

Montana Coal Board
Conference Call Meeting Minutes
September 30, 2011
Hampton Inn, Billings, MT

Welcome - Call to order

Chairman John Williams welcomed all present and called to order the meeting of the Montana Coal Board at 8:30 a.m. Program Assistant Linda Stangland called the Roll.

Roll call:

The following board members were present: John Williams, Chair, Dan Dutton, Vice Chair, Chad Fenner, Gerald Navratil, Loren Acton, Ralph Lenhart and Marcia Brown (by phone).

Department of Commerce persons present were: Ellen Hanpa, Administrative Officer, Jennifer Olson, Grants Bureau Chief Community Development and Linda Stangland, Program Assistant.

Others Present:

Jim Atchison, Southeastern MT Development
Kathie Bailey, SMDC
Aaron Edwards, Musselshell County
Sidney Fitzpatrick, Big Horn County
Jerry Forman, Miles Community College
Eric Halverson, Big Horn Library
Dorcas Halverson, Hardin/Billings
Chad Hanson, Great West Eng
Rick Harbin, Colstrip Citizen
Donna Howe, Big Horn Library
Brad Howell, Roundup Memorial
Joe Koebbe, Hardin Mayor
David Kojetin, Lavina
Julie Korkow, SEMDC

Gary Levine, Spectrum Group Architects
Doug Martens, Rosebud County
Tony Maxwell, City of Hardin
John Pretty on Top, Big Horn County
Ryan Reid, Colstrip Fire Dept
Janet Stevenson, Hardin
Steve Tyrrel, Dean Creek VFD
Crystal Uffelman, Big Horn Library
Shelly Weight, Miles Community College
Woodrow Weitzel, Sheriff, Musselshell Co.

Chairman Williams welcomed everyone and called the meeting to order.

Approval of minutes

A motion by Chad Fenner and seconded by Ralph Lenhart to approve the minutes of the July 15, 2011 meetings were approved as presented.

Opportunity for Public comment

Rick Harbin presented the Coal Board with a photo of the Colstrip children enjoying the van which was gifted to the Parks and Recreation by the City.

Jim Atchison spoke on the tremendous success of the Energy Open Conference held in Colstrip; it had an attendance of over 60 people.

Kathie Bailey thanked the Coal Board on behalf of the Roundup Public Schools for the past grant they received. The mobile units to be used for classrooms are now in place.

Commissioner Sue Olson told the board that Signal Peak had stepped up to the plate and formed a foundation to assist local interests.

Mike Rowland, Director of Otter Creek operations for Arch Coal gave the board an update. They have finished test holes, groundwater monitoring wells, completed vegetation analysis. DEQ is on board. By 2012 they hope to be submitting a mine permit application. Most likely 3 years out for a permit. The mine will employ 200 upwards to 300. They are coordinating with a community college and the Montana Tech building significant relationship.

Current Project Updates

Ellen Hanpa updated the Board on current projects. The report is attached to these minutes. The following projects closed out during this quarter.

- Carbon County - Girls & Boy's club grant closed.
- Musselshell County – boiler study grants closed; boiler grant is nearing completion.
- Big Horn County – vehicles have been purchased, grant is closed.
- Musselshell Water PER will need an amendment
- Richland – Savage PER will expire in December
- Roundup Schools grant is closed.
- Roundup schools have modular structures in place. Colstrip transferred van purchased with a Coal Board grant has been transferred to the children program.

Budget & financial report

Budget & financial report provided by Ellen Hanpa to the Board. Budget & financial report attached **Total funds: \$5.9 million for the biennium. Total approved at the July meeting \$2 million. Balance of \$3.88 million. Requests for today's board meeting total \$2.9 million .**

Application #0665A – City of Roundup – City Hall Updates Amendment \$27,000 approved in March – Requested \$23,117 – Approved \$23,117

Ms. Hanpa presented the City of Roundup amendment request. The city has gone out for bids on the renovation/updates to the city hall as prepared by the Architect. The city received one bid from Ray Construction of Roundup for \$50,117. There is shortfall in funding of \$23,117 to complete the project.

Kathie Bailey, Snowy Mountain spoke on behalf of this application for the City of Roundup the city is seeking additional coal board funds so that the project can be completed This worthy project will ultimately save the city on energy costs and make the facility a much more comfortable place to work. To date they have received 2 bids; this will be for an annex on city hall.

Motion: Moved by Gerald Navratil to fund the project at \$23,117. Ralph Lenhart seconded the motion. With a roll call vote the motion carried. Mr. Navratil summarized that the need is apparent and coal impact is present.

Application #0685 – Town of Lavina – PER – requested \$41,000 – approved \$41,000

Ms. Hanpa presented the Town of Lavina Preliminary Engineering request for a water system including a distribution system in the Town of Lavina. Request is for 100% of the funds from the Coal Board. The Coal Board does not require a match for Preliminary Engineering Report Grants.

Kathie Bailey, Director, Snowy Mountain Development Corporation spoke to the board on behalf of this project. This is a serious need in the fact that there is no community public water system. Lavina Fire Department has an MOU with Musselshell County and provides fire services to the area of Signal Peak Mine when requested. Currently there are no mine employees living in Lavina. Mayor Dave Kojetin told the board the town has over 200 people; One family works at the Signal Peak Mine. The town cannot have any further developments until they have a water system.

Motion: Moved by Dan Dutton to fund the project at \$41,000. Chad Fenner seconded the motion. With a roll call vote the motion carried. Mr. Dutton summarized that the need is apparent; the town has spent money upfront on this project and have a need to tie into the regional water system. Also, there is a coal impact present.

Application #0686 – Musselshell County – Dean Creek VFD Fire Hall Expansion – requested \$350,803 – approved \$195,000

Ms. Hanpa presented the Musselshell County Dean Creek VFD request for construction of additional training room and mechanical upgrades to include a heating system. There are two phases to the project. The March, 2011 minutes of the Board state: “Board members encouraged the applicant to include phasing of the building project in the plan.” This application does include phasing; however, the applicant is requesting to have the phases be built concurrently.

Kathie Bailey, Director, Snowy Mountain Development Corporation spoke to the board on behalf of this project. Steve Tyrrel, Dean Creek VFD, he stated that the VFD has outgrown its fire hall and the addition project will provide much needed space for equipment, restrooms and a training room. The VFD currently has 19 firefighters. The building is over a decade old. Signal Peak rail spur runs through the Dean Creek VFD area creating more chance of wildland fires. The Signal Peak Mine with the increase of employees has resulted in more vehicle accidents. Dean Creek VFD is a first-responder for emergencies and would expect to be called upon in the event of railroad or coal mine-related emergencies. It is imperative that the department continue to provide additional training to prepare for such emergencies. They just recently purchased Lockwood’s pumper truck.

Also Dean Creek VFD will provide \$8,000 in funds from reserves and fund raising efforts. Land has been donated by a private landowner. This project fits into the Musselshell County Board of Commissioners plan to address the increasing demands for emergency services due to the Signal Peak Energy coal mine.

Motion: Moved by Dan Dutton to fund a phase of the project at \$195,000. Chad Fenner seconded the motion. With a roll call vote the motion carried. Mr. Dutton summarized that the need is apparent and appreciated the fire chief prioritizing projects. Mr. Navratil mentioned that there is coal impact is present and that the fire department deals mainly with wildfires.

Application #0687 – Musselshell County – VFD Bunker Suits – requested \$17,622 – approved \$17,622

Ms. Hanpa presented the Musselshell County VFD request to purchase 9 sets of bunker gear. With the expansion of the Signal Peak coal mine 16 miles south of Roundup the burden on emergency services has increased.

Kathie Bailey, Director, Snowy Mountain and Lewis Brewer, Captain spoke to the board on behalf of this project. The existing number of structure protection apparatus in the county is not adequate to meet existing needs. This grant request to acquire bunker suits for MCVFD firefighters will help alleviate that deficiency.

In addition, in today’s highly litigious atmosphere, MCVFD’s continued possession and use of substandard and/or marginally compliant personal protective equipment presents very real and pressing liability concerns.

- Signal Peak Energy coal mine represents a minimum of 8.4% of the county population.
- There are 280 employees and another 100 or so ancillary workers going to and from the mine.
- Funds availability: The economic outlook is improving, in large part due to Signal Peak Energy. However, since many of the mine’s workers don’t live in Musselshell County, the county isn’t seeing the fruits of having those additional residents, but yet must bear the burdens of increased demands for emergency services. There are few funding sources for firefighting equipment needs. The VFD hosts the Fireman’s Ball for a fundraiser. The department allocates 70% of its operating budget for vehicle maintenance, 15% for new equipment and 15% of office supplies, etc. The county does anticipate using coal gross proceeds that it may receive in future years to help fund long-term, ongoing maintenance, repair and replacements for its various departments including the VFD.

Mr. Dutton had questions regarding the 3% fee that is being charged by Snowy Mountain to the applicants. Ms. Bailey of Snowy Mountain stated that this fee is charged only if the grant is successful. Chairman Williams mentioned that the fee should not be passed on to the Coal Board but paid by the County.

Mr. Navratil asked if they would or could obtain a FEMA grant. The Captain stated that they had applied but do not know the status.

Motion: Moved by Loren Acton to fund the project at \$17,622. Chad Fenner seconded the motion. With a roll call vote the motion carried. Mr. Acton summarized that the need is critical. Coal impact is present.

Application #0688 – Musselshell County – Roundup Memorial Healthcare Improvements – Requested \$420,463 – Approved \$200,000

Ms. Hanpa presented the Musselshell County Healthcare Facility request. Improvements for Roundup Memorial Healthcare Facility:

- Replacement of doors to meet ADA compliance
- Soundproofing exam room and nurses' station
- Plumbing fixtures to address ADA compliance
- Mechanical and electrical overhaul
- Purchase a hematology analyzer

Signal Peak will fund roof repairs of \$100,000.

Kathie Bailey, Director, Snowy Mountain spoke to the board on behalf of this project. Brad Howell, Roundup Memorial Healthcare, CEO stated that they wanted to create an inviting updated access and to appeal to providers to work at the clinic. There are currently serious deficiencies in regards to handicapped accessibility and patient privacy. HVAC/plumbing/electrical are outdated and unsafe. RMH struggles with cash-flowing the operations of the facility. RMH and the facilities owners, Musselshell County, have no borrowing ability.

Sue Olson, Commissioner mentioned that this is the 3rd phase to address the infrastructure needs, road equipment and emergency services equipment and staffing needs related to the coal impacts at the mine. An important component of the impacts is healthcare and emergency medical care.

Motion: Moved by Dan Dutton to fund the project at \$200,000. Loren Acton seconded the motion. With a roll call vote the motion carried. Mr. Dutton summarized that the need is apparent. Recommend the hospital prioritize needs plus approach the Billings clinic to request funds as a partner. Mr. Navratil mentioned that a coal impact is present.

Mr. Dutton requested that the board has a letter drafted to compliment, thank and encourage Signal Peak for stepping up and assisting with this project.

Application #0689 – Musselshell County – Snow Removal Equipment – Requested - \$340,370 – Approved \$180,000

Ms. Hanpa presented the Musselshell County road department is in need of 2 end dump trucks and one equipped with snowplow.

Sue Olson, County Commissioner and Kathie Bailey, Director, Snowy Mountain spoke on behalf of this project. The county needs this equipment to keep the 700 miles of road open during severe storms, especially near the mine. While the county needs road equipment, that need has become significantly greater with increased travel in the county and on its roads due to the mine and mine workers, contractors or suppliers. The applicant states that a coal impact grant is necessary to make this project feasible, as there are not many other funding sources available for equipment needs. This project is from coal impacts and other funding sources would require an explanation why this funding source wasn't used for the project.

Currently the county owns a plow, sander, truck (\$150,000) and 5 motor graders.

Musselshell County purchased a 6-wheel drive RDO Motor Grader and Blade on June 2010 and took possession in August of 2010 for \$246,512. The county did not request assistance from the Coal Board and would like this to be considered match for this project. They are currently making payments on this purchase.

Motion: Moved by Dan Dutton to fund the project at \$180,000. Gerald Navratil seconded the motion. With a roll call vote the motion carried, six voting yes and Mr. Acton voting no. Mr. Dutton summarized that the need is apparent. Mr. Navratil stated that due to coal development in the area there is a need for more equipment.

Application #0690 – Musselshell County – Sheriff Department Tasers and Video Equipment – Requested \$44,000 – approved \$44,000

Ms. Hanpa presented the Musselshell County request from the Sheriff's Department to purchase 9 tasers and 7 in-vehicle video cameras.

Sheriff Weitzel spoke on behalf of the requested stating that they are seeing increased incidences of violence when making arrests. This activity is attributed to the coal mine and influx of new residents to the area and increased number of calls to the sheriff office. Crime is on the increase. The County anticipates using coal gross proceeds as the funding for the professional/contract services of \$1320. Aaron Edwards deputy thanked the board for past grants. He is a deputy who is usually on night duty alone; and said this equipment would be great for safety and prevent injuries.

Motion: Moved by Mr. Navratil to fund the project at \$44,000. Loren Acton seconded the motion. With a roll call vote the motion carried. Mr. Navratil summarized that this equipment is greatly needed. Mr. Acton stated that this request is totally appropriate due to the increased of violent confrontations due to coal development.

Application #0691 – City of Colstrip – City Shop Building – application withdrawn

Application #0692 – City of Colstrip – Fire Truck – requested \$190,000 – approved \$190,000

Ms. Hanpa presented the City of Colstrip application. The current engine is 30 years old and failing in performance. 51% of the purchase price has been budgeted for by the City of Colstrip. The old fire truck would be donated to a small community in Rosebud County. The Fire Department has mutual aid agreements with surrounding communities.

Rick Harbin, previous dispatch for Colstrip and 30 year member of the fire department sees a great need. Ryan Reid, Colstrip Fire Chief stated the protection of the community is our first priority, and the protection and safety of our firefighters is a fundamental concern. Fire protection responsibilities include four coal-fired generating stations within the City limits, the Western Energy Rosebud Coal Mine and outbuildings, and one small coal-fired generating station outside of town. The department would like to gift the older truck to Ashland as it is better than what they currently use.

The present equipment is nearing the point where it will not pump the GPM required to maintain the present fire ratings for insurances. They have full support of this project by city and county. The Department and city are matching this request with \$200,000.

Motion: Moved by Loren Acton to fund the project at \$190,000. Chad Fenner seconded the motion. With a roll call vote the motion carried. Mr. Acton stated he was impressed with the way Colstrip has over the years used Coal Board money and the high level of community involvement. Mr. Navratil summarized that the need is evident and funding support through the city and county is available and coal impact is present.

Application #0693 – Lame Deer School District – Gymnasium Restroom Renovation Requested \$175,239 – approved - \$175,239

Ms. Hanpa presented the Lame Deer School District request. This building is used for public activities as well as school activities. The antiquated plumbing does not hold up to heavy use which causes unsanitary conditions. The old floors, stalls and surfaces are difficult to clean and keep germ-free.

Gary Levine, Spectrum Group Architects spoke to the board on behalf of this project. The Lame Deer Public Schools has supported coal development by providing education to the children of employees of the coal industry. Thirty-four of 380 students have parents or relatives working at the coal plant. The facilities are now aged, damaged and unhealthy. This is the most used multi-purpose facility in the area.

Lame Deer Schools is located on the Northern Cheyenne Reservation where there is a very small tax base.

- The District will absorb the administrative costs of this project through the existing emergency construction grant that is financing Phase 1 of the elementary construction that is already in progress.
- The District has a federal Impact Aid Program, Discretionary Construction Grant in the amount of \$4,230,128 for the construction of the elementary school. The District provided a \$750,000 match for that grant.

Motion: Moved by Gerald Navratil to fund the project at \$175,239. Loren Acton seconded the motion. With a roll call vote the motion carried. Mr. Navratil summarized that the application is well documented, that the need is evident and funding support through the district. Hygiene and safety are critical. Coal impact is present. This project is very important for the community.

Application #0694 –Miles Community College Heavy Equipment Program – Requested - \$120,000 – Approved \$120,000

Ms. Hanpa presented the Miles Community College request to the board. Expansion of the Heavy Equipment Program equipment to train students utilizing the same type of equipment they will use in the field. Equipment to be purchased would include: a motor grader, loader transmission, belly dump and dump truck.

Shelly Weight, spoke on behalf of Miles College. Arch Coal has asked Miles Community College to provide the heavy equipment training for individuals interested in working in the proposed mines. Western Energy has discussed the number of retirees they foresee in the next ten year. An untrained workforce is a health and safety risk in the mines. It is the goal of Miles Community College to educate and train as many local individuals as possible to fill the mining jobs that will become available in mining continuing to be a growth industry.

The degree of local effort:

- Oftedal Construction has donated some equipment.
- A \$10,000 endowment was given anonymously.
- All administrative and personnel costs for this project will be absorbed by Miles Community College.
- Custer County allows MCC to use their heated shop during the winter months.

Mike Rowlands, Chief Operations Officer at Arch Coal, told MCC the construction phase of the mine will begin as early as 2013. This means MCC must begin now educating and training the workforce they will require at that time. In addition, conversations with Glen Logan of Western Energy concerning the retirement needs of that company have also been considered as we race to meet the workforce shortages in eastern Montana and keep our residents here.

Ms. Weight also mentioned that they paid \$10,000 for a road grader thru the state surplus for student training.

Motion: Moved by Dan Dutton to fund the project at \$120,000. Loren Acton seconded the motion. With a roll call vote the motion carried. Mr. Dutton summarized that the need is evident. Mr. Dutton suggested the push equipment businesses to support the college for operators.

Application #0695 – Rosebud County Courthouse Roof Repair – Requested \$350,000 – Approved \$170,000

Ms. Hanpa presented the Rosebud County Courthouse Roof Repair – stone restoration, replacement of moldings and detailing, roofing and flashing.

Doug Martens, County Commissioner spoke on behalf of the request. No injuries have occurred yet due to the needed repairs but if left unrepaired, the problem creates a liability. Mold could become an issue. There is no documentation that the current condition of the facility is violating safety of health standards, but if left to continue leaking, the building could continue to deteriorate and mold issues could arise. The Rosebud County Courthouse is on the National Registry of Historic Places and should be preserved to protect the historical value of this structure. Coal mining and agriculture are the two major industries in the region. A significant number of persons who work at the coal mine and power plant in Colstrip reside in the region specifically served by the Rosebud County Courthouse. The applicant estimates that 80% of the persons that utilize the Courthouse are associated with the coal industry in some way. Rosebud County has committed \$693,290 to this project.

Jim Atchison and Julie Korkow of SEMDC. spoke on the repairs to be done in an effort to maintain basic county services for Rosebud County. This project is part of the Comprehensive Economic Development Strategy for the SEMDC region and is also on the 2011 Infrastructure Needs List maintained and prioritized by SEMDC.

Motion: Moved by Dan Dutton to fund the project at \$170,000. Gerald Navratil seconded the motion. With a roll call vote the motion carried. Mr. Dutton summarized that the need is evident and funding support through the county. Coal impact is present. Stated they needed to reprioritize project. Mr. Acton stated that he had great sympathy – that he likes the look of the building – many needs in Forsyth and Rosebud – maintenance repair, doesn't see connection to Coal Board.

Application #0696 – Rosebud Public Schools Bus Barn – Requested \$57,500 - Tabled

Ms. Hanpa presented the Rosebud Public Schools request. With school vehicles exposed to the elements on a daily basis the probability of serious breakdowns rises, putting students and staff at a higher risk for injury.

There was no one in attendance at meeting to represent project. Loren Acton stated that this application is in need of better information of the construction plan. They need justification and stronger argument for project.

Motion: Moved by Gerald Navratil to table this project. Chad Fenner seconded the motion. With a roll call vote the motion carried.

Application #0697 – Big Horn County – Sheriff's Department Remote Residences/Office – Requested \$100,000 – Approved –\$100,000

Ms. Hanpa presented the County request to the board. The county would like to purchase two modular homes in Fort Smith and Decker to be used as residences and offices for Sheriff Officers. Big Horn County Sheriff's Office provides law enforcement and protection to all the coal mines in the County. Big Horn County has obligated \$125,000 toward this project.

Sidney Fitzpatrick, County Commissioner spoke to the board on behalf of the request.

Big Horn County is the largest coal producing county in Montana.

Mike Fouse, Sheriff, spoke on behalf of this project stating that response time would be quicker. Most calls are in Hardin. They cover 5,000 square miles. The county is offering 55% of the cost of this project Big Horn County recently was awarded three federal grants- one to fund an additional officer position for three years.

Motion: Moved by Loren Acton to fund the project at \$100,000. Ralph Lenhart seconded the motion. With a roll call vote the motion carried. Mr. Acton summarized that the need is evident and funding support through the county is available and Coal impact is present.

Application #0698 – Big Horn County- Library Updates – Requested \$72,125 – Approved \$72,125

Ms. Hanpa presented the County request to the board for replacement of carpet, purchase of additional seating, work stations and hand dryers.

Sidney Fitzpatrick, County Commissioner spoke on behalf of this project. Serious safety problems and hazards can be attributed to the inadequate and limited seating areas and frayed and damaged carpet areas.

Close to 100% of Big Horn County residents are affected by deficiencies that currently exist at the BHC Public Library.

Crystal Uffelman stated to the board that the American Library Association, the number of seats available for the number of patrons and the population base of Big Horn County is substandard. The Carnegie Library in 1918 gifted the library to the county. In the late 1980's they remodeled 12,500 sq. ft. High use of computers in library and seats are at a premium.

Motion: Moved by Dan Dutton to fund the project at \$72,125. Loren Acton seconded the motion. With a roll call vote the motion carried with Chad Fenner abstaining. Mr. Dutton summarized that the need is evident and funding support through the county is available. Coal impact is present.

Application #0699 – City of Hardin – Water System Improvements – Requested \$400,000 – Approved – \$400,000

Ms Hanpa presented the city application to the Board. Water system improvements would include all provisions necessary for full control of the filters and management of filter effluent.

Sidney Fitzpatrick, Big Horn County Commissioner stated the county is in support of this project. Joe Koebbe, Mayor, spoke on behalf of this project. A large number of serious deficiencies with three resulting health risks: 1) high turbidity water reaching the public; 2) operator electrocution when the pump gallery floods, and 3) total loss of system pressure in an area served by a small booster station.

Chad Hanson, Great West Engineering stated that a sudden breakthrough if not caught immediately would be City-wide contamination of the worst type such as Giardia and Cryptosporidium. This represents a significant threat or potential threat to public health and safety.

Hardin is the largest municipality with reasonable proximity to Westmoreland Resources, Spring Creek, and Decker mine. In addition, the Hardin Generating Station (coal-fired generating facility is located within the City limits.

Tony Maxwell, Plant Operator spoke on the safety issues. Chairman Williams asked what the sewer and water rates are currently at for Hardin. The base rate is \$58.00.

Motion: Moved by Gerald Navratil to fund the project at \$400,000. Chad Fenner seconded the motion. With a roll call vote the motion carried. Mr Navratil summarized by saying that this an appropriate project to be funded from the Coal Board. The need is has been pointed out and is essential. Coal impact is present.

Other business:

Ms. Hanpa spoke on the Blue Creek VFD requesting an extension on time to purchase a Water Tender that had been previously funded by the Coal Board.

Motion: Moved by Gerald Navratil to extend the contract. Chad Fenner seconded the motion. With a roll call vote the motion carried.

Board Matters:

Adjournment - With no other business, the meeting was adjourned by Chairman Williams at 2 p.m. The next meeting will be January 19 and 20th in Colstrip, MT.

Respectfully submitted,
Linda Stangland
Coal Board Program Assistant

John Williams, Board Chair

Ellen Hanpa, Administrative Officer

Date_____

Date_____