

Montana Coal Impact Grant Application

Submitted to the Montana Coal Board

By

Rosebud County (Application Prepared by SEMDC)

For

HVAC Replacement for Colstrip Parks and Recreation District

Date submitted:

April 17, 2020

**THE COAL IMPACT GRANT APPLICATION FORM
SUBMITTED BY COLSTRIP PARKS AND RECREATION DISTRICT**

CERTIFICATION

The chief elected official or executive officer of the applicant must sign the application certifying that to the best of the official's knowledge and belief, the information provided in the application and the attached documents is true and correct.

The chief elected official or executive officer of the applicant must also certify that, in accordance with Section 90-6-205, MCA, the applicant is eligible for a Coal Impact Grant and has the authority to administer and make expenditures to provide for the proposed service or facility.

CERTIFICATION

To the best of my knowledge and belief, the information provided in this application and in the attached documents is true and correct.

In accordance with Section 90-6-205, MCA, the applicant is eligible for Coal Board grants and has the statutory authority to make expenditures to provide for the particular service or facility.

Name: **Robert E. Lee**

Title: **Presiding Officer**

Signature: 

Date: 04/21/2020

SUMMARY INFORMATION

1. NAME OF APPLICANT(S): Rosebud

County

2. TYPE OF ENTITY:

Local Government

3. FEDERAL TAX ID NUMBER:

4. SENATE AND HOUSE DISTRICTS:

SD 20 & 21
HD 39 & 41

5. AMOUNT OF COAL IMPACT GRANT REQUESTED \$250,000

6. NAME OF PROJECT:

HVAC Replacement

7. TYPE OF PROJECT:

Repair/Replacement of outdated HVAC equipment

8. POPULATION SERVED BY PROJECT:

2266

9. NUMBER OF HOUSEHOLDS SERVED BY PROJECT:

863

10. CHIEF ELECTED OFFICIAL OR AUTHORIZED REPRESENTATIVE:

Robert E. Lee, Presiding Officer
1200 Main St. #2
Forsyth, MT 59327
406-346-2251
rcc@rosebudcountymt.gov

11. PRIMARY ENTITY CONTACT PERSON:

Liz Jensen, Executive Director
Colstrip Parks and Recreation District
PO Box 127
Colstrip, MT 59323
PH 406-748-3326
FAX 406-748-2426
ljensen@colstripparks.com

12. OTHER CONTACT PERSONS:

Julie Emmons
SEMDC
PO Box 430
Broadus, MT 59317
PH 406-853-6900 Fax 406-427-5250
julie@semdc.org

13. MILLAGE RATES:

	<u># of Mills</u>	<u>Value of Mill</u>
FY 2016-2017	78.91	91,801
FY 2017-2018	75.47	95,126
FY 2018-2019	90.27	90,469
AVG	81.55	92,465
FY 2019-2020	87.26	87,740

** The 2019-2020 number of mills decreased because the road fund was decreased by 5 mills. This is because we were at the 33% maximum reserves at 40 mills. Also, we reduced the RHCC voted levy from 4.98 mills to 2.28 mills. When this levy was approved by the voters, it was approved only for the Intergovernmental Transfer with the Montana Department of Health to offset what Medicaid does not cover in the nursing home. The transfer this past year was \$177,000 so we levied enough to recover that amount to keep the fund at \$450,000. All other levies are at the maximum.

14. AMOUNT OF COAL GROSS PROCEEDS TAX:

CPRD \$234,218

Rosebud County:

FY 18 COAL GROSS PROCEEDS	\$7,465,105.00
FY 19 COAL GROSS PROCEEDS	\$7,373,964.00

The coal gross proceeds are allocated per Montana Code. We split out share to various funds and these are used as nontax revenues within our budget.

15. IMPACTS FROM COAL INDUSTRY:

Western Energy Coal Mine, Colstrip, MT
Power Plant, Colstrip, MT
Rosebud Power Plant, Colstrip, MT
Total of 731 employees at the above

The four unit Colstrip power plant located in Colstrip, MT is the largest coal fired power plant west of the Mississippi river. Colstrip is dramatically impacted by the coal industry – both in the mining and power generation sectors.

16. MAPS:

See Attached **Exhibit A** for Map

17. BRIEF PROJECT SUMMARY:

PROJECT SUMMARY FOR COLSTRIP ECONOMIC DIVERSIFICATION STRATEGY

Historical Information:

Colstrip can be described as a “one-horse” town. Coal mining and power generation have been the primary source of economic revenue in the community since 1924. Originally, the coal mined was to power steam engines. However, diesel engines replaced the steam engines that utilized coal and the town literally died. However, in the 1970’s, the economic activity increased again as Colstrip Power Generation Units 1 and 2 were constructed. Before Colstrip 1 and 2 were completed, units 3 and 4 were planned and subsequently, were completed during the 1980’s.

The Rosebud Mine production level has been as high as 16 million tons but has stabilized at approximately 8-10 million tons of coal per year. Most of the coal production goes to the Colstrip Power Plant. A smaller power generation facility located just outside Colstrip also burns some of the “waste” coal from the mine.

The plant and the mine together support over 3,700 jobs in Rosebud County (population: 9,233) and \$360 million of personal income (PSE, 2013).

Colstrip was originally a company town and the fitness center, parks, and green areas were amenities designed for the employees that lived in Colstrip and worked in mining and power generation. The Colstrip Parks and Recreation District was formed to provide for management and upkeep of the amenities. One of the most utilized amenities is the Community Center which contains a gym, fitness equipment, outdoor pool, , etc. The building that houses the Community Center is adequately maintained, but the mechanical systems are aged with the original heating system having been installed in 1978.

Problem:

The old HVAC system in the basement was installed in 1978. The locker rooms in the Center had some equipment replaced in 1984. However, most of the CPRD heating system is 42 years old and well past the useful life one would expect from such equipment. Maintenance has been done on the system in different areas throughout the years. In 2015, two heat pumps that had quit working were replaced. They quit working just three years after the repair and vendors were unable to resolve the problem leaving one half of the basement completely without heat.

Proposed Solution:

The CPRD Community Center repair budget for FY 2018-2019 was 329% - well in excess of the originally projected budget. For this reason, a decision was made to replace the HVAC system all together. Yearly maintenance costs were climbing each year and with facing a possible reduction in tax revenue the board wanted to replace the entire system so that maintenance costs for the next 15-20 years can be minimized.

18. PROJECT BUDGET AND IMPLEMENTATION SCHEDULE:A. Project Budget Form:

<u>PROJECT BUDGET FOR COLSTRIP MARKETING PROJECT</u>					
Completed by: Julie Emmons		For: CPRD	Date: 03/27/2020		
ADMINISTRATIVE/ FINANCIAL COSTS	SOURCE: Coal Board	SOURCE: CPRD	SOURCE:	SOURCE:	TOTAL:
Grant Administration	*** \$	\$500	\$	\$	\$500
Office Costs	\$	\$	\$	\$	\$
Professional Services	\$	\$	\$	\$	\$
Legal Costs	\$	\$	\$	\$	\$
Travel & Training	\$	\$	\$	\$	\$
<u>TOTAL ADMINISTRATIVE/ FINANCIAL COSTS</u>	\$	\$500	\$	\$	\$500
ACTIVITY COSTS:					
Equipment Cost	\$250,000	\$1,126,100	\$	\$	\$ 1,376,100
Construction Cost	\$	\$	\$	\$	\$
Product Completion (PER's, studies, etc.)	\$	\$	\$	\$	\$
TOTAL ACTIVITY COSTS	\$250,000	\$1,126,100	\$	\$	\$1,376,100
TOTAL PROJECT COSTS	\$250,000	\$1,126,600	\$	\$	\$1,376,600

B. Project Budget Narrative:

BUDGET NARRATIVE FOR HVAC Replacement at CPRD

ADMINISTRATIVE/FINANCIAL COSTS

Administration: **\$500**
CPRD is a non member assisted by SEMDC and therefore a grant administration fee of \$500 is set forth for administration services associated with the Coal Board grant. Fee is based on normal costs incurred for administration of Coal Board grants (estimate 10 hours at \$50/hr)

Professional Services: **\$0**

Travel Costs: **\$0**

Audit Fees: **\$0**

TOTAL ADMINISTRATIVE/FINANCIAL COSTS **\$0**

ACTIVITY COSTS

Equipment Cost: **\$1,376,100**
Equipment Cost based on bids. Advertising was completed and 3 bids were received all meeting specifications set forth. Low bid cost was selected after analyzing all bids. Bid summary attached as Exhibit B.

Construction Cost: **\$0**

Marketing Project: **\$0**

Contingency: **\$0**

TOTAL ACTIVITY COSTS: **\$1,376,100**

TOTAL PROJECT COSTS: **\$1,376,600**

C. Implementation Schedule:

<u>IMPLEMENTATION SCHEDULE FOR CPRD HVAC Replacement Project</u>													
TASK	QUARTERS 2020				QUARTERS 2021				QUARTERS 2022				
	1 ST	2 ND	3 RD	4 TH	1 ST	2 ND	3 RD	4 TH	1 ST	2 ND	3 RD	4 TH	
<u>PROJECT START-UP</u>													
A. Sign contract with Coal Board				X									
B. Secure approval of other funding		X											
C. Submit progress reports and drawdown request. (Progress reports quarterly if no draws submitted)			X										
<u>PROJECT IMPLEMENTATION</u>													
A. Prepare RFQ's and Advertise		X											
B. Select Contractor		X											
C. Installation of Equipment		X											
D. Monitor Progress		X											
E. Final Report/Annual Reports				X									
<u>PROJECT CLOSE-OUT</u>													
A. Coal Board administrative staff conduct on-site monitoring of the project.				X									
B. Submit project completion report.				X									
C. Include project in audits.				X									

19. DESCRIPTION OF RELATIONSHIP TO COAL BOARD STATUTORY GRANT CRITERIA

A. Need

- I. Does a serious deficiency exist in a basic or necessary community public facility or service? Examples include emergency services such as police, fire or ambulance services. (Describe the nature and frequency of occurrence and provide supporting documentation.)

APPLICANT'S RESPONSE:

Yes. The Colstrip Parks and Recreation Department building is one of the most utilized buildings for a variety of activities in the Colstrip community. The HVAC system is 42 years old in most of the building and is requiring a large amount of repairs and maintenance. One area of the building is completely without heat and ventilation due to not being able to make repairs anymore.

Colstrip Park District residents pay no membership fees or daily use fees but assist in funding the facility through a tax levy. The District also oversees numerous trails, parks, Ponderosa Butte golf course and a recreation area at Castle Rock Lake.

2. Have serious public health or safety problems that are clearly attributable to a deficiency occurred, or are they likely to occur, such as illness, disease outbreak, substantial property loss, environmental pollution, safety problems, hazards, or health risks? (Describe the nature and frequency of occurrence and provide supporting documentation.)

APPLICANT'S RESPONSE:

No. However the District is spending 3 times the projected amount for repairs which is depleting reserves.

3. Is the entire community, or a substantial percentage of the residents of the community, seriously affected by the deficiency or at risk, as opposed to a small percentage of the residents? (Describe the number or percentage of community residents affected by the problem.)

APPLICANT'S RESPONSE:

Yes. Many of the residents of Colstrip are directly dependent on employment offered by the coal industry and these same residents and their families have the opportunity to utilize the Community Center of CPRD. The majority of the households in Colstrip have at least one member of the household that works in the coal industry.

4. Is there clear documentation that the current condition of the public facility or service (or lack of a facility or service) violates, or may potentially violate, a state or federal health or safety standard (If yes, describe the standard being violated.)? If the proposed project is necessary to comply with a court order or a state or federal agency directive, describe the directive and attach a copy of it.

APPLICANT'S RESPONSE:

No.

5. Does the standard that is being violated, or potentially may be violated; represent a significant threat or potential threat to public health or safety?

APPLICANT'S RESPONSE:

Proper ventilation and heat in public buildings is essential for numerous health reasons including the prevention of illness.

6. Additional information supporting the NEED for this project.

APPLICANT'S RESPONSE:

B. Degree of Severity of Impact from an Increase or Decrease in Coal Development or In the Consumption of Coal by A Coal-Using Energy Complex

1. Describe why the need for the expansion or improvement to the public facility or public service is attributable to coal-related impacts. Additionally, please provide the percentage of the project that is a result of coal impacts.

APPLICANT'S RESPONSE:

The need for repairing the HVAC is attributable to coal related impacts due to the fact that there are nearly 800 persons employed full time in the coal industry in and around Colstrip. The majority of households in Colstrip have a member of the household directly employed in the coal industry. With Units 1 and 2 now shuttered, less taxable value is anticipated for this tax district. Therefore, less resources will be available in the future to afford expensive capital improvements such as this or make costly repairs to an aging and inadequate HVAC system. This will have a direct impact on employees working in the coal industry.

2. Name the nearest coal development area or coal-using energy complex to your community and the road miles from your community.

APPLICANT'S RESPONSE:

- A. Talen Energy's four-unit 2,200 MW power station located within the City of Colstrip (Units 1 and 2 now shutdown).
 - B. Western Energy Company's (WECO) Rosebud coal mine produces 8-10 million tons of coal has 25,000 acres adjacent to the City of Colstrip.
 - C. Westmoreland's Syncoal Advanced Coal Conversion Plant producing 300,000 tons of products per year was located adjacent to the unit train loadout facility at WECO's Rosebud mine and was in production from 1992 to 2001 when it was permanently closed.
 - D. Peabody Group's Big Sky Coal Mine located just six miles south of Colstrip closed in 2004-05 and was listed as one of Rosebud County's top 10 private employers in 1997.
 - E. Rosebud Power generation station is north of town within seven miles of the City limits.
 - F. Westmoreland's Sarpy Creek mine is 25 miles west of Colstrip.
 - G. Spring Creek Coal mine is located to the south of Colstrip near Busby.
 - H. Decker Mine is located 85 miles to the South.
3. Additional information supporting the DEGREE OF SEVERITY OF IMPACT FROM AN INCREASE OR DECREASE IN COAL DEVELOPMENT OR IN THE CONSUMPTION OF COAL BY A COAL-USING ENERGY COMPLEX.

APPLICANT'S RESPONSE:

This project is a direct result (100%) of an impact to the coal industry!

C. Availability of Funds

1. Amount requested from the Coal Board: \$ 250,000
2. Amount of Coal Board funds available at the time of application \$_____ (#2 will be completed by Coal Board staff)
3. Explain why a coal impact grant is necessary to make the project feasible and affordable

APPLICANT'S RESPONSE:

CPRD has approximately \$1.3 million in reserve funds. Because of the anticipated decrease in tax revenue with Colstrip Units 1 and 2 shutting down, there is much uncertainty that the HVAC project plus other needed maintenance projects could be funded. Replacing the HVAC now will cut down on costly repairs and provide the facility with a dependable newer system while not completely depleting the reserves of the organization in the event of other urgent needs.

4. What are the other proposed funding sources for the project?

APPLICANT'S RESPONSE:

<u>FUNDING SOURCES SUMMARY FOR COLSTRIP ECONOMIC DIVERSIFICATION STRATEGY</u>				
Source	Type of Fund	Amount	Status of Commitment	Loan Rates & Terms
Coal Board	Grant	\$250,000	Pending	N/A
CPRD	Cash on Hand	\$1,126,600	Approved	N/A

5. If a particular proposed source of funding is not obtained, how will the applicant proceed?

APPLICANT'S RESPONSE:

A new funding strategy would have to be considered or only portions of the project could be completed.

D. Degree of Local Effort in Meeting Needs

1. If current millage rates given are lower than the average rates levied during the previous three years, briefly explain why they are lower.

APPLICANT'S RESPONSE:

Current millage rates are not lower than the previous three years.

2. Describe any local efforts to meet the public facility or public service needs by providing financial contributions to the project to the extent possible, such as local funding, donations of land, absorbing some or all-administrative costs. For non-profit organizations, describe fund-

raising efforts or other in-kind assistance to the proposed project as well as usual program fund-raising efforts.

APPLICANT'S RESPONSE:

CPRD is contributing 82% of the project funding.

3. Describe past operation and maintenance budgets and practices over the long-term, including any reserves for repair and replacement.

APPLICANT'S RESPONSE:

The system has been properly maintained and repairs have been made to the extent possible. The majority of the system is 42 years old and it has outlived its' useful life.

4. If there are indications that the problem is not of recent origin, or has developed because of inadequate operation and maintenance practices in the past, explain the circumstances and describe the actions that management will take in the future to assure that the problem will not reoccur.

APPLICANT'S RESPONSE:

No.

5. If the project involves water, wastewater or solid waste, provide the current and projected monthly household user charges, including operation and maintenance:
- What is the current monthly household user charge? \$ N/A
 - What is the projected monthly user charge (including operation and maintenance) when the project is complete? \$ N/A

6. What are your current debt obligations?

There are no current debt obligations.

7. What are your current assets?

APPLICANT'S RESPONSE:

See attached Exhibit C

8. What financial accounting system do you use?

Generally Accepted Accounting Principles as adapted by the Governmental Accounting Standard Board.

9. Is the applicant in compliance with the auditing and annual financial reporting requirements provided for in the Montana Single Audit Act, 2-7-501 to 522, MCA? (Tribal governments must comply with auditing and reporting requirements provided for in OMB Circular A-133).

Yes X No ___ Date of last completed audit or financial report June 30,2019

10. If there have been audit findings within the last five years, have they been satisfactorily addressed?

APPLICANT'S RESPONSE:

Yes.

11. Additional information supporting the DEGREE OF LOCAL EFFORT IN MEETING NEEDS.

APPLICANT'S RESPONSE:

The applicant is leveraging Coal Board funds by 82%. The Coal Board funds are needed to pursue the project so local reserves are not completely depleted.

E. Planning & Management

1. Describe how your grant request reasonably fits into an overall plan for the orderly management of the existing or contemplated growth or decline problems related to coal impacts.

APPLICANT'S RESPONSE:

This project is directly related to a plan for orderly management of a community for an anticipated decline in employment due to pressure on the coal industry. The repair to existing infrastructure will allow CPRD to cut repair costs and still provide for the employees of the community who will continue to be employed and live in Colstrip.

2. Describe how the proposed project is consistent with current plans.

APPLICANT'S RESPONSE:

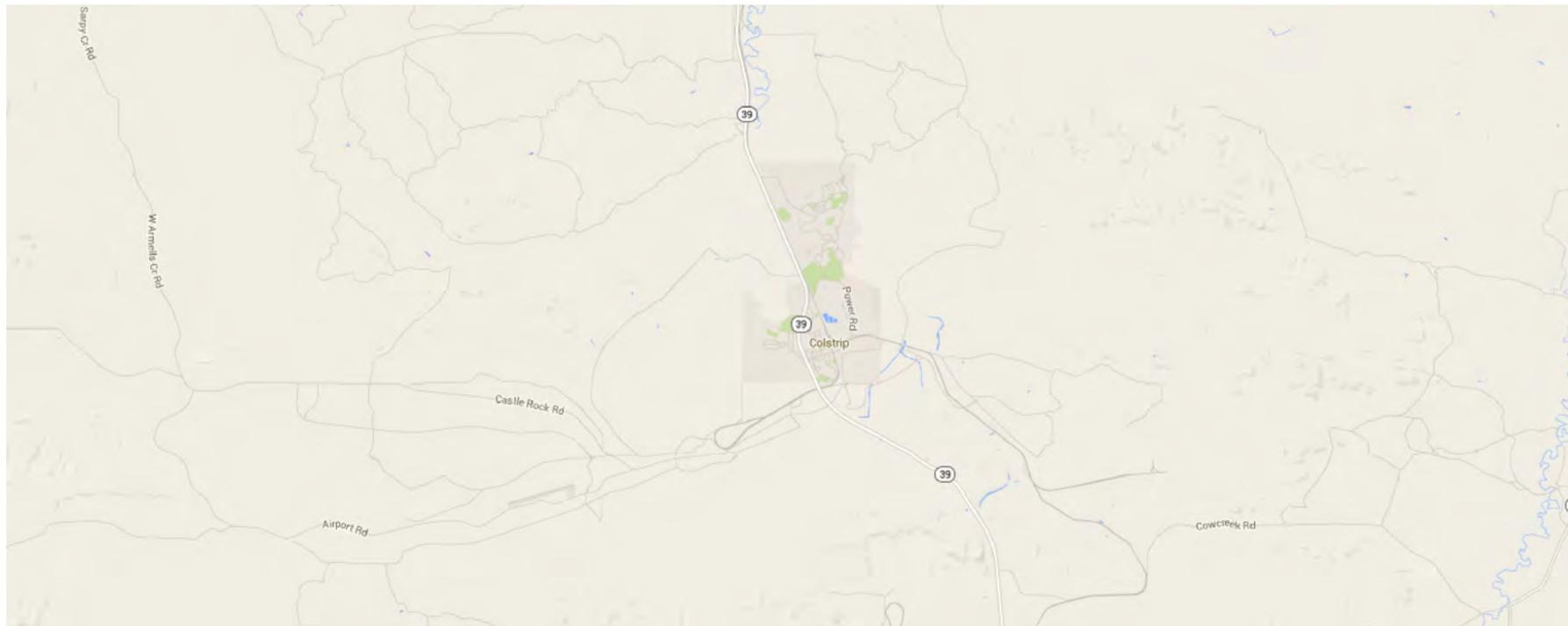
With CPRD facing a decrease in taxable value due to Colstrip Units 1 and 2 being shut down, utilizing reserves that are available now plus applying for Coal Board assistance was considered in order to improve existing infrastructure to continue to serve the existing Colstrip population. This plan is consistent with the SEMDC Infrastructure Needs list and also the newly updated Colstrip Growth Policy. Quality of Life issues are important to communities trying to attract new business or new employees for existing businesses that are expanding.

Exhibits Attached:

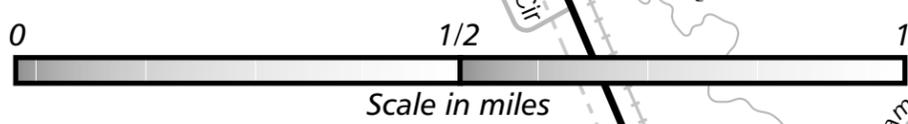
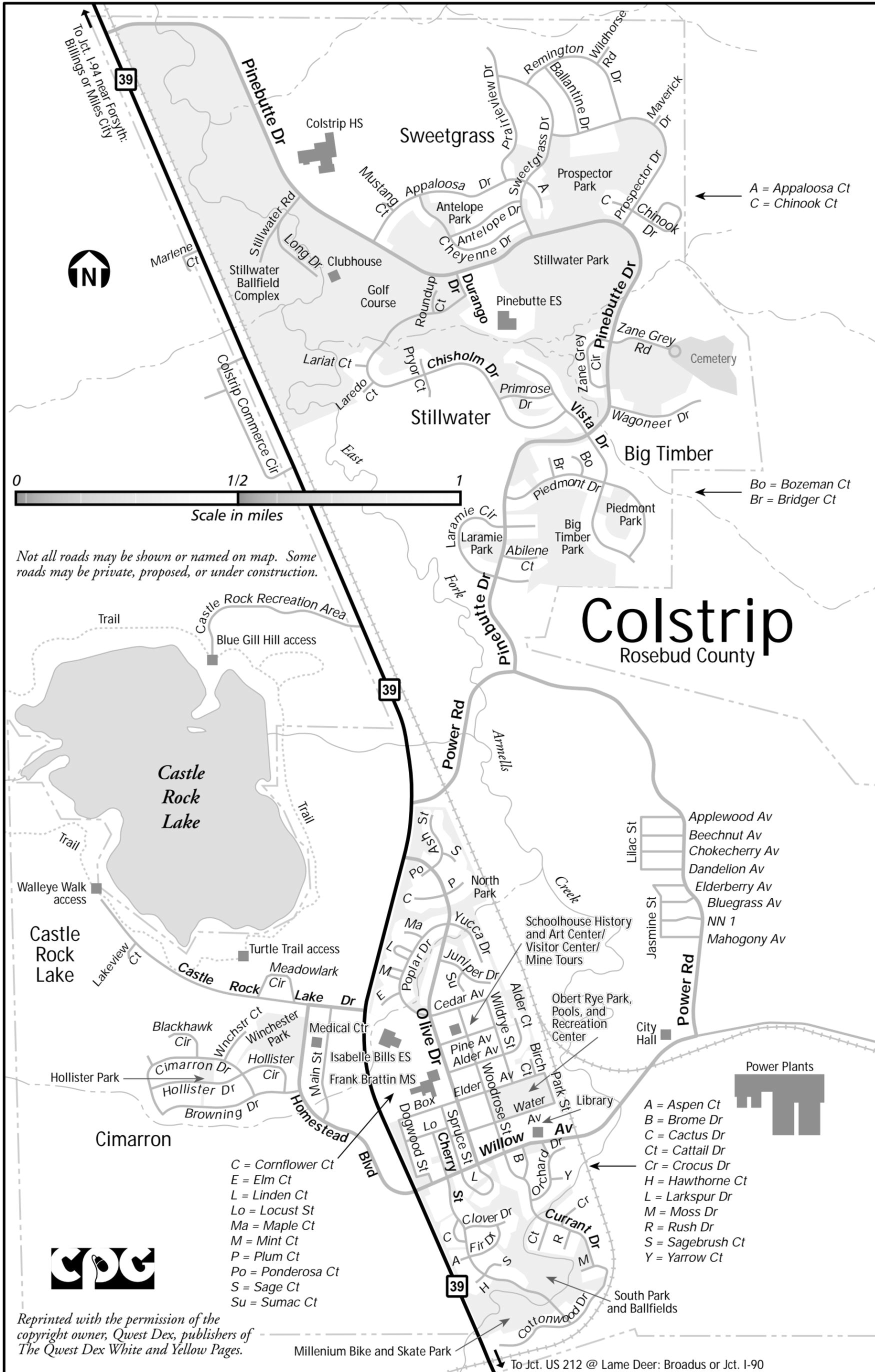
- Exhibit A – Location Map
- Exhibit B – Summary of Bids
- Exhibit C – Assets

Exhibit A

Location Map



Map Showing Colstrip, MT



Not all roads may be shown or named on map. Some roads may be private, proposed, or under construction.

A = Appaloosa Ct
C = Chinook Ct

Bo = Bozeman Ct
Br = Bridger Ct

Colstrip

Rosebud County

- C = Cornflower Ct
- E = Elm Ct
- L = Linden Ct
- Lo = Locust St
- Ma = Maple Ct
- M = Mint Ct
- P = Plum Ct
- Po = Ponderosa Ct
- S = Sage Ct
- Su = Sumac Ct

- A = Aspen Ct
- B = Brome Dr
- C = Cactus Dr
- Ct = Cattail Dr
- Cr = Crocus Dr
- H = Hawthorne Ct
- L = Larkspur Dr
- M = Moss Dr
- R = Rush Dr
- S = Sagebrush Ct
- Y = Yarrow Ct



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Millenium Bike and Skate Park

To Jct. US 212 @ Lame Deer: Broadus or Jct. I-90

Exhibit B

Summary of Bids



10/30: FINAL BID TAB

NWCCD / SHERIDAN COLLEGE

110 Park Street, Colstrip MT

PROJECT: CPRD		Community Center Building - HVAC Upgrades Colstrip, Montana			
ENGINEER: SIMPLICITY CONSULTING, ENGINEERING & DESIGN		PO Box 81222 BILLINGS, MT 59108 406 254-7157			
BID OPENING DATE: October 30, 2019					
CONTRACTOR: TW Clark	Star Service	Norpac			
ADDRESS: 609 Charles ST Billings MT	26 South 24 Street PO Box 1560 Billings MT 59103	PO Box 30776 Billings MT 59107			
Phone: 406.545.0826	406.259.3754	406.248.1757			
Fax: 406.371.5791	406.259.2420	406.248.6320			
Bid Security:	YES	Yes	Yes		
Addenda Acknowledged:	YES	Yes	Yes		
Base Bid:	500,000	1,000,000	2,000,000		
Fax Mod:	184,500	(265,520)	(1,211,000)		
Total Base Bid:	684,500	734,480	789,000	0	0
Bid Option #1:	500,000	50,000	100,000		
Fax Mod:	(383,400)	96,400	58,600		
Total Alternate #1:	116,600	146,400	158,600	0	0
Bid Option #2:	500,000	50,000	100,000		
Fax Mod:	(365,000)	112,050	73,150		
Total Alternate #2:	135,000	162,050	173,150	0	0
Bid Option #3:	500,000	50,000	100,000		
Fax Mod:	(350,000)	118,460	80,500		
Total Alternate #3:	150,000	168,460	180,500	0	0
Bid Option #4:	500,000	50,000	100,000		
Fax Mod:	(393,000)	84,300	38,200		
Total Alternate #4:	107,000	134,300	138,200	0	0
Bid Option #5:	500,000	50,000	100,000		
Fax Mod:	(317,000)	164,350	142,900		
Total Alternate #5:	183,000	214,350	242,900	0	0
BASE	684,500	734,480	789,000		
BASE & 1	801,100	880,880	947,600		
BASE, 1 & 2	936,100	1,042,930	1,120,750		
BASE 1-3	1,086,100	1,211,390	1,301,250		
Base 1-4	1,193,100	1,345,690	1,439,450		
Base 1-5	1,376,100	1,560,040	1,682,350		

Exhibit C

Assets

COLSTRIP PARK AND RECREATION DISTRICT
STATEMENT OF NET POSITION
June 30, 2019

ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 1,492,251
Receivables:	
Taxes	1,823
Inventories	3,327
Prepaid items	<u>172</u>
Total current assets	<u>1,497,573</u>
Capital assets:	
Land improvements	4,212,039
Buildings	3,830,050
Furniture and equipment	1,718,704
Less accumulated depreciation	<u>(5,473,992)</u>
Total capital assets, net	<u>4,286,801</u>
Total assets	<u>5,784,374</u>
LIABILITIES:	
Current liabilities:	
Accounts payable	12,202
Salaries payable	42,842
Compensated absences	<u>6,542</u>
Total current liabilities	<u>61,586</u>
Long-term liabilities, less current maturities:	
Compensated absences	<u>58,879</u>
Total long-term liabilities	<u>58,879</u>
Total liabilities	<u>120,465</u>
NET POSITION	
Net investment in capital assets	4,286,801
Unrestricted	<u>1,377,108</u>
Total net position	<u>\$ 5,663,909</u>