Montana Coal Board
Meeting Minutes
March 21, 2014
Hampton Inn, Billings, Mt

Board Members Present
Chairman John Williams, Vice-Chairman Loren Acton, Dan Miles, Tom Towe, Marcia Brown, and Ralph Lenhart. CJ Stewart was absent.

Montana Department of Commerce Staff Present
Jennifer Olson, Community Grants Bureau Chief, Andy Fjeseth, Coal Board Administrative Officer, and Amy Alton, Community Development Division Administrative Assistant.

Public present:

Bill Hodges	Big Horn Hospital Association	Ed Auker	Big Horn County DES
Karen Sweeney	Snowy Mtn Dev Corp	Raymond Ragsdale	Town of Broadus
Larry Lekse	Musselshell County	Bill Edwards	Roundup
Peggy Fruit	Town of Broadus	Major Robinson	Redstone Project Dev
Bryan Adolph	Musselshell County	Ron Solberg	DES/Musselshell County
Thomas Berry	House District #45	Robert Goffena	Musselshell County
Jim Atchison	Southeast MT Dev Corp	Dave Picchioni	Roundup
Tom Erskine	Interstate Engineering	Barry Usher	
Dave Martin	Roundup City Council	Miles Dennis	Ashland Volunteer Fire District
Duane Ankney	House District #43		

Welcome – Call to order
Chairman Williams called to order the meeting of the Montana Coal Board at 8:36 am and announced to the public that a full copy of the Coal Board binder that included all materials being discussed by the Board was available at the meeting for the public.

Roll call:
Mr. Fjeseth called the Roll for Board members. The following board members were present: Chairman John Williams, Vice-Chairman Loren Acton, Dan Miles, Tom Towe, Marcia Brown, and Ralph Lenhart. CJ Stewart was absent.

Opportunity for Public Comment
The following individuals provided comments:

- Major Robinson – Thank you for funding for Lame Deer Public School
- Jim Atchison – Thank you from Broadus for the Flood Plain Survey. A positive Town Meeting was held and the request has been sent to FEMA for concurrence.
- Sandra Jones – Mayor of Roundup, Thank you for considering our application for the pumper truck, the 2011 grant for our water system improvements, and the 2011 grant for City Hall.

Approval of Minutes (December 17, 2013 & January 24, 2014)
Action: Mr. Lenhart made a motion to approve the minutes. Vice-Chairman Acton seconded. Meeting minutes were approved as presented.

Budget & Financial Report

- Money appropriated for the 2015 Biennia: $ 3,918,811
- Coal Board funds awarded thus far: $ 2,809,801
- Balance of available funds: **$ 1,109,010**

- Mr. Fjeseth presented a sheet citing other potential funding sources available to applicants.

Project Updates

- Mr. Fjeseth read letter from Rae Peppers at NCUC. The letter stated that NCUC was planning to "give back" the funds they were awarded in June 2013, so that they could apply for a larger award for a utility truck.
- Number of projects awarded **24**
- Majority of awarded projects are under contract, only a few are still pending final execution.
- There are currently 35 open contracts, 5 of which are pending closeout.
- Ms. Olson spoke to the board regarding the process of Environmental Review Process and that Coal Board funds are subject to MEPA. Environmental Review Process is not currently part of the coal board application. Implementing the MEPA process into the application process will be a multi-phased process to inform the public and the board. Will open to the public for comment and feedback and then present to the board the comment received. It is hoped to have the process in place by the end of the biennium.

Questions and comments from the Board

- Will an Environmental Review Process need to be done on each project? Who does this?
- This is being done by all the other programs?
- Can the board make a 'pre application' award before the review? Will this cause significant impediments to the application process? Board members would like to have legal staff from the Department come and present requirements

Staff Comments

- Ms. Olson: This process will follow the steps of other programs already implementing it such as TSEP. This has been done prior to the project so that the Governor and Legislature have all the information necessary. Local governments are the entities that provide the environmental review. They establish the determination following either MEPA or NEPA requirements depending on the funding source. Some projects can be exempt from needing an ER and read directly from MEPA's requirements stating examples of such exemptions. Ms. Olson stated that she would help facilitate the Board's request to have legal staff present environmental requirements to the Board at a future meeting.

Public Comments

- Musselshell Co Commissioner Larry Lekse was concerned that the process could be quite lengthy and would restrict capabilities and questioned what projects would need an ER.
- Tom Erskine from Interstate Engineering sees the positive to both sides as it does prevent problems in advance and it doesn't take much time.
- Major Robinson from Red Stone Development commented that an ER will most likely add further costs to a project and the Coal Board should allow funds for that.

Old Business – Tabled Projects

Application #0730 Treasure County – Repair to Historical Yucca Theater

- Treasure County originally requested $63,400 to repair the exterior of Yucca Theater. The application was tabled at the June 14, 2013 meeting pending a legal review of the project's eligibility as an applicant by Department staff. The Treasure County 89ers Museum Board is an ineligible applicant. The Museum Board decided to withdraw its request and sent a letter to the Coal Board stating such.

Application #0740 Musselshell County – Majerus Road Improvements

- Musselshell County is requesting funds to reconstruct approximately 20 miles of gravel road. The total cost of the project is estimated at $750,000. The project has been tabled at the last three Coal Board meetings. The applicant has submitted additional information.
- Vice-Chairman Acton moved to remove from table. Ms. Brown seconded. Motion passed 6-0
  - Commissioner Lekse stated for the record that the road section is more like 11 – 12 miles, not 20. At the request of the previous board meeting, Mr. Lekse provided road count information. A count in 2007 showed 18. A more recent count in 2011 showed 48. He also requested that if the board could not fully fund the project, could it be awarded in pieces? The main need is from Hwy 12 and moving west. This section is vital for firefighting and emergency services. A more recent bid has the project at $771,000 but Mr. Lekse stated that the county would make up the difference.
  - **Questions and comments from the Board** – Is the railroad partnering with the county to help with this project? Can the county road maintenance budget help? Can the applicant manage with ½ the requested funds?
  - Commissioner Lekse – Ames (the railroad) did partner with the county initially but they have met their obligation. Right now, with the flooding, the county will try to help financially on the project but are unsure what the flooding will cost them at this point. The county wants to repair the road right but will make do with whatever funds given to them.
  - Representative Barry (HD #40) – Musselshell is a poor county and now are dealing with flooding again. The Mine does contribute to this board so we are appealing for your help.

Action by the Board: Vice-Chairman Acton made a motion to table the application until the next biennia. Ms. Brown seconded. Motion failed to table the application.

- **Questions and comments from the Board** – This is a lot of money and there is no assurance that the whole project will be completed. There are other applications to still hear today and a long time until the board has new money. How much less can the county get by with?
- Commissioner Lekse – We will start the project this year and will do more in-house work on it. We could get a lot done with $500,000. We may be able to complete it.
- Representative Barry (HD #40) – I asked the last legislature to double the money for the board and I will do so again.

Action: Mr. Towe made a motion to postpone until all remaining applications are heard today. Ms. Brown seconded. Motion failed to postpone.

Action: Chairman Williams made a motion to award $500,000. Ms. Brown seconded.

- Mr. Miles – I thought we said half the funds requested?

Action: Chairman Williams amended his original motion to instead fund at $375,000. Ms. Brown seconded. Motion to fund $375,000 passed.

Application #0751 Ashland Fire District – Ashland Fire Hall Construction Documents

- The applicant is requesting funds to support continuation of the efforts afforded in the Coal Board funded PAR (#0712). In this phase, the applicant proposes contracting an architectural and engineering firm to continue development of construction documents. The application was tabled at the last Coal Board meeting, and the applicant has submitted additional information to be considered today. Additionally, the applicant has reduced their original request from $126,300 to $93,500.
- Vice-Chairman Acton moved to remove from table. Ms. Brown seconded. Motion passed.
  - Miles Dennis – We are requesting the next phase based off the PAR.
  - Jim Atchison – Every fall there are meetings held asking communities what their needs are. For Ashland, this was deemed highly important and received the most votes based on infrastructure needs.
  - Major Robinson – The estimated operation costs will reduce substantially. It will be better and easier to maintain and can be done by members. Also, additional funding has been requested of numerous sources; First Interstate Bank, Burlington Northern, and Arch Coal. Also looking to the Governor's Office of Economic Development, USDA RD, MDOC, CDBG, MT Disaster & Emergency Services, and DNRC. The county has been approached.
  - **Questions and comments from the Board** – If other funds come in, will the amount of the request to the board be reduced? Wouldn't that provide leverage with those other sources? Surprising that the county isn't contributing to emergency services. What is the increase or decrease for you based on coal production?
  - Miles Dennis – We were hoping that the county would be here to address the Board. Financially they can't support with tax dollars to a single entity. Also, there are a lot of non-profits that don't contribute to the tax base but need the services. There are 120 monitoring sites visited every 1-3 months for Otter Creek.
  - Jim Atchison – In Colstrip, the Unit 4 shutdown affected the area, they are now increasing productions and the projection is more employment. PPL have already hired additional people. The Arch Creek well monitoring is increasing. The Tongue River RR is surveying and core sampling is being done.
  - Major Robinson – Census data shows an increase of 77% in the area. Jobs in the area are typically related to coal.

Action: Vice-Chairman Acton moved to award $75,000. Mr. Miles seconded.

Action: Mr. Towe moved for a substitute motion to award $25,000. Ms. Brown seconded. Tie vote, motion failed.

Action: Mr. Miles moved an additional substitute motion to award $47,000 with a request from the board to seek additional funding. Ms. Brown seconded. Motion passed to award $47,000.

New Business

Application #0753 Town of Broadus – PER & Wastewater Evaluation

- The applicant is requesting funds for a PER and evaluation of the town's wastewater to address known

issues in the existing system.

- Tom Erskine – We know Arch Coal is coming. The town sees what's going on in the NE part of the state and wants to be proactive. In assessing the needs of the town, the number one problem is the sewer. It doesn't meet standards. The Town Board realizes that CIP and Growth Planning are important. Now, the last piece of funding is needed for this project. Six families are direct employees of coal but Arch Coal is coming. Need to get a handle on this problem before everyone comes. It is expected that 1,740 more employees will be here because of Arch.
- Jim Atchison – In the December Community meeting, this issue was noted by the community and is also on the compiled Infrastructure Needs list. 50% of the growth in the area is coal related.
- **Questions and comments from the Board** – this amount is for the actual work? How is this caused by coal development? Have there been rate increases to help cover the cost?
- Peggy Fruit – The town wants to be proactive. As Arch Coal is developed, we will see an increased impact here. The town has already implemented a rate increase for services so that there would be some reserve. Most likely there will need to be a rate increase again.
- Raymond Ragsdale – Many buildings in the area use coal.

Action: Vice-Chairman Acton moved to grant the full amount requested. Mr. Miles seconded. Motion passed to fund full amount of $39,000.

Application #0754 Northern Cheyenne Utility Commission – Utility Truck Purchase

- The applicant is requesting funds to purchase a reliable utility truck with locking toolboxes for use by maintenance staff during work and on-call hours.
  - Representative Rae Peppers (also General Manager of NCUC) – Maintenance workers were using their won vehicles for work and we were paying them mileage and gas reimbursement. The goal was to reduce those costs. Coal is increasing at three mines in the area. People are moving back to the reservation because of that. Water and sewer are needed. The truck will assist with those and the reduced reimbursements could be used to increase wages and such.
  - **Questions and comments from the Board** – Thank you for returning previously unused funds. Can you apply for a loan?
  - Ms. Peppers – We are requesting help from the board for one vehicle and will have a bank fund the other.

Action: Mr. Towe moved to fund the request. Ms. Brown seconded. Motion passed to award $45,000.

Application #0755 Musselshell County – Monitor/Defibrillators/AEDs for County Ambulance Service

- The applicant states that the county is in need of financial assistance to replace four outdated cardiac monitors/defibrillators and to purchase 20 AEDs to place in emergency response vehicles and public facilities throughout Musselshell County.
  - Ron Solberg – Typically the Sheriff's vehicles arrive ahead of the ambulance but they don't have the AED devices. Also, schools, Headstart, the Community Center and the Community Pool, don't have the devices.
  - **Questions and comments from the Board** – What is the number one need? Are there other funding sources?
  - Ron Solberg – the number one need is the replacement of the monitors/defibrillators in ambulances. Damage or survival can be determined in 6-9 minutes and the devices make the chances better for a victim. We would get credit for turning in the older monitors, and some

assistance would be from the county.

- Representative Ankney – We have a large underground mine in Musselshell County. If a large disaster were to strike, we would see a huge need.

Action: Vice-Chairman Acton made a motion to table the application until the next biennia. Ms. Brown seconded. Motion failed.

Action: Ms. Brown made a motion to fully fund the request. Mr. Lenhart seconded. Motion passed to award $98,000.

Application #0756 City of Roundup – Pumper Fire Truck Purchase

- The applicant states that they are in need of financial assistance to replace a 1978 pumper truck. The pumping capacity of this truck is now out of compliance with fire underwriter requirements to maximize insurance premium reductions; causing the City to pay a higher insurance rate.
  - Bill Edwards – Recent negotiations have resulted in a drop in the purchase price which is reflected in the request. The City does not receive money from the coal proceeds funds but the CEO of Signal Peak Mine says 33% of employees of the Mine live in Roundup.
  - Representative Barry – I live here in Roundup and there are so many huge problems facing the City. A lot of the citizens are on fixed incomes so if insurance rates go up, this will have a large impact on the people. If there is a fire at the mine, fighting it will be difficult.
  - **Questions and comments from the Board** – Is it a possibility to get decommissioned equipment from the military? Can you get fewer accessories? Can you buy a truck on time?
  - Glen Russell – Requirements are that equipment be not older than 10 years so getting useable equipment from the military is difficult. Now it is required that all personnel be fully enclosed in the vehicle. Our pumper truck doesn't meet that standard. There are very little accessories to get rid of when ordering new equipment. Much of it is now standard requirements.
  - Bill Edwards – The City is maxed on rates.
  - Mayor Jones – The City just took out an SRF loan.

Action: Mr. Miles made a motion to fund the request. Mr. Towe seconded. Motion passed to award $227,921.

Application #0757 Big Horn County – Sander & Plow Replacement

- The applicant states that the Big Horn County Road Department needs to replace four very necessary pieces of equipment which includes two sanders and two plows. Current equipment is over twenty years old and spends more time being repaired in the shop than being used in maintaining County roads.
  - Sidney Fitzpatrick – Big Horn County is the biggest contributor to the Coal Board fund. There are three mines in the area that contribute: Decker, Spring Creek, and Sarpy.
  - Ed Auger – I was sent by the Road Department as representative. They state that it is incredibly hard on the equipment to plow and sand. They need a quick connect system as it takes a full day to mount the equipment currently.
  - **Questions and comments from Board** – What is the coal impact? How many sanders and plows are you using currently? Can the County help more with funding as you currently carry no debt?
  - Sidney Fitzpatrick – Just this week 30 miners were laid off because Burlington Northern didn't keep an agreement. If BN brings the train back then the employees will be re-hired. The Mine is doing well, the lay-off was just train related. Big Middle Mine is a 4th mine being planned in

the area and the population will increase.

- Ed Auger – in the County's CIP, there are more pressing needs ahead of this. Just this week a new 911 system was deemed needed. Currently the County is getting by with one plow and sander.
- Bill Hodges – From my perspective, delays in road maintenance delay emergency services. We currently have 350-360 calls per month that come to the hospital by ground delivery. This equipment will help prevent delays.

Action: Mr. Towe made a motion to table the request. Ms. Brown seconded.

Action: Mr. Miles made a substitute motion to fund one plow and sander at $39,260. Ms. Brown seconded. Motion passed to fund $39,260.

Board Matters:
Mr. Fjeseth was able to call CJ Stewart and put him on speaker so that all could hear the invitation to the Board to have the next meeting hosted by the Crow Tribe. There would also be a tour of the Westmoreland Mine on Thursday with the meeting being held on Friday. The Board accepted the invitation.

Other Matters:
Ms. Olson made comment with respect to the completion of the ARM Hearing. Also, regarding the holding of a public meeting to receive comments and feedback about the programs processes and procedures. Mr. Fjeseth made comment about the Coal Board Application changes. The Board supported the public feedback session to help improve the program and its processes.
Chairman Williams commented about having the previous Board Agendas made available for the public to reference at the board meetings. Mr. Towe complimented the staff. Mr. Miles brought up a request to have staff make recommendations to make the binders less confusing and better organized.

Adjournment:
With no other business, the meeting was adjourned by Chairman Williams at 12:50 p.m. The next meeting is scheduled for June 13, 2014 at the Crow Tribe, location to be determined.

Respectfully submitted,

Andy Fjeseth, Administrative Officer

John Williams, Board Chair

6-20-14
Date

Andy Fjeseth, Administrative Officer

6/20/2014
Date