

# Montana Coal Impact Grant Application



**Submitted to the Montana Coal Board By**

**Colstrip Public Schools**

**For**

**Colstrip High School Water Main Replacement Project**

**Date submitted: January 27, 2020**

**SUBMITTED BY COLSTRIP PUBLIC SCHOOLS**

**CERTIFICATION**

To the best of my knowledge and belief, the information provided in this application and in the attached document 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: Bob Lewandowski

Title: Superintendent of Colstrip Public Schools



Signature

Date: January 27, 2020

**SUMMARY INFORMATION**

**1. NAME OF APPLICANT(S):**

Colstrip Public Schools (SD19)

**2. TYPE OF ENTITY:**

Public school system

**3. FEDERAL TAX ID NUMBER:**

**4. SENATE AND HOUSE DISTRICTS:**

Senate District 20 and 21  
House Districts 39 and 41

**5. AMOUNT OF COAL IMPACT GRANT REQUESTED: \$121,273.00**

**6. NAME OF PROJECT:**

Colstrip Water Main Replacement and LED Lighting Improvement Project

**7. TYPE OF PROJECT:**

Public school repair and maintenance

**8. POPULATION SERVED BY PROJECT:**

Population estimate of Colstrip in 2017 was 2,311. Colstrip is the largest city in Rosebud County with 24% of the total population. 2018 Fall student enrollment in Colstrip Public Schools was 536.

**9. NUMBER OF HOUSEHOLDS SERVED BY PROJECT:**

863.

**10. CHIEF ELECTED OFFICIAL OR AUTHORIZED REPRESENTATIVE:**

Mr. Bob Lewandowski  
Superintendent  
Colstrip Public Schools  
P.O. Box 159  
Colstrip, MT 59323

**11. PRIMARY ENTITY CONTACT PERSON:**

Mr. Bob Lewandowski  
Superintendent  
Colstrip Public Schools  
P.O. Box 159  
Colstrip, MT 59323

[Bob.lewandowski@colstrip.k12.mt.us](mailto:Bob.lewandowski@colstrip.k12.mt.us)  
406.748.4699

**12. OTHER CONTACT PERSONS:**

Mr. Tyler Bush  
Project Manager  
100 N 27<sup>th</sup> St / Suite 210  
Billings, MT 59102

[tylerb@mckinstry.com](mailto:tylerb@mckinstry.com)  
406.426.0079

**13. MILLAGE RATES:**

**FY17**

Mill Value - 81,329.82

- Elem GF - 6.52
- HS GF - 8.76

Total mills levied (all funds):

- Elem - 13.59
- HS - 18.55

**FY18**

Mill Value - 83,491.61

- Elem GF - 16.06
- HS GF - 9.91

Total mills levied (all funds)

- Elem - 21.10
- HS - 16.32

**FY19**

Mill Value - 79,523.58

- Elem GF - 11.21
- HS GF - 9.86

Total mills levied (all funds)

- Elem - 16.50
- HS - 17.82

**14. AMOUNT OF COAL GROSS PROCEEDS TAX:**

**FY17**

**Elementary** District total rec'd - 1,319,774

- General Fund 101 - 1,035,283
- Transportation Fund 110 - 22,890
- Bus Depreciation Reserve Fund 111 - 97,446
- Technology Fund 128 - 58,861
- Building Reserve Fund 161 - 105,294

**High School** District total rec'd - 799,131

- General Fund 201 - 426,916
- Bus Depreciation Reserve Fund 211 - 72,798
- Adult Education Fund 217 - 48,943
- Technology Fund 228 - 118,040
- Building Reserve Fund 261 - 132,434

**FY18**

**Elementary** District total rec'd - 1,350,701

- General Fund 101 - 648,019
- Transportation Fund 110 - 67,585
- Bus Depreciation Reserve Fund 111 - 176,912
- Technology Fund 128 - 305,125
- Building Reserve Fund 161 - 153,060

**High School** District total rec'd - 817,857

- General Fund 201 - 386,222
- Transportation Fund 210 - 35,272
- Bus Depreciation Reserve Fund 211 - 85,973
- Adult Education Fund 217 - 39,681
- Technology Fund 228 - 135,355
- Building Reserve Fund 261 - 135,355

The District is on track in **FY19** for the Elementary District to receive a total of \$1,219,932 and the High

School. District to receive \$738,676 across ten levied funds.

Coal Gross Proceeds follow the mills levied in a fund in the previous year. This produces a see-saw effect which can prove challenging especially in the general funds. In the general funds, coal flows into the underbase and then into the overbase, lowering the number of mills necessary to meet the maximum adopted budget.

Use of coal gross proceeds in each fund is dependent on what is allowed for expenditures from that fund.

- The general fund is the chief operating fund of the district and is used to account for all financial resources of the school district except for those required to be accounted for in another fund.
- The transportation fund may be used only to support costs of home-to-school transportation.
- The bus depreciation reserve fund exists for the purpose of financing the replacement of buses and two-way radio equipment owned by the school district.
- The adult education fund allows the school district to provide outreach education to those older than sixteen and no longer enrolled in the school system.
- The technology fund allows for purchase, rent, repair, and maintenance of technological equipment and to provide training for district personnel.
- The building reserve fund is for the purpose of financing voter approved building or construction projects funded with district mill levies.

#### **15. IMPACTS FROM COAL INDUSTRY:**

The workforce total in the Colstrip community is 1,229.

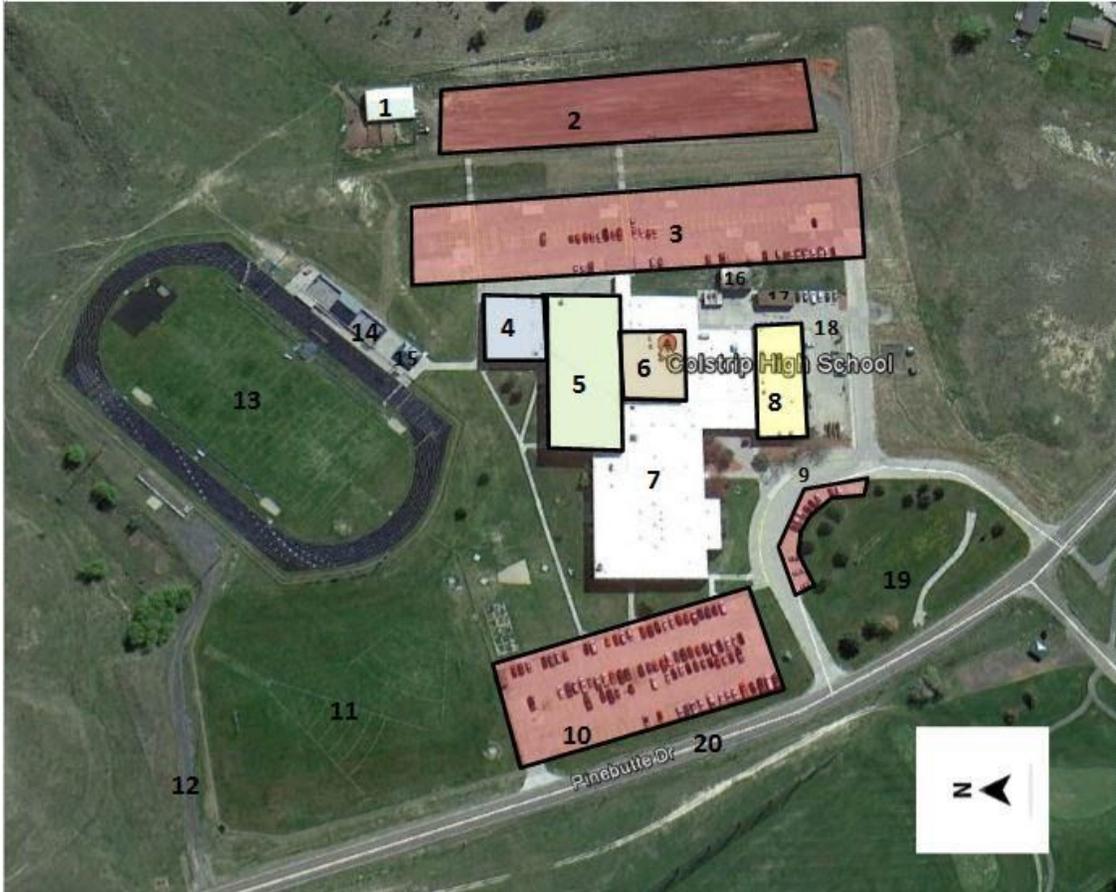
Westmoreland's Rosebud Coal Mine, Colstrip MT - 362 Employees

Talen Energy Power Plant, Colstrip, MT - 320 Employees

The four unit power plant located in Colstrip, MT is the second 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:**

Colstrip High School Grounds



1. Ag Barn	2. Ag Parking Lot	3. Upper Parking Lot	4. Pool
5. Gym	6. Auditorium	7. Classrooms	8. Career Tech Ed (CTE)
9. Roundabout	10. Lower Parking Lot	11. Practice Field	12. Emergency Access Road
13. Football Field/Track	14. Stadium	15. Concessions	16. Coal Port
17. Freezer	18. Access Delivery	19. Grassy Knoll	20. Pine Butte Drive



**17. BRIEF PROJECT SUMMARY:**

This project is to replace all of the water main pipe between the municipal water vault located approximately 100 lineal feet from the building to its entry into the high school.





### **Historical information:**

Colstrip High School was constructed in 1983. Coal Bonus funds were used to build the facility in a fast growing community that was being impacted by coal development and power plant construction. Since that time the high school gymnasium has been utilized by the community and greater Southeastern Montana for a place of gathering and competition. Colstrip Public Schools has hosted a number of district and divisional tournaments throughout the years. It is one of the very few Montana High School Association (MHSA) Class B schools that is large enough to support the number of fans and student supporters. This facility is certainly the home of the Colstrip Colts and Fillies, but belongs to the greater coal community in Rosebud County and beyond.

The Colstrip School System extends itself beyond the school district borders. The transportation department has one of the largest Class B fleets in the State. This is due to bussing students who wish to attend Colstrip, but are out of district. Colstrip Public Schools have an annual transportation agreement with surrounding schools at Lame Deer, Hardin, Ashland, Powder River County, and Custer County schools.

Colstrip Public Schools serve a diversified enrollment and have extended relationships with the Northern Cheyenne Indian Reservation and the Crow Reservation. Both reservations play critical roles in coal country and are impacted accordingly. The Colstrip enrollment includes 51% White, 36% American Indian 4% Hispanic/Latino and 9% other.

For the past 14 years, the voters of Colstrip have consistently passed annual levies to support its educational system and facilities in Colstrip. Colstrip has seen times of tremendous growth in which it was difficult for the school district to financially keep up with its student population and therefore resulted in the construction of new buildings for kids. Because of coal, Colstrip grew and was classified as a Class A school district by the MHSA, but with restricted demands for coal, Colstrip has dropped to a Class B school with Class A facilities of size and scope. Maintaining buildings and grounds has become a difficult task with fewer students and state funding. The voters of Colstrip have taken on this responsibility and passed a 4-year building reserve levy in May 2015 for half a million dollars (\$125,000 annually) in the Elementary District and \$1M (\$250,000 annually) in the High School District. Those funds were designated for repair of infrastructure needs that were linked to roof repair and heating and ventilation problems. At the same time deferred maintenance continues to become an insurmountable issue without the help of the Coal Board to address the District's Deferred Maintenance which is estimated at over \$5 million dollars.

The project presented represents an expensive and unexpected maintenance projects that has to be addressed. Having to pay for this project with the current budget will have a significant impact on student resources.

**Problem:**

On December 11, 2019 Colstrip High School had a water main break outside of the facilities between the municipal water vault and the building where the gymnasium and classroom structure meets on the North side of the high school facilities. The break created a significant amount of damage as the amount of water coming out of the identified pipe not only found its way inside the building from on top of the ground, but also came up through the cement floor and walls and exited into classrooms through electrical outlet boxes. (See photos below). Due to the extenuating circumstances the school district was forced to close school for two days until the break could be repaired. When the water main pipe was excavated and the leak identified, there was significant concern that the pipe was compromised enough through corrosion and time that it could certainly break again at another place between the water vault and the building. The damages to the school district were substantial: the loss of two instructional days as well as over \$80,000 worth of damage.





**Proposed Solution:**

The original cast iron water main pipe corroded due to high alkalinity in the soils and electrolysis. It is anticipated that the replacement pipe will be CPVC with cast iron fittings. Sacrificial anodes will be utilized to reduce corrosion at the fittings. The sizing of these fittings will be determined following the compilation of a geotechnical report identifying the actual composition of the soils. Approximately 100 lineal feet of pipe will be preplaced from the city's valve box to the connection inside the footprint of the high school.

**PROJECT BUDGET AND IMPLEMENTATION SCHEDULE:**

A. Project Budget Form:

<b>PROJECT BUDGET FOR: Colstrip High School Water Main Replacement Project</b>					
Completed by: CPS Superintendent of Schools For: Colstrip Public Schools, MT Date 1.24.20					
<b>ADMINISTRATIVE/ FINANCIAL COSTS</b>	<b>SOURCE: Coal Board Grant</b>	<b>SOURCE: CPS District</b>	<b>SOURCE:</b>	<b>SOURCE:</b>	<b>TOTAL:</b>
Grant Administration	\$0	\$0	\$0	\$0	\$0
Office Costs	\$0	\$0	\$0	\$0	\$0
Professional Services	\$3,325	\$0	\$0	\$0	\$3,325
Legal Costs	\$0	\$0	\$0	\$0	\$0
Travel & Training	\$0	\$0	\$0	\$0	\$0
<b>TOTAL ADMINISTRATIVE/ FINANCIAL COSTS</b>	<b>\$3,325</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,325</b>
<b>ACTIVITY COSTS:</b>	\$0	\$0	\$0	\$0	\$0
Equipment Cost	\$0	\$0	\$0	\$0	\$0
Construction Cost	\$110,248	\$0	\$0	\$0	\$110,248
Architectural/Engineering Design	\$7,700	\$0	\$0	\$0	\$7,700
Product Completion (PER's, studies, etc.)	\$0	\$0	\$0	\$0	\$0
Contingency	\$0	\$10,566	\$0	\$0	\$10,566
<b>TOTAL ACTIVITY COSTS</b>	<b>\$121,273</b>	<b>\$10,566</b>	<b>\$0</b>	<b>\$0</b>	<b>\$128,514</b>
<b>TOTAL PROJECT COSTS</b>	<b>\$121,273</b>	<b>\$10,566</b>	<b>\$0</b>	<b>\$0</b>	<b>\$131,839</b>

B. Project Budget Narrative:

<b>Colstrip High School Water Main Replacement Project</b>		
<b>ADMINISTRATIVE/FINANCIAL COSTS</b>		
<b>Personnel Services/Office Costs:</b>		<b>\$0.00</b>
There will be no personnel services required on this project as a employees salaries are accounted for in the annual budget.		
<b>Professional Services:</b>		<b>\$3,325.00</b>
The district has hired McKinstry as the design builder for the project. Their project manager will assist with the project design, development, and administration throughout the project. McKinstry plans to utilize the professional services of WWC for civil engineering. Note: a geotechnical survey is planned, but will be completed in the construction line item.		
<b>Legal Costs:</b>		<b>\$0.00</b>
No legal costs are anticipated or budgeted for in this project.		
<b>Audit Fees:</b>		<b>\$0.00</b>
Audit fees will not be necessary with this project.		
<b>TOTAL ADMINISTRATIVE/FINANCIAL COST</b>		<b>\$3,325.00</b>
<b>ACTIVITY COSTS</b>		
<b>Equipment Cost:</b>		<b>\$0.00</b>
There is no equipment breakout for equipment. All materials included in construction line item.		
<b>Construction Cost:</b>		<b>\$110,248.00</b>
Construction cost is the total construction including survey, inspection fees, excavation and replacement of the water main from the municipality to inside the footprint of the building.		
<b>Architectural / Engineering Design:</b>		<b>\$7,700.00</b>
This cost is for engineering fees related to the design of the project.		

<b>Project Study/ Permit</b>		<b>\$0.00</b>
This cost is for the initial permit for the construction scope.		
<b>Contingency:</b>		<b>\$10,566.00</b>
Contingency cost is approximately 8.7% of the construction budget. Percentage is within the industry standard for projects as recommended by the architect/ consultant.		
<b>TOTAL ACTIVITY COSTS</b>		<b>\$128,514.00</b>
<b>TOTAL PROJECT COSTS</b>		<b>\$131,839.00</b>

C. Implementation Schedule:

IMPLEMENTATION SCHEDULE FOR: Colstrip High School Water Main Replacement Project								
TASK	QUARTERS 2020				QUARTERS 2021			
	1ST	2ND	3RD	4TH	1 ST	2ND	3RD	4TH
<b>PROJECT START-UP</b>								
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	X	X				
<b>PROJECT CONSTRUCTION</b>								
A. Arch / Engr Design	X							
B. Conduct pre-construction conference		X						
C. Construction and purchase and installation of equipment		X						
D. Monitor Progress		X						
E. Final Inspection			X					
<b>PROJECT CLOSE-OUT</b>								
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				

**18. DESCRIPTION OF RELATIONSHIP TO COAL BOARD STATUTORY GRANT CRITERIA**

**A. Need**

1. 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.

**APPLICANT'S RESPONSE:**

There is a certain risk with the current compromised water pipe that could create a serious and immediate deficiency in the basic necessary service of water to the high school facilities and greater district. Without water to the high school, the district can not function.

The District's food services are prepared in the high school's kitchen and transported to the Pine Butte Elementary as well as to Frank Brattin Middle School.

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?

**APPLICANT'S RESPONSE:**

The concern is that the current pipe will soon break or be compromised attributing to an exasperated loss of school days and substantial property loss if the pipe is not replaced. The foreseen circumstances could create problems that could be detrimental to environmental problems, safety problems, hazards or health risks.

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?

**APPLICANT'S RESPONSE:**

There are approximately 563 students in the district that are all affected by the loss of water at the high school due to food service and other programs that cannot function without water. There are a total of 2,311 people in the Colstrip community. Therefore, the student population equates to approximately 24% of the entire community. CPS district liability will be shared by the community.

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 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:**

Upon examination of the exposed pipe during its repair there is certainly a concern for possible violations of state, federal health and safety standards.

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:**

There are concerns that surround the facilities as a whole that could compromise the safety of all who use the school facility.

6. Additional information supporting the NEED for this project.

**APPLICANT'S RESPONSE:**

There are future improvements planned for Colstrip High School as part of the Centralization Project for the District. Because this project was unforeseen many other projects will be put on hold despite the educational or facility needs that require updates or being brought up to current code.

**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 the High School Water Main Replacement Project are issues of safety and functionality. Specifically for those that work, live and stay in coal country and the community of Colstrip. The impact of the coal economy directly affects the Colstrip School District's ability to provide the needed maintenance for facilities that were built with coal funding. The current uncertainty in the coal industry has resulted in declining enrollments and funding. The current economic situation in Colstrip is 100% a result of coal impacts and an uncertainty in the power industry. Colstrip was initially a company town formed to provide housing to employees of the coal mine and later the power generation facility. The majority of households in Colstrip have a member of the household that works in the coal industry. Even families that attend Colstrip from the surrounding area contribute indirectly or directly to the coal industry. At present there are over 650 persons employed.

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 Coal-fired Electric Plant - Four Unit 2,100 MW power station: Employs 320 and is located with the City of Colstrip.
- B. Westmoreland Company’s Rosebud Coal Mine: Employs 362 and produces 12.3 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 coal 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. Decker Mine is located 85 miles to the south of Colstrip.

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:**

Colstrip is a community built and centered around the production of coal fired electricity. Residents that come into the community are employed by or supported directly or indirectly by the Rosebud Power Plan, Western Energy Coal Mine and the Talon Energy generated power plant. The majority of households in Colstrip have at least one person directly employed in the coal industry. In the advent of the shut-down of two of the four power units located in Colstrip that provide a significant tax structure for community and educational operations, economic uncertainty has rippled through the Colstrip community. The effects from the uncertainty alone have significantly impacted our community and those that choose to live and raise their families in coal country.

**C. Availability of Funds**

1. Amount requested from the Coal Board: \$ 121,273
2. Amount of Coal Board funds available at the time of application \$ \_\_\_\_\_
3. Explain why a coal impact grant is necessary to make the project feasible and affordable

**APPLICANT’S RESPONSE:**

The Coal Impact Grant is vital to this project. Public school funding is determined by formula in the state of Montana and directly related to “average number belonging” (ANB) and support of local taxpayers. With the pending closure of Colstrip Units 1 & 2, the District has experienced enrollment changes that affect the funding in the General Budget. Any negative shifts in enrollment lead to greater tax burden on the individual taxpayer to maintain current budgets. In addition, as taxable valuation diminishes and less coal is mined, resulting in reduced coal gross proceeds, the individual property taxpayer will be under greater burden to shoulder any difference.

Natural demographic changes leading to staff retirement coupled with uncertainty of future employment opportunities, because of the closure of Units 1 & 2, have created challenges to recruitment and retention of qualified staff.

The Coal Impact Grant is instrumental in offsetting the burden that taxpayers have in maintaining the facilities that were built for our coal producing community with coal funds. This grant will help a coal reliant community offset its obligation to provide a safe facility for students, staff, and community.

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

**APPLICANT’S RESPONSE:**

The Colstrip community has supported the requests of the Colstrip School District for funding for over three decades. As such, it has diminished its reliance on outside sources. Colstrip Schools has committed over \$10,566 to fund project contingency (in excess of 8.01% of the project). The district is seeking assistance from the coal board to fund the remainder of the project.

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

**APPLICANT’S RESPONSE:**

If grant funding is not obtained, it is anticipated that the majority of the project may not proceed.

**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:**

In 2019, the general fund millage rate is greater than the three year average millage rate.

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:**

Colstrip Public Schools plans to absorb over \$10,566 of the total project cost, These costs are primarily related to contingency cost; however, the district has already absorbed an extensive amount in repairing the last water main break.

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

**APPLICANT’S RESPONSE:**

Colstrip Public Schools has over \$5 million in deferred maintenance. The district prioritizes the annual list according to the following criteria: 1) Safety and Security 2) Degree of wear 3) Insufficiency and Cost Prohibitiveness 4) Condition. This grant application addresses the districts highest grading criteria. The taxpayers have generously supported all levy requests put before them for general funds as well as several building reserve levy requests thereby showing its commitment for the well-being of the school district. The pipe is 36 years old has is nearing its lifecycle.

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:**

N/A

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

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?

784442000  
784442006 9999JD9C1

BOARD OF INVESTMENTS  
ANNUAL AJUSTABLE RATE TENDER OPTION  
MUNICIPAL FINANCE CONSOLIDATION ACT BONDS  
(INTERCAP REVOLVING PROGRAM) SER 2004

MUNICIPALITY: COLSTRIP HS DISTRICT#19	0
TOTAL LOAN COMMITMENT: \$ 500,000.00	FINAL LOAN PAYMENT: 6/15/2021
TOTAL DRAWS TO DATE: \$ -	TOTAL # OF LOAN PAYMENTS: 10
THIS DRAW DOWN: \$ 500,000.00	LOAN/DRAW NUMBER: 2719-01
REMAINING LOAN COMMITMENT: \$ -	DATE OF THIS DRAW 9/30/2016
PROJECT: BUILDING REMODEL	DATE OF LOAN AGREEMENT: 9/30/2016

PAYMENT DUE	INTEREST RATE	# DAYS DUE	INTEREST PAYMENT	PRINCIPAL PAYMENT		O/S LOAN BALANCE	TOTAL AMOUNT OF PAYMENT
* BEGINNING BALANCE *						500,000.00	
2/15/2017	1.550%	138	2,922.13	50,000.00	ex princ pd	450,000.00	\$52,922.13
8/15/2017	2.500%	181	5,563.52	48,691.20		401,308.80	\$54,254.72
2/15/2018	2.500%	184	5,057.59	49,020.22		352,288.58	\$54,077.81
8/15/2018	3.150%	181	5,502.94	49,448.13		302,840.45	\$54,951.07
2/15/2019	3.150%	184	4,808.94	49,789.62		253,050.82	\$54,598.56
8/15/2019	3.370%	181	4,228.86	50,210.90		202,839.92	\$54,439.76
2/15/2020	3.370%	184	3,445.94	50,571.00		152,268.92	\$54,016.94
8/15/2020	0.000%	182	0.00	50,982.29		101,286.63	\$0.00
2/15/2021	0.000%	184	0.00	51,366.67		49,919.96	\$0.00
6/15/2021	0.000%	120	0.00	49,919.96		0.00	\$0.00

7. What are your current assets?

**APPLICANT’S RESPONSE:** From the management, discussion, and analysis section of the FY 2018 of the Financial Compliance Report:

NET POSITION			Activities	
	2018	2017	\$ Change	% Change
Current assets	8,135,040	7,040,576	1,094,464	15.55%
Capital assets, net	9,835,306	10,593,603	-758,297	-7.16%
Total assets	17,970,346	17,634,179	336,167	1.91%
Deferred outflows of resources	848,455	1,204,472	-356,017	-29.56%
Current liabilities	161,869	148,104	13,765	9.29%
Long term liabilities	8,834,542	8,755,379	79,163	0.90%
Total liabilities	8,996,411	8,903,483	92,928	1.04%
Deferred Inflows of Resources	343,616	329,840	13,776	4.18%
Net Position:				
Invested in capital assets net of related debt	9,483,017	10,593,603	-1,110,586	-10.48%
Restricted	4,719,006	4,011,573	707,433	17.63%
Unrestricted	-4,723,249	-4,999,848	276,599	-5.53%
Total net assets	9,478,774	9,605,328	-126,554	-1.32%

8. What financial accounting system do you use?

**APPLICANT’S RESPONSE**

Generally accepted accounting principles as adopted by the governmental accounting board and the State of Montana. The district utilizes Tyler Technologies’ Infinite Visions software.

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: Year ending June 30, 2018, audit finalized by Strom & Assoc., P.C. March 19, 2019, and approved by Colstrip Board of Trustees on April 8, 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 district plans to covering differences from the quoted prices by funding \$10,566 in contingency for the project.

**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 request is due to unforeseen circumstances that were not planned: the district has invested in the future by completing a Centralization Project Study. It is anticipated that there will be substantial decreases to the district's student population and budget with the closure of Units 1 and 2 at the Colstrip Power Plant. The district has proactively explored multiple scenarios reviewing how they can best accommodate declining enrolment and reduced budget dollars. A recommendation from the study was to reduce the facility footprint for the district. Due to Colstrip High Schools relatively recent construction and large capacity, it was recommended to be the anchor facility when a reduction in the facility footprint is necessary.

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

**APPLICANT'S RESPONSE:**

This project is very disruptive to current plans as it is an unforeseen circumstance. Completing this project is critical to the needs of the community and district; however, many of the planned projects are also critical, but could be put on hold due to the cost of replacing the water main.

**APPENDIX A**

**PAR PRELIMINARY ARCHITECTURAL REPORT (PAR) REQUIREMENTS**



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550 S. 24<sup>th</sup> STREET W., SUITE 201, BILLINGS, MT 59102 | 406.894.2210

January 20, 2020

Mr. Tyler Bush  
McKinstry  
Project Director  
100 N. 27<sup>th</sup> Street, Suite 220  
Billings, MT 59101

**Re: Colstrip High School Water Service Replacement**

Dear Mr. Bush:

WWC Engineering (WWC) is pleased to present this proposal to complete domestic water permitting and engineering services in order to assist Colstrip Public Schools District #19 (School District) in an effort to replace the existing water service line to Colstrip High School (High School). Based on our discussions on January 16<sup>th</sup>, and the images of previous leaking areas provided subsequently, it is apparent that the existing ductile iron water pipe is experiencing advanced corrosion which is leading to the intermittent leaks. Based on our experience and what it sounded like you have already surmised, once advanced corrosion begins, it will occur at a more rapid pace and the intermittent leaks will become more frequent.

In order to mitigate this, it is our understanding the School District will be working with the Montana Coal Board to move forward with replacement of the water line. As the High School is considered a public water supply system (serving 25 or more persons daily for more than 60 days a year), the alterations to the system would need to be reviewed and approved by Montana Department of Environmental Quality (MDEQ) prior to construction. As such, we have prepared the following scope of work items accordingly for your review.

#### **Scope of Work**

##### **Task 1. - Site Survey**

Although sufficient information will be necessary in order to prepare design plans for submittal to MDEQ, WWC will keep this task to a minimum to limit costs to the School District. WWC will collect data on the current alignment of the water line, connection points for the 4" domestic water service and fire riser, and the hydrant on the east side of the High School. When picking up this information, limited amounts of topographic information will be collected to allow for preparation of design profiles; however, other planimetric data will be incorporated into plans using recent aerial imaging.

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SOLVING PROBLEMS AND DELIVERING VALUE

### Task 2. - Design and Permitting

Utilizing the information collected during site survey and during the geotechnical investigation (discussed later), WWC would work to prepare design drawings, specifications, and a water report to satisfy the requirements of MDEQ of water systems alterations. Incorporated into the water report would be design justification indicating the water lines are correctly sized and there is no impact from replacement with another material. In an effort to do so, WWC would request information regarding the fire suppression system and typical water use demand of the High School for modeling purposes.

### Task 3. - Construction Inspection

The permitting approval from MDEQ will require submittal of as-built plans post construction. To accomplish this, WWC must conduct site visits during construction of the mains and must include updated plans per the contractors redlines post construction. WWC would anticipate accomplishing this by conducting 3 site visits during construction at critical points (connection to main in Pinebutte Drive, connection to existing service liens into building, and pressure testing) in an effort to limit costs for the School District.

We have not included costs to provide construction staking in this scope of work as it is anticipated the contractor will utilize the plans and stake the work themselves. Additionally, compaction testing and bidding assistance is not included in this scope, but can be if requested. It is assumed design drawings and specifications (special provisions related to the work) will be provided to the School District for use in contracting with the selected contractor performing the work.

### Additional Recommended Task - Geotechnical Investigation

As advanced corrosion of the existing ductile iron pipe is leading to these efforts, WWC would recommend having a geotechnical investigation done along the route of the waterline to determine depth to groundwater, soil resistivity (the propensity to be corrosive to metals), and water soluble sulfate content (propensity to be corrosive to concrete). These efforts could either be coordinated by WWC with a geotechnical firm we typically work with, or by the School District if there is a preference they would like to use. Costs have not been included for this task item, but can be incorporated into WWC's scope should you wish. Typically, geotechnical investigations of this magnitude are between \$4,000 and \$6,000.

### **Schedule**

Upon request to complete the work, WWC proposes to complete the survey and permitting package within a period of 6 weeks. Following this will include MDEQ review and approval, which may take 4-12 weeks, dependent on their workload.



Mr. Tyler Bush  
Page 3 of 3  
January 20, 2020

### Cost of Services

WWC proposes to conduct the work described in this proposal on lump sum basis as provided in the following table. The total cost will not exceed the amount listed without written concurrence from you. Any material changes to the scope of work will result in changes to the estimated costs. Please note permitting fees through MDEQ have not been included in the costs provided below, but are anticipated to be approximately \$400. This will be confirmed following finalization of design and can either be provided by WWC and passed through on invoicing or paid directly from the School District.

Task	Description	Estimated Cost
1	Site Survey	\$ 1,625
2	Design and Permitting	\$ 7,700
3	Construction Administration	\$ 3,400
	<b>Total:</b>	<b>\$ 12,725</b>

If you have any questions regarding this proposal and or the project scope of work, please do not hesitate to let either myself or Greg Reid know. Should the above listed scope of work, schedule, and costs look agreeable to you and the School District, please let us know and we can provide a contracting mechanism.

We look forward to working with you on this project. Should you have other work requiring our expertise please do not hesitate to call us.

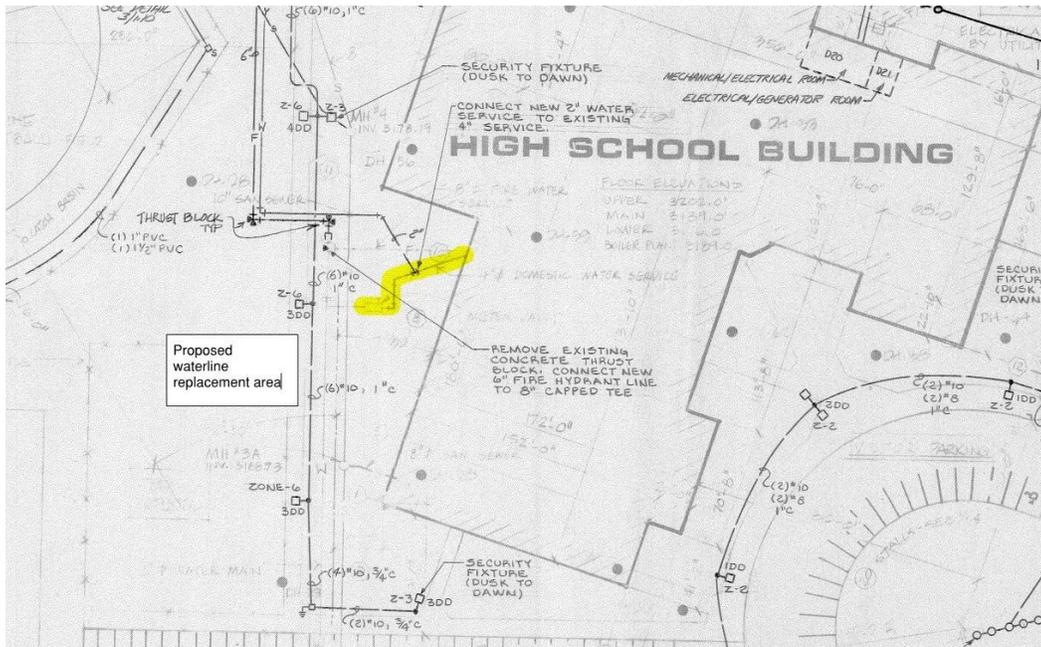
Sincerely,



Taylor Kasperick, P.E.  
Project Manager

\\www.local\Corporate\Marketing\BILLINGS\PROPOSAL\INSTITUTION\2020\ColstripSchoolDistrict\WaterServiceReplacement\_ColstripHighSchool\_ProposalLetter.docx





**Subcontractor Estimate from Allied Plumbing inclusive of 4" pipe replacement from external valve box to inside first flange including excavation/backfill, concrete cut, and floor patch, cathodic protection is \$110,248. Exclusions from subcontractor include landscaping or grass replacement which is assumed to be completed by the district staff.**



## APPENDIX B

Resolution identifying exemption to the MEPA review under ARM 8.2.328(2)

- Project involves only minor repairs or rehabilitation to an existing facility, including functional replacement of an existing facility or facility components;
- Project where the footprint of the proposed structures, pipelines or other infrastructure would be substantially unchanged from existing conditions, and there is no increase in the population served by the facility.

As per Colstrip Public District Policy 1400 Board Meetings, the following agenda was posted in a manner that will receive public attention. It was posted at the Post Office and at all school building main entries (Frank Brattin Middle School, Pine Butte Elementary School and Colstrip High School). This process serves as Colstrip Public Schools public notice. The District also provides public notice using an online service called BoardDocs. Below is the notice and header used.

### Special Board Meeting Wednesday, January 22, 2020

Notice is hereby given to the governing Board and general public that the Special Board Meeting of the Governing Board for the Colstrip School District #19 will be held Wednesday January 22, 2020 beginning at 5:00 PM in the District Board Room located in the lower level of the Frank Brattin Middle School. Following is the proposed agenda:

Main Governing Board



View the  
Agenda



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Agenda



Add  
Minutes

<https://www.boarddocs.com/mt/cpsd19/Board.nsf/vpublic?open>.

## Agenda Item Details

Meeting	Jan 22, 2020 - Special Board Meeting
Category	NEW BUSINESS
Subject	Montana Coal Impact Grant Application for Colstrip High School Water Main Replacement Project
Access	Public
Type	Action
Recommended Action	NOW, THEREFORE, BE IT RESOLVED by the Colstrip Public School District # 19 Board of Trustees as follows: That Colstrip Public School District # 19, in Colstrip Montana adopts the Colstrip High School Water Main Replacement Project for submission to the Montana Coal Board for a Montana Coal Impact Grant at the March 12, 2020 Coal Board Meeting.

## Public Content

### WHEREAS: **ELIGIBILITY FOR COAL BOARD GRANTS**

The governing body of a city, town, county, or school district, any other local or state governmental unit or agency, or the governing body of a federally recognized Indian tribe may apply for a grant to enable it to provide governmental services that are needed as a direct consequence of an increase or decrease of coal development or of an increase or decrease in the consumption of coal by a coal-using energy complex. (90-6-208, Montana Code Annotated)

Under 90-6-209, MCA, the Coal Board may not approve a grant to an Indian tribe unless:

- (a) the governing body of the tribe has agreed:
- (1) to waive its immunity from suit on any issue specifically arising from the transaction of a grant obtained under this part; and
- (2) to the adjudication of any dispute arising out of the grant transaction in the district court of the first judicial district of the State of Montana; and
- (b) approval of the transaction has been obtained from the Secretary of the United States Department of the Interior whenever approval is necessary

### WHEREAS: **CRITERIA FOR AWARD OF COAL IMPACT GRANTS**

In accordance with current statute: 90-6-206, MCA Basis for awarding grants:

(1) Grants must be awarded on the basis of:

- (a) need;
- (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;
- (c) availability of funds;
- (d) degree of local effort in meeting these needs; and

(e) in addition, State law (90-6-207[5], MCA) requires the Coal Board to give attention "to the need for community planning before the full impact of coal development or decline is realized. Applicants should be able to show how the request reasonably fits into an overall plan for the orderly management of the existing or contemplated growth or decline problems." Therefore, pursuant to Sub- Chapter 3 of the Administrative Rules of Montana, 'planning' is an additional criterion the Coal Board will apply when judging applications.

WHEREAS, **Colstrip Public School District #19** has completed a review of its Deferred Maintenance list of \$5 million dollars to identify potential projects for consideration through the Colstrip Board of Trustees Facility Committee for recommendation to the Montana Coal Board to request application for a Montana Coal Impact Grant at the Coal Board Meeting on March 12, 2020.

WHEREAS, The **Colstrip Board of Trustees Facility Committee** is recommending the following project for consideration: **Colstrip High School Water Main Replacement Project**;

Below is the Agenda and Notice posted.

## Special Board Meeting

Wednesday, January 22, 2020

Notice is hereby given to the governing Board and general public that the Special Board Meeting of the Governing Board for the Colstrip School District #19 will be held Wednesday January 22, 2020 beginning at 5:00 PM in the District Board Room located in the lower level of the Frank Brattin Middle School. Following is the proposed agenda:

Main Governing Board



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Minutes



216 Olive Drive • P.O. Box 159 • Colstrip, MT 59323-0159 • 406-748-4699

**RE: Colstrip High School Water Main Replacement Project**

WHEREAS, **Colstrip Public School District #19** has completed a review to identify potential environmental impacts to the **Colstrip High School Water Main Replacement Project**;

WHEREAS, **Colstrip Public School District #19** has held a public meeting to solicit public comments regarding the following: potential for causing a significant effect on the quality of the human environment; potential public controversy over the project's possible effect on the quality of the human environment; and potential to affect sensitive environmental or cultural resource areas or endangered or threatened species and their critical habitats;

WHEREAS, No substantive public comment was received;

WHEREAS, **Colstrip Public School District # 19** has determined that the **Colstrip High School Water Main Replacement Project**; will not significantly affect the quality of the human environment; a significant public controversy does not exist over the project's potential effect on the quality of the human environment; and the project will not affect sensitive environmental or cultural resource areas or endangered or threatened species and their critical habitats;

WHEREAS, **Colstrip Public School District # 19** has determined an Environmental Assessment and Environmental Impact Statement are not necessary;

NOW, THEREFORE, BE IT RESOLVED by the **Colstrip Public School District # 19 Board of Trustees** as follows:

That **Colstrip Public School District # 19**, in Colstrip Montana adopts the determination that a Categorical Exclusion for **Colstrip High School Water Main Replacement Project** is appropriate.

Passed and approved on this date of (dated).

Signed:

Date:

Name:

Attested:

Title:

## **Coal Board Grant Applicant-Colstrip High School #0901 Staff Report / March 2020 Meeting**

**Applicant:** Colstrip High School

**Project:** Replace cast iron water main

**Coal Board Funds Requested:** \$121,273

**Total Project Cost:** \$131,839

**Project Information:** The applicant is requesting \$121,273, of a total project cost of \$131,839, in Coal Board funds to replace a cast iron water main at Colstrip High School. The request to the Board is 92% of the project costs. The purpose of the project is to address damage from a water main break and a corroded and aged water main. **The applicant is a designated unit.**

### **Categories:**

#### **Need:**

- **Applicant:**
  - The applicant identifies the following problems with the water main: damage from a water main break and corroded and aged water main.
  - The environmental review documentation included public notice where the environmental determination was discussed. The environmental resolution was not signed, and no meeting minutes were included.
- **Staff Review:**
  - The proposed project solution is to replace about 100 feet of cast iron water main pipe.
  - Staff has determined that the environmental process is incomplete

#### **Degree of Severity of Impact:**

- **Applicant:**
  - The applicant discusses the diverse enrollment of the school from the Northern Cheyenne Indian and the Crow Reservations and how the community of Colstrip is centered around the production of coal fired electricity.
  - Direct and indirect impacts from nearby mines and plants are discussed in the application.
- **Staff Review:**
  - Documentation provided for severity of impact included narrative in the application.

#### **Availability of Funds:**

- **Applicant:**
  - The applicant details the amount of coal gross proceeds for fiscal years 2017 and 2018 and a projection for fiscal year 2019 and discusses how public school funding is determined and the changes in enrollment.
- **Staff Review:**
  - The applicant is a designated unit.
  - Revenues related to the Coal Natural Resource account are not sufficient to fund the costs associated with this project request.

### **Degree of Local Effort in Meeting Needs:**

- **Applicant:**
  - The applicant discusses how over the past 14 years, the voters of Colstrip have consistently passed annual levies to support its educational system and facilities in Colstrip.
- **Staff Review:**
  - Millage rates provided by MDOR data demonstrates the average millage rates for the previous three years are higher than the current year millage rates. MDOR data years: 2016-2017, 2017-2018, 2018-2019.
  - The applicant will contribute \$10,566 for project contingency, representing 8% of the project costs

### **Planning & Management:**

- **Applicant:**
  - The City of Colstrip recently completed an update of its Growth Policy in 2019. This new Growth Policy stressed adjustments are currently underway within Colstrip in regard to the water system as a reaction to declines in demand for water. The application stressed that a Centralization Project Study had been completed which concluded that the High School would be the “fallback” facility due to anticipated declining enrollment as a result of closure of Units 1 & 2.
- **Staff Review:**
  - The applicant provided a clear rationale that the proposed water main project was unforeseen and not anticipated. The planning documents evidence support of the project and connect well to the communities reliance on the High School as Colstrip’s principal educational facility going forward as adjustments are made to accommodate fewer households and students.

### **Grant History:**

Since 2009, the applicant has been awarded 1 project totaling \$473,550. For more information on Coal Board projects for this or any other applicant, please visit the Commerce Grants Database at <https://commerce.mt.gov/About/FundedProjects>.

**Supplemental Documents** (not included in this staff report): cost estimates, letter for an engineering consultant.

### **Staff Summary:**

See engineer memo.

The applicant provided public notice where the environmental determination was discussed. The environmental resolution was not signed, and no meeting minutes were included.

“The applicant must provide documentation of the completed environmental review process and include with the application all documentation of the public review process, including but not limited to, the public notice for and minutes of a public hearing at which the environmental review was discussed, the public comments received, and the final decision on the environmental determination made during a public meeting” (Montana Coal Board Application, pg 27).

The environmental review record in this application is incomplete. The Board may categorically exclude projects from MEPA requirements which apply to Coal Board regulations. The proposed project

could fall under a Coal Board categorical exclusion (ARM 8.2.304(5)). Therefore, the board has two options. The board may postpone action on the project for failure to complete the application. Or the board may designate the project as categorically excluded from MEPA review (see ARM 8.101.203) during a public meeting. To facilitate the opportunity for the board to make this decision, the agenda has included public notice concerning this environmental review decision.

Staff does not recommend funding until environmental review record regulations have been met. Further, staff does not recommend funding due to the statutory criteria: Availability of Funds.

**MEMO**

To: Coal Board Members and Commerce Staff  
From: Division Engineer  
Subject: Colstrip Schools – Water Main Replacement  
Meeting: March 2020

**History** –Colstrip High School was constructed in 1983. A water main break occurred in December of 2019. Interior damages caused the District to close school for two days until the break could be repaired. Damages were over \$80,000.

**Problem** – Problems identified in the application included the following:

- damage from water main break; and
- corroded and aged water main.

**Solution** – The proposed project includes replacing about 100 feet of cast iron water main pipe, probably with PVC pipe.

\*\*\*\*\*

The purpose of the project is to replace a corroded water main to prevent further breaks and associated damages. The line to be replaced is between the municipal water vault and the entry into the school. The break occurred where the gymnasium and classroom structure meet the north side of the high school facilities. The water found its way inside the building from on top of the ground, and through the cement floor and walls. The condition of the pipe is such that it appears likely to break again.

The Coal Board grant request is for \$121,273. The total cost is \$131,830; the District is contributing \$10,566 for project contingency.

The cost estimate was from a contractor. A letter from an engineering consultant, dated January 20,2020 was also included in the application. The letter included a scope of work and cost estimate for their services.

Public notice documentation and the applicant’s environmental determination were included with application.

Procurement documentation was not found.

It was not clear why question 6 on page 3 referred to the name of the project as “Colstrip Water Main Replacement and LED Lighting Improvement Project”. They appear to be two separate projects.