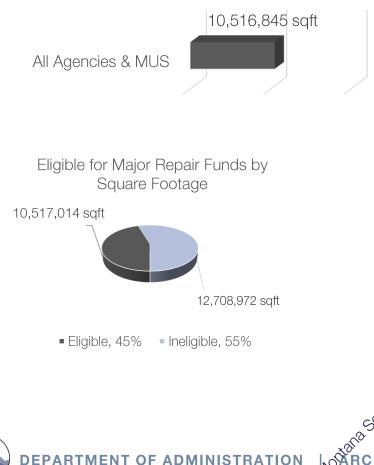


Total # of MR Funding "Eligible" Buildings: 1,007 All Agencies & MUS 2000 4000 6000 Eligible for Major Repair Funds by Square Footage 10,517,014 sqft 12,708,972 sqft Eligible, 45% Ineligible, 55% Eligible for Major Repair Funds by **Replacement Value** \$2,525,459,098 \$2,334,958,145 Eligible, 52% Ineligible, 48%

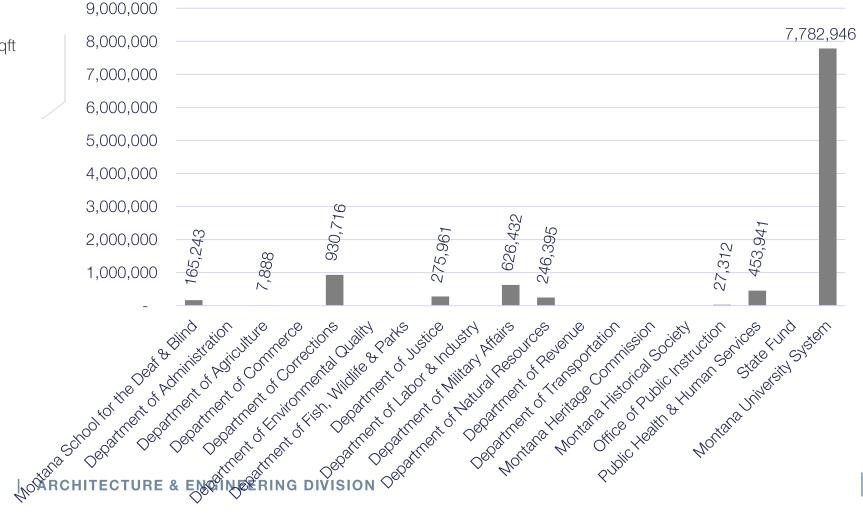
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Square Feet of MR-Eligible Buildings:



Sqft of MR LRBP-Eligible Buildings by Agency:



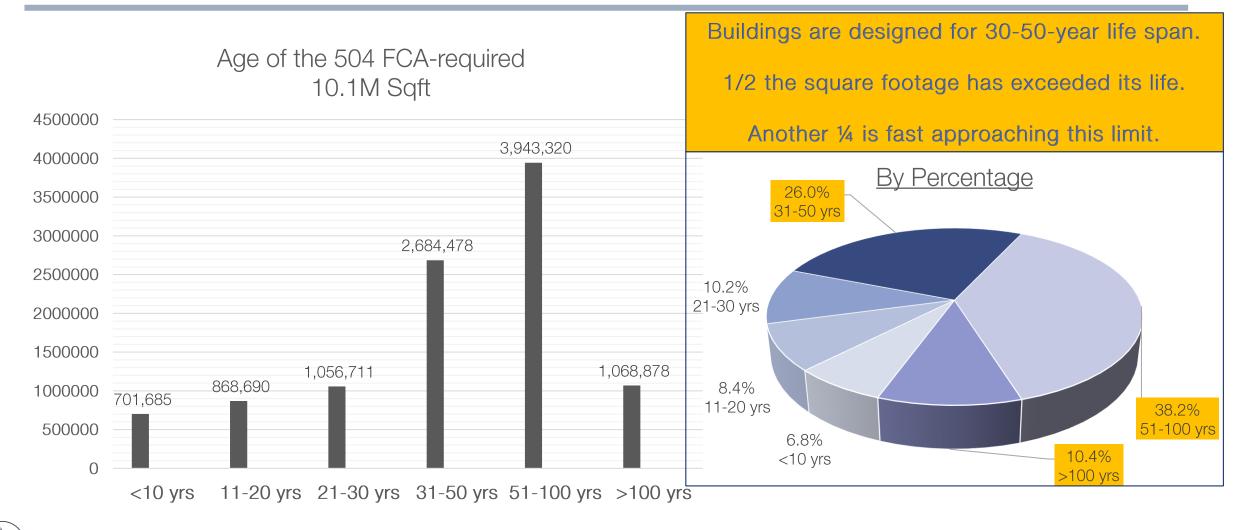
CRV of MR LRBP-Eligible Buildings by A \$2,500,000,000	Agency:
\$2,000,000	\$1,992,681,913
\$1,500,000,000	
\$658,180 000'000'000\$ \$658,180 \$225,541,711 \$39,141,525 \$130,039,378 \$130,039,378 \$130,039,378 \$222,650,245 \$222,650,245	\$757,411 \$87,812,957
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TOTAL STATEWIDE INVENTORY

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Department of Commerce	6	160,576	\$36,391,647	0			0		
Department of Corrections	138	1,164,289	\$247,246,806	94	930,716	\$225,541,711	53	880,229	\$223,592,811
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Department of Revenue	1	108,258	\$8,674,248	0			0		
Department of Transportation	1,510	1,973,803	\$247,734,468	0			0		
Montana Heritage Commission	253	193,888	\$38,959,167	0			0		
Montana Historical Society	2	12,839	\$6,940,564	0			0		
Office of Public Instruction	31	27,312	\$757,411	31	27,312	\$757,411	0		
Public Health & Human Services	85	673,820	\$148,734,583	65	453,941	\$87,812,957	29	407,985	\$85,732,426
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TOTALS:	5,094	23,225,986	\$4,860,417,243	1007	10,516,834	\$2,525,459,098	504	10,104,971	\$2,505,708,043



Aging 504 FCA MR LRBP-Eligible Inventory:





FCA & the Long-Range Building Program

• Facility Condition Assessments, 17-7-202 MCA



Major Repair Minimum Funding \$30,305,509 Total Deferred Maintenace Backlog \$1,473,603,270 Number of Buildings Requiring Assessments: 504 Number of Buildings Assessed: 299 Area of Buildings Requiring Assessments: 10,104,971 SQ FT .

Area Assessed: 7,115,906 SQ FT

Deferred Maintenance is a debt/liability that accumulates over time due to a lack of regular and timely funding of major repairs, replacements, upgrades or renovations.

Solutions:

- Continue funding Major Repairs at a substantial level over time; and,
- Fund major renovations and new Capital Development projects on a consistent basis



The Final LRBP Product!



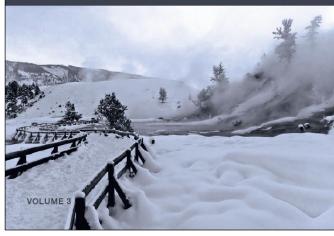
LRBP Book is also available @ architecture.mt.gov

LONG-RANGE BUILDING PROGRAM



LONG-RANGE BUILDING PROGRAM

GOVERNOR'S EXECUTIVE BUDGET FISCAL YEARS 2024-2025



Agency	Major Repair	Capital Development	State Special	Federal Special	Authority Only	Total
ADMINISTRATION	100,374,487	5,908,145	3,221,021		5,000,000	114,503,65
CORRECTIONS	9,400,000	176,350,000			1,390,000	187,140,00
ENVIRONMENTAL QUALITY					3,700,000	3,700,00
FISH, WILDLIFE & PARKS			81,191,334	23,735,142	6,333,234	111,259,71
JUSTICE	3,015,000					3,015,00
LABOR & INDUSTRY	1,000,000	5,767,880				6,767,88
LIVESTOCK		2,200,000				2,200,00
MILITARY AFFAIRS	2,588,970	31,524,741		35,640,315		69,754,02
NATURAL RESOURCES & CONSERVATION	1,402,524	8,338,186				9,740,71
PUBLIC HEALTH & HUMAN SERVICES	4,325,000	134,873,000	9,907,039			149,105,03
REVENUE			14,315,750			14,315,75
SCHOOL FOR THE DEAF & BLIND	1,480,491					1,480,49
TRANSPORTATION		9,000,000	37,100,000	250,000		46,350,00
UNIVERSITY SYSTEM	42,605,470	125,762,050			232,695,000	401,062,52
TOTALS	166,191,942	499,724,002	145,735,144	59,625,457	249,118,234	1,120,394,77

SUMMARY OF RECOMMENDED PROJECTS

STATEWIDE BY AGENCY 2024-2025

MAJOR REPAIR PROJECTS TABLE F-3 SUMMARY

11

		FUNDING	SOURCE		
	LRBP MR	State Special	Federal Special	Authority Only	Total
SUPPLEMENTAL MAJOR REPAIR PROJECTS	11,650,861	2,907,039			14,557,900
MAJOR REPAIR PROJECTS	60,074,739		2,028,643	1,200,000	63,303,382
DEPT. OF ADMINISTRATION		3,221,021			3,221,021
DEPT. OF MILITARY AFFAIRS			5,884,277		5,884,277
AUTHORITY ONLY				3,295,000	3,295,000
TOTAL	71,725,600	6,128,060	7,912,920	4,495,000	90,261,580

CAPITAL DEVELOPMENT PROJECTS TABLE F-5 SUMMARY

		FUNDING SOURCE				
	LRBP CD	State Special	Federal Special	Authority Only	Total	
SUPPLEMENTAL CAPITAL DEVELOPMENT PROJECTS	49,143,606	30,615,350	9,751,180	16,000,000	105,510,136	
CAPITAL DEVELOPMENT PROJECTS	545,046,738		2,542,248	18,000,000	565,588,986	
DEPT. OF TRANSPORTATION		37,100,000			37,100,000	
DEPT. OF FISH, WILDLIFE & PARKS		71,891,734	22,564,742	6,333,234	100,789,710	
DEPT. OF MILITARY AFFAIRS			16,854,367		16,854,367	
AUTHORITY ONLY				204,290,000	204,290,000	
TOTAL	594,190,344	139,607,084	51,712,537	244,623,234	1,030,133,199	

Here's Where DOA/A&E Started:



• Total 2025 Biennium Requests Received, July 2022

Project Type	Major Repair	Capital Development	State Special Revenue	Federal Special Revenue	Authority Only	Totals	# of Project Types
SUPPLEMENTAL MR	\$11,650,861	\$11,650,861	\$2,907,039			\$14,557,900	17
SUPPLEMENTAL CD		\$61,525,656	\$30,615,350	\$9,751,180		\$101,892,186	23
SUPPLEMENTAL AO					\$16,000,000	\$16,000,000	3
MAJOR REPAIR	\$140,729,157			\$9,794,956	\$1,800,000	\$152,324,113	147
MAJOR REPAIR CLG			\$3,221,021			\$3,221,021	5
Capital Land Grant			\$23,042,853			\$23,042,853	16
CAPITAL DEVELOPMENT		\$1,271,149,898	\$76,699,830	\$44,396,615	\$29,000,000	\$1,421,246,743	62
FWP			\$32,291,904	\$20,064,742	\$1,333,234	\$53,689,880	15
AUTHORITY					\$14,200,000	\$14,200,000	2
AUTHORITY CD					\$204,290,000	\$204,290,000	11
AUTHORITY MR					\$3,995,000	\$3,995,000	4
TOTAL REQUESTS:	\$152,380,018	\$1,344,326,415	\$168,777,997	\$84,007,493	\$270,618,234	\$2,008,459,696	305



How The LRBP Comes Together:

- Project Prioritization Methodology:
 - <u>Step #1</u> Categorized By Statute Definition, 17-7-201 MCA
 - <u>Step #2</u> Segregated By Agency
 - <u>Step #3</u> Itemized by Fund Type

MAJOR REPAIR -

- Renovation, alteration, replacement, or repair project(s) with a total cost of less than \$2.5 million.
- A new facility with a total construction cost of *less than* \$250,000.

CAPITAL DEVELOPMENT -

- Renovation, construction, alteration, replacement, or repair project(s) with a total cost of <u>more</u> than \$2.5 million.
- A new facility with a total construction cost of *more than* \$250,000.



How The LRBP Is Assembled (cont'd)



Project Prioritization Methodology – Step #4 has four parts

1 st , by Category –	2 nd , by Condition –	3 rd , by Mission Risk –	4 th , by Mission Need
Health / Life Safety	Very Good	High	Critical
Damage / Wear-out / Failur	Good	Medium	Significant
Codes / Standards	Fair	Low	Relevant
Energy Efficiency	Poor	None	Moderate
Improve / Replace Existing	Unacceptable		Low
Enhancements / Aesthetics			None
	1		

* Applies to existing buildings and infrastructure; larger major repair projects and new capital facilities may have other programmatic drivers and are identified in the Capital Development listing



How The LRBP Is Assembled (cont'd)

1st, by Category –

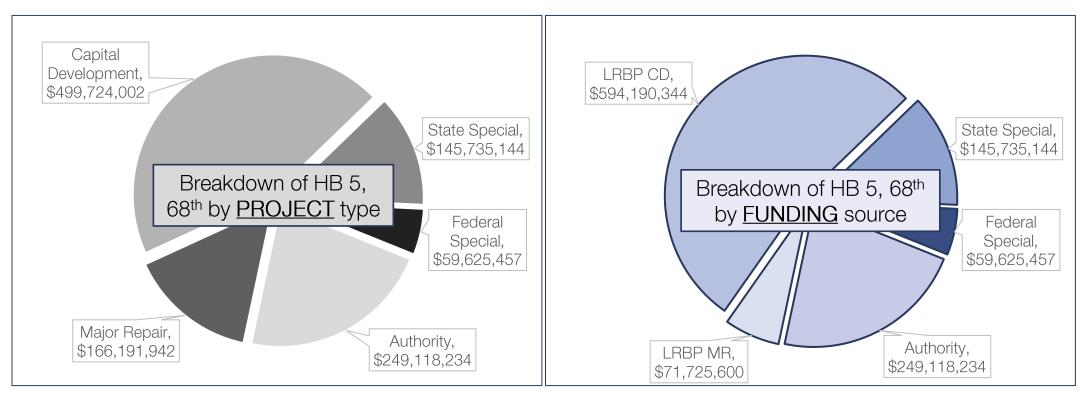
	t pose an immediate or impending danger to life, limb, personal health, or property if		
not corrected.	lacement of components that have extended beyond their life expectancy. Building		
-	age to the building or the building components if not corrected. Failure of existing		
CODES/STANDARDS Building codes a	and/or institutional construction standards were not met during construction or		
	2 nd , by Condition –		
ENERGY EFFICIENCY Upgrades to re IMPROVE/REPLACE EXISTING Corre increase the comfort level of the buildin ENHANCEMENTS/AESTHETICS Rend	GOOD Minor improvement required. Minor system deficiencies with only marginal ef superficial wear and tear, minor defects, minor signs of deterioration to surface finish	es; but does not require major affect multiple users. Uncorrected, will et is in average condition; deteriorated naintenance work exists. safety. Asset is in poor condition; often; significant backlog maintenance	
	serious structural problems; gen Rate how relevant this project is to the agency's mission not performing; significant number Narrative section of the application.)	on. (See "Provide your agency's mission stat	tement" under the
		Minning Nord	

4th, by Mission Need –

Rate how important this project is to the agency's mission. (See "Provide your agency's mission statement" under the Project Narrative section of the application.)

LRBP – HB 5 Breakdown

DOA/A&E LRBP responsibility for majority of HB 5 Other Agency appropriations/authorizations in HB 5 = \$1,034,755,779 = \$85,639,000 Total HB 5 = \$1,120,294,779









2022 National Perspectives on Inflation:

AGC Construction Inflation Alert, December 2022

"In any case, the cost of construction materials and labor does not generally move in sync with the overall economy.

In short, owners should not assume that delaying projects will enable them to avoid volatility and disruptions in construction costs, delivery times, and labor supply, even if the economy slows significantly."



Source: CBRE Strategic Investment Consulting, April 2022.



Perspectives on Construction Inflation :

CBRE Research, July 2022



Source: CBRE Strategic Investment Consulting, April 2022.

Materials Escalation

FIGURE 37: Price inflation for select construction commodities, March 2020-March 2022

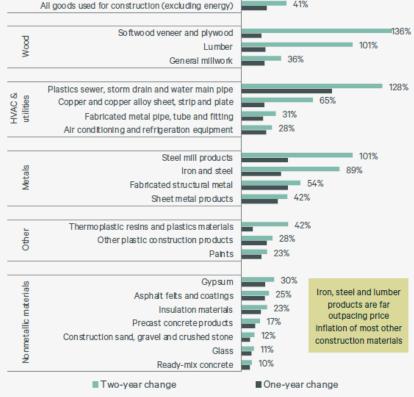
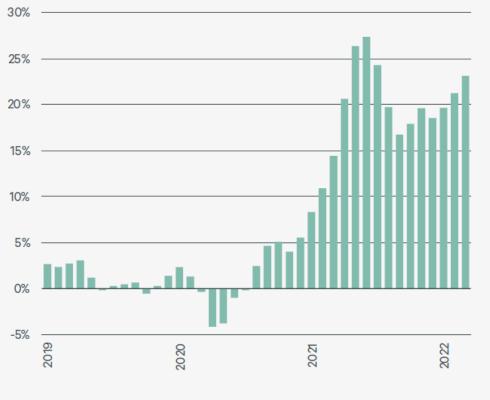
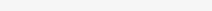


FIGURE 35: Producer Price Index: inputs to construction, year-over-year change



Note: Latest data as of March 2022. Source: Bureau of Labor Statistics, Producer Price Index, CBRE Strategic Investment Consulting, April 2022.







Supply Chain & Delays Escalation

FIGURE 15: Typical lead times for key materials

+40 weeks Roofing insulation Lead times for roofing insulation (along with other roofing materials), are currently among the longest in the entire construction industry.

+36 weeks

HVAC equipment

Lockdowns in China have significantly reduced manufacturing output for HVAC equipment, while hot weather continues to boost demand. Semiconductor shortages are also contributing to delays.

+18 weeks

Wood doors & frames

Shutdowns and strained labor pools in manufacturing and shipping have lead to a major backlog in the supply of wood doors, as well as hardware and hollow metal door frames.

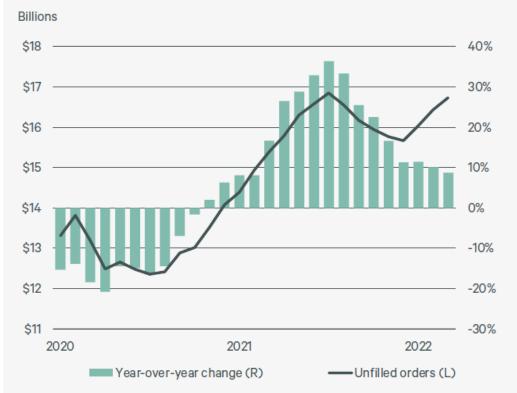
Material	Current lead time	Two-year change
Paint	2-3 weeks	+200%
Steel beams & decking	10-14 weeks	+75%
Drywall & metal studs	14-16 weeks	+600%
Lighting & controls	14-20 weeks	+100%
Wood doors & frames	18-20 weeks	+233%
Open web joists	18-30 weeks	+125%
Aluminum storefront glazing	16-32 weeks	+300%
Appliances	20-30 weeks	+400%
Electrical panels	30-40 weeks	+433%
Roofing membranes	35-45 weeks	+800%
HVAC equipment	36-50 weeks	+250%
Roofing insulation	40-50 weeks	+667%

Note: Lead times reflect aggregated information from multiple major general contracting firms and are current as of April-May 2022. Source: CBRE Econometric Advisors, CBRE Strategic Investment Consulting, April 2022.

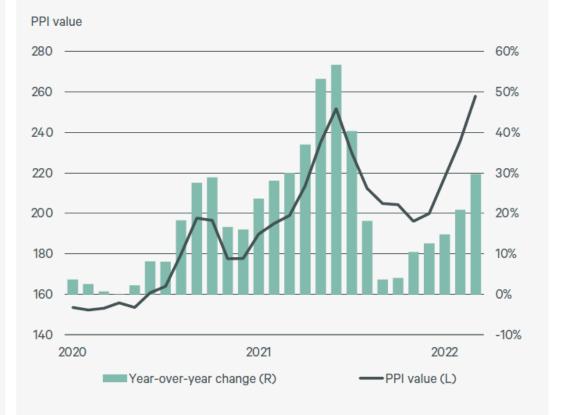


Supply Chain & Delays Escalation









Note: Not seasonally adjusted. Source: U.S. Bureau of Labor Statistics, CBRE Strategic Investment Consulting, April 2022.

Note: Not seasonally adjusted. Source: U.S. Census Bureau, CBRE Strategic Investment Consulting, April 2022. A DEPARTMENT OF 4.

Labor Escalation



Construction job openings & new hires Job openings and hires, Oct. 2001-Oct. 2022, not seasonally adjusted 600,000 Job openings Oct. 2022: 377,000 change from Oct. 2021: -6% 500,000 400,000 300,000 200,000 New hires Oct. 2022: 341,000 100,000 change from Oct. 2021: -12% 0 2001 2004 2007 2010 2013 2016 2019 2022 FIGURE 25: Job opening and hiring rates, construction sector vs. total private employment



Note: Job opening and hiring rates are calculated by dividing the number of job openings (or hires) by the sum of employment plus job openings (or hires) then multiplying by 100. Source: Bureau of Labor Statistics, Job Openings and Labor Turnover Survey (JOLTS), April 2022.

of openings/hires per 100 jobs







Source: Source: Bureau of Labor Statistics, www.bls.gov/jlt, JOLTS



But, the LRBP is strategically positioned

FIGURE 3: CBRE Construction Cost Index, recent trend and forecast scenarios

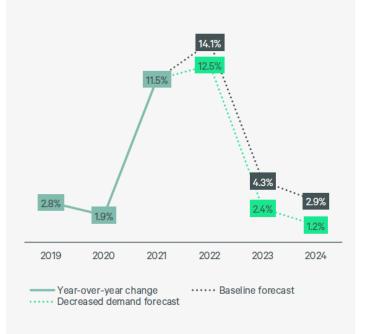
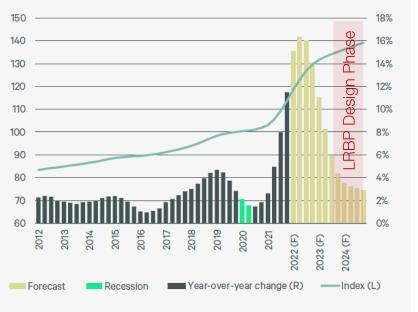


FIGURE 44: Historical CBRE Construction Cost Index performance, baseline scenario Index (Q4 2019=100)



Source: CBRE Econometric Advisors, CBRE Strategic Investment Consulting, April 2022.

Source: CBRE Econometric Advisors, CBRE Strategic Investment Consulting, April 2022.

Appropriating the Governor's proposed LRBP now successfully positions LRBP projects to take advantage forecasted improvements in construction pricing.

Back To The Final LRBP Product!

LRBP Book is also available @ architecture.mt.gov

LONG-RANGE BUILDING PROGRAM



LONG-RANGE BUILDING PROGRAM

GOVERNOR'S EXECUTIVE BUDGET FISCAL YEARS 2024-2025



Agency	Major Repair	Capital Development	State Special	Federal Special	Authority Only	Total
ADMINISTRATION	100,374,487	5,908,145	3,221,021		5,000,000	114,503,65
CORRECTIONS	9,400,000	176,350,000			1,390,000	187,140,00
ENVIRONMENTAL QUALITY					3,700,000	3,700,00
FISH, WILDLIFE & PARKS			81,191,334	23,735,142	6,333,234	111,259,71
JUSTICE	3,015,000					3,015,00
LABOR & INDUSTRY	1,000,000	5,767,880				6,767,88
LIVESTOCK		2,200,000				2,200,00
MILITARY AFFAIRS	2,588,970	31,524,741		35,640,315		69,754,02
NATURAL RESOURCES & CONSERVATION	1,402,524	8,338,186				9,740,71
PUBLIC HEALTH & HUMAN SERVICES	4,325,000	134,873,000	9,907,039			149,105,03
REVENUE			14,315,750			14,315,75
SCHOOL FOR THE DEAF & BLIND	1,480,491					1,480,49
TRANSPORTATION		9,000,000	37,100,000	250,000		46,350,0
UNIVERSITY SYSTEM	42,605,470	125,762,050			232,695,000	401,062,53
TOTALS	166,191,942	499,724,002	145,735,144	59,625,457	249,118,234	1,120,394,7

SUMMARY OF RECOMMENDED PROJECTS STATEWIDE BY AGENCY 2024-2025

MAJOR REPAIR PROJECTS TABLE F-3 SUMMARY

11

	FUNDING SOURCE				
	LRBP MR	State Special	Federal Special	Authority Only	Total
SUPPLEMENTAL MAJOR REPAIR PROJECTS	11,650,861	2,907,039			14,557,900
MAJOR REPAIR PROJECTS	60,074,739		2,028,643	1,200,000	63,303,382
DEPT. OF ADMINISTRATION		3,221,021			3,221,021
DEPT. OF MILITARY AFFAIRS			5,884,277		5,884,277
AUTHORITY ONLY				3,295,000	3,295,000
TOTAL	71,725,600	6,128,060	7,912,920	4,495,000	90,261,580

CAPITAL DEVELOPMENT PROJECTS TABLE F-5 SUMMARY

		FUNDING	SOURCE		
	LRBP CD	State Special	Federal Special	Authority Only	Total
SUPPLEMENTAL CAPITAL DEVELOPMENT PROJECTS	49,143,606	30,615,350	9,751,180	16,000,000	105,510,136
CAPITAL DEVELOPMENT PROJECTS	545,046,738		2,542,248	18,000,000	565,588,986
DEPT. OF TRANSPORTATION		37,100,000			37,100,000
DEPT. OF FISH, WILDLIFE & PARKS		71,891,734	22,564,742	6,333,234	100,789,710
DEPT. OF MILITARY AFFAIRS			16,854,367		16,854,367
AUTHORITY ONLY				204,290,000	204,290,000
TOTAL	594,190,344	139,607,084	51,712,537	244,623,234	1,030,133,199



How the Book is formatted:

ARCHITECTURE & ENGINEERING DIVISION

LRBP Book is also available @ architecture.mt.gov

LONG-RANGE BUILDING PROGRAM

GOVERNOR'S EXECUTIVE BUDGET FISCAL YEARS 2024-2025



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Montana Mental Health Nursing Care Center	
Montana State Hospital	
Montana Veterans' Home	
Eastern Montana Veterans' Home	
Montana State University - Billings	
Montana State University	
Montana State University - Northern	
University of Montana	
Montana Tech of the University of Montana	
University of Montana - Western	





The LRBP – Major Repair Account (MR)

TABLE F-2: REVENUE ESTIMATE

Major Repair Long-Range Building Program Account Projections as of December 15, 2022 2025 Biennium

Beginning Cash Balance (July 1, 2023)		\$5,188,823
j.e. current funds plus anticipated FY23 Major Repair Account revenues less all prior appropriat Balance Available for 2025 Biennium)	ions/obligations = Beginn	ing Cash
Non-General Fund Revenue:		\$20,317,79
Cigarette Tax	\$3,151,000	
Coal Severance Tax	\$14,404,571	
Interest Earnings	\$2,073,191	
Supervisory Fees	\$450,000	
DEQ Transfer - Energy Savings	\$239,028	
	\$20,317,790	
Expenditures:		(\$5,436,74)
Operating Costs - A & E Division	(\$5,436,747)	
Debt Service (Current debt service is paid from the General Fund or Cap Dev Account)	\$0	
Total Expenditures	(\$5,436,747)	
		\$20,069,86
HB 2 Present Law General Fund Transfer per 17-7-222 MCA		\$17,749,93
Estimated Revenue for Major Repair elig	ible projects	\$37,819,80
HB 5 OTO Capital Development Account Transfer to Fund Major Repair Project Prop	osals of \$71,725,600:	\$33,905,79
Funds Available for Major Repair Project Proposals in HB 5:		\$71,725,60
ee Table F-3 for list of prioritized projects included in the Governor's Executive Budget and requestir	ng appropriation, per 17-7-	223 MCA.

• Table F-2 (pg 8 of the LRBP Book)

- Closely Monitor Actuals vs Projections for 2023 Biennium
- Assemble Projections for 2025 Biennium
- Subtract A&E Division Operating Costs
- Remaining Balance of Non-General Fund Revenue
- Calculate 0.6% of CRV for Minimum Level of MR Funding
- Difference is General Fund Transfer in HB 2
- Add CD to MR Transfer for Proposed HB 5 Projects



The LRBP – Capital Development (CD)

TABLE F-4: REVENUE ESTIMATE

Capital Development Long-Range Building Program Account Projections as of December 15, 2022 2025 Biennium

eginning Cash Balance (Revenue Estimate Le	ss Existing Appropriations)		\$534,319,08
Account Cash		\$913,885	
STIP Investment		\$604,304,959	
Retainage		\$75,082	
FY 23 Interest Earnings Estimate		\$15,491,885	
		\$620,785,812	
Outstanding Appropriations/Authority		(\$86,466,728)	
	Beginning Cash Balance as of July 1, 2023	\$534,319,084	
025 Biennium Interest Earnings Estimate			\$54,094,1
	FY 2024	\$30,863,218	
	FY 2025	\$23,230,929	
		\$54,094,147	
resent Law General Fund Transfer per 17-7-20	8 MCA		:
	Total Revenu	es Available	\$588,413,23
apital Development Funding Project Proposal	S		(\$594,190,34
B 5 OTO Capital Development Account Transfe	r to Fund Major Repair Project Proposa	ls	(\$33,905,79
B 5 OTO Capital Development Account Transfer FOTO Transfer to the Capital Development Account			(\$33,905,79 \$113,000,0

See Table F-5 for list of prioritized projects included in the Governor's Executive Budget and requesting appropriation, per 17-7-204 MCA

• Table F-4 (pg 9 of the LRBP Book)

- Assemble account balance & estimated interest earnings
- Enter Present Law Transfer & New Proposal Transfer ٠
 - 1% of the certified unaudited state general fund revenue •
 - NP by Governor in HB 2 to remove the transfer •
- Enter capital projects proposals from HB 5 ۲
- Enter transfers from CD to MR account and GE transfer

How Our Presentations Are Formatted:

• MR & CD INFLATION/ESCALATION

• MAJOR REPAIR

CAPITAL DEVELOPMENT



EXPLAINING LRBP SUPPLEMENTALS:

- What These Are Not:
 - NOT HB 3 Supplemental Requests!
 - NOT Contractor Overruns!
 - NOT Government Obligations!

• What These Are:

- Primarily, Inflationary Escalations to Complete Prior Session Approved Scope
 - Inflationary impacts varied by project type
 - Typically, between 25% to 50%; some >50%
- Some Scope Adjustments
- A Few Estimate Busts from 67th HB 5; done during late 2020 COVID lockdown
- Combinations of the Above



Now, for HB 5 & Department of Administration Projects . . .