

Montana Coal Board
Meeting Minutes
March 15, 2013
Great Northern Hotel, Helena, MT

Welcome - Call to order

Chairman John Williams welcomed all present. Chairman Williams called to order the meeting of the Montana Coal Board at 8:30 a.m.

Roll call:

Ms. Olson called the Roll.

The following board members were present:

Chairman John Williams, Vice Chairman Dan Dutton, Loren Acton, Marcia Brown, Chad Fenner, and Ralph Lenhart. Gerald Navratil was not present.

Commerce - CDD staff present:

Jennifer Olson, Community Grants Bureau Chief Lisa Huff, Administrative Officer
Tricia DesJarlais, CDD staff member Joanne Gilbert, CDD Administrative Assistant

Public Present:

Allen Clubfoot	Northern Cheyenne Utility Commission	Sylvia Metzger Patrick Murtagh	Town of Melstone/Pool Murtagh Municipal for Hysham/Melstone
Wanda DeJaegher	Town of Melstone/Pool	Jeremiah Theys	Great West Engineering
Kathy Eike	Town of Melstone/Pool	Winslow Whitecrane	Northern Cheyenne
Larry Fink	Town of Hysham		Utility
Julie Korkow	SEMDC		

Opportunity for Public Comment

Julie Korkow, SEMDC, expressed Custer County's gratitude for the Coal Board grant to improve the detention center. She provided a progress report and Custer County will send a quarterly report. A Request for Qualifications (RFQ) was published for the second portion of the design project.

Approval of Minutes

Action: Motion made by Mr. Fenner and seconded by Mr. Dutton to approve the minutes of the October 19, 2012 meeting. Meeting minutes were approved as presented.

Current Project Updates

Ms. Olson provided the following project updates:

- 57 projects awarded during the 2013 Biennia to date.
- 3 projects awarded at the last board meeting
- 2 of the 3 projects awarded at the October 19, 2012 meeting are executed.
- **Contract #0666 for Forsyth Public Schools** (awarded July 15, 2011 - pending remaining proposed funding committed) was executed January 27, 2013.
- 33 open contracts — see table attached for details.
- 22 contracts closed since the October 19, 2012 meeting:
 - ❖ 7 awarded during the 2011 biennia of 10 remaining open contracts.

✧ 15 awarded during the 2013 biennia of 45 remaining open contracts.

Budget & Financial Report

Ms. Olson presented the Budget & Financial report:

- **\$5,917,424** - appropriated for the 2013 Biennia
- **\$2,984,621** - available for fiscal year 2013
 - **\$117,589.38** - balance of available funds
- Of the 59 grants awarded during the 2013 biennia, a total of **\$175,496.10** has been recaptured and re-awarded to-date.
 - ✧ *\$175,239 of this amount represents funds awarded, then withdrawn and re-awarded to Lame Deer Schools for the gymnasium, then construction completion of the elementary school library.*

Ms. Olson read an internal memo given to the Director that described the circumstances that resulted in a negative balance of funds. Ms. Olson discussed how current staff reconciled several project budgets to complete closeout processes and begin division tracking of awards and expenditures of Coal Board funding. Through this process staff discovered that the former Coal Board Administrative Officer did not keep accurate tracking records nor did she regularly communicate with the fiscal office regarding the award of funds made by the board. Ms. Olson explained that the two projects were not contracted until August, 2013. Because of this error, awarded projects were not communicated to the fiscal office, resulting in the inability of funds to be accrued appropriate to fiscal practices that would allow the use of funds awarded from the 2011 biennial projects to be appropriately contracted and used in the 2013 biennia. Specifically, two projects awarded during the 2011 biennia totaling \$178,523 (December 2010 award - \$160,000 to Northern Cheyenne Tribe and, March 2011 award - \$18,523 to Rosebud County) created a negative balance and prohibits the board from using any balance of funds reported during previous board meetings. Because the funds were contracted in the 2013 biennia and Commerce accounting staff was not informed of the awards or pending contracts, the funds could not come out of the 2011 biennia appropriation. Instead, the funds would have to come out of the 2013 biennia appropriation, which creates a negative balance.

Ms. Olson reported that options to resolve the negative balance are begin reviewed with the fiscal office and a solution will be presented at the next board meeting.

The Board inquired about the communication and contract process within Commerce. Ms. Olson explained that new processes have been established to ensure that appropriate reporting and communication occur directly after actions taken with regard to Coal Board funds have been established to prevent this from occurring again and ensure that any awards are accrued in the correct biennia.

Chairman Williams stated that the current availability of funds is at \$0, so no awards would be made. He recommended that applicants continue their presentations. The Board can still take action on the application and Chairman Williams stated that the applicants still would need to present the proposed project. As with any board meeting, if a project is not funded or tabled, the applicant should communicate with the board during the subsequent meetings regarding the project and any potential changes. Chairman Williams stressed that the applicants attend the next meeting to hear the board's discussion on their proposed projects.

Chairman Williams asked if Ms. Olson could present information on the current proposed legislation that may affect the Coal Board. Ms. Olson provided a copy of the following proposed legislative bills and read the short title of the bill.

HB435 - potentially modifies the coal impact area, and

HB2 - establishes funding for Coal Board

The board members requested staff to provide an update of legislative actions during the next board meeting.

OLD BUSINESS

There are 3 currently tabled applications:

1. Big Horn County - \$40,000 for public library seating and carpet replacement;
2. Fort Smith Water & Sewer District - \$56,000 for an emergency well; and
3. Yellowstone County - \$349,000 for road repairs.

If more applications are tabled, they will be added to the list.

NEW BUSINESS

Potential application: Letter request from Little Bighorn College

Chairman Williams discussed Little Bighorn College's request for the Coal Board to send a letter to a potential funding source, Indian Community Development Block Grant Program (ICDBG) located at the HUD Office of Native American Programs in Denver Colorado. The board approved Chairman William's signature of a letter of information to be submitted to ICDBG which explained the Coal Board's process for funding and eligible applicants for the 2015 biennium.

Application #0724 - Big Horn County - Hospital Infusion Pump Replacement – Requested \$11,200

➤ application tabled

Ms. Olson presented Big Horn County's application to replace infusion pumps for the hospital. The average age of current infusion pumps used by the hospital is 11 years. Industry standard is to replace equipment every three years. This project proposes replacing the outdated pumps to improve patient care and decrease expenses associated with repairing existing pumps. Total project cost is estimated at \$38,000. The request to the Board is 29% of the cost of the project. The hospital has committed \$26,900 for this project. The County's audit is current and they use an approved accounting system.

The Board discussed the application and noted the Coal Board has provided funding to the hospital previously. Coal impact is high in that area and the applicant has requested a small percentage of total cost.

Action Taken: Motion to table made by Chairman Williams. Mr. Dutton seconded. All approved. The motion to table passed with Mr. Fenner abstaining.

Application #0725 - Northern Cheyenne Utility Commission (NCUC)- Water System PER- Requested \$25,000

➤ application tabled

Ms. Olson presented NCUC's water study application. NCUC is proposing to study the feasibility of Stebbins Spring serving as a source of water for Ashland and Rabbit Town. The Walking Horse Subdivision has not had a potable water source since construction in the 1990's. The current water treatment facility is too costly and operationally intensive for NCUC to maintain. Total cost of the project is estimated at \$25,000. The request to the Board is 100% of the cost of the project. NCUC's audit status is current and they use an approved accounting system.

Winslow Whitecrane, with NCUC, expressed gratitude for the Coal Board grant enabling improvements to the water supply at Muddy Cluster. Lane Deer subsidizes Ashland's revenue. Fifteen additional new houses have caused overload of system. The NCUC would study the spring as source of water, conducting a microscopic articulate analysis to see if it's feasible and if it would lower O&M costs.

The proposed water supply would serve Rabbit Town only. It will not cross the river for Ashland's use.

The Board recommended the applicant contact Gloria Hawkins at the USDA/RD Water & Environmental Program in Billings, or other funding resources, as they deal with water problems in small communities. The Board also requested a more detailed report of the research steps that would be completed as part of the proposed project be presented at the next meeting.

Chairman Williams noted that the NCUC did not address several questions on the impact of coal. He recommended NCUC solicit help from SEMDC or other grant administration services to more thoroughly address specific criteria for coal-related impacts into the application.

The Board discussed the application and noted that the applicant may want to work on the application as discussed and represent when ready. The Board also noted the Northern Cheyenne Tribe has previously used past Coal Board funds.

Action: Motion to table made by Mr. Dutton. Mr. Fenner seconded. All approved. The Board unanimously agreed to table the project.

Application #0726 - Town of Broadus - Flood Plain Study - Requested \$15,900

➤ application tabled

Ms. Olson presented an application from Town of Broadus. The applicant proposes preparing a flood plain study in hopes that FEMA will revise the current defined floodplain elevations. The current FEMA Floodplain map was last updated in 1986 and shows most of Broadus south of North Street in Zone A as a special flood hazard area with no base flood elevation. The impact of this map is significant to the community's current and future development, resulting in expensive engineering and/or permitting to mitigate. The total cost of the project is estimated at \$19,900. The request to the Board is 80% of the cost of the project. The Town has committed \$2,000 to the project, The Powder River Chamber of Commerce has committed \$1,000, and SCDC has committed an additional \$1,000. The Town's audit status is unknown and they use an approved accounting system.

Julie Korkow, of SEMDC, will bring confirmation letters of match and support letters to the next Coal Board Meeting. She discussed the numerous planning sessions the Town of Broadus has gone through.

Marty Copps, a business owner in Broadus, and President of Broadus Area EDC, contacted MEDA. An assessment was completed which identified the floodplain as the main issue. People cannot buy land because they cannot afford the high cost of floodplain insurance. The original 1979-80 floodplain study was done incorrectly and a new floodplain study is needed.

The Board asked if the study wasn't favorable, what would be done with it. Julie explained that all of the elevations and information completed would be applicable to individual homeowners. They discussed LOMA's where homeowners could complete paperwork to request their individual properties be exempt from the floodplain.

The Board asked if this project is funded, would it go through complete fruition. Julie will discuss this with City Council and report back.

Chairman Williams discussed the application and noted that the additional information would be helpful for further consideration by the board.

Action: Motion to table made by Mr. Acton. Mr. Fenner seconded. All approved. The Board unanimously agreed to table.

Application #0727 -Town of Hysham - Planning & Water System PER – Requested \$56,500

➤ application tabled

Ms. Olson presented an application from the Town of Hysham. The applicant proposes to evaluate the water system through a PER. With this funding application, the Town also wishes to conduct a Needs Assessment /Survey, Capital Improvements Plan and a Growth Policy. These planning documents are necessary to further identify community needs and priorities in order to apply for state and federal competitive infrastructure grants. The current water collection system continues to produce violations of the Lead and Copper Rule, leading the DEQ to require corrections within 18 months of the due-date, November 18, 2012. The draft PER in 2004 did not look into the advantages of switching over to a groundwater system. The water storage tank is also 100% corroded and at 100,000 gallons, is undersized for the communities fire protection needs in the summer. The total cost of the project is estimated at \$86,500. The request from the Board is 65.25% of the cost of the project. The Town has committed \$5,000 to this project. Planning grants through TSEP and DRNC totaling \$25,000 will be applied for in the spring of 2013. The City's audit status is current and they use an approved accounting system.

Larry Fink, Mayor of Hysham and Superintendent of Schools, expressed concern with the violations of the water system and the locale of the severely, corroded, elevated water tank being so close to the school and local businesses. It has become a very serious threat to public safety.

Julie Korkow, SEMDC, reported that the Town of Hysham's issue is classified as Priority A on the annual needs list of infrastructure projects within their region and is also listed in the Comprehensive Economic Development Strategy (CEDs) as well.

Patrick Murtaugh, engineer for Hysham, recognized that as of 2012, the water tank was 100% corroded and it is unknown when it will fail.

The Board discussed the application asking questions for further clarification.

Action: Motion to table made by Mr. Acton. Mr. Dutton seconded. All approved. The Board unanimously agreed to table.

Application #0728 -Town of Melstone - Swimming Pool Improvements - Requested \$63,184

➤ application tabled

Ms. Olson presented an application from the Town of Melstone. The application proposes repairing the heating, pump and filter deficiencies of the public pool as well as remodeling the restrooms for ADA compliance. The pool filter is no longer accessible for parts replacement or repair. Lack of a usable cover and the inadequate heater prevent the pool from operating within human comfort levels beyond August or before mid-June. The total cost of the project is

estimated at \$71,722. The request from the Board is 88% of the cost of the project. Signal Peak Mine has also committed \$8,588 to this project. The City's audit status is current and they use an approved accounting system.

Sylvia Metzger, board chairman of pool and business owner in Melstone, explained that there have been no renovations since its construction 20 years ago. Prior to the pool being built, there were 9 drownings in the Musselshell River because, with no alternative, children swam in the river. The nearest pool one way is 30 miles west or 70 miles east. If the pool is not renovated, it will be a huge loss in preventing the number one cause of deaths in children 14 and under.

The Board asked about the total O&M cost. Ms. Metzger explained it's close to \$70,000 and funds are traditionally raised through donations, running concessions at volleyball and basketball games, schools paying for PE classes to use, and renting empty lots by the pool to hunters, etc.

The Board discussed the application and asked questions with regard to the proposed project. noted that agreed it's a good proposal; sensible and appropriate.

Action: Motion to table made by Mr. Dutton. Mr. Lenhart seconded. All approved. The Board unanimously agreed to table.

Contract Extension - Application #0665A - City of Roundup - 2011 City Hall Updates

➤ **extension granted**

The City of Roundup is requesting an extension to their current project updating the city hall. Weather delayed completion of the exterior painting. The City expects completion in late spring 2013. The Board awarded \$27,000 at the March 11, 2011 meeting and an additional \$23,117 at the September 30, 2011 meeting, for a total of \$50,117. \$490.65 remains undrawn.

Action: Motion to extend made by Mr. Fenner. Mr. Dutton seconded. All approved. Motion passed unanimously.

Contract Extension - Application #0668A - City of Roundup - 2011 Water Improvements

➤ **extension granted**

The City of Roundup is requesting an extension to their water improvements project. The Contractor expects to complete construction by March 1, 2013. The Engineer expects to complete the final draw by April 1, 2013. July 15, 2011, the Coal Board awarded \$500,000 to this project and \$18,259.08 remains undrawn.

Action: Motion to extend made by Mr. Dutton. Mr. Fenner seconded. All approved. Motion passed unanimously.

Contract Extension - Application #0670A - City of Colstrip - 2011 Emergency Alert System

➤ **extension granted**

The City of Colstrip is requesting an extension to the Emergency Alert System project. In January the applicant anticipated needing more time to complete the project. However, the final draw was submitted to Commerce February 25, 2013. Once the Completion Report is submitted to Commerce, closeout can occur. July 15, 2011, the Coal Board awarded \$25,000 to this project and all funds have been drawn.

Action: Motion to extend made by Mr. Dutton. Mr. Fenner seconded. All approved. Motion passed with Chairman Williams abstaining.

Contract Extension - Application #0672A - Crow Tribe of Indians - 2011 Wastewater System .

➤ **extension granted**

The Crow Tribe of Indians is requesting an extension to the wastewater UV disinfection project. As part of schedule four of the wastewater system improvements, plans and specifications are being prepared by Morrison-Maierle, Inc. and are 95% complete. The Tribe is also working to meet final start-up conditions associated with its \$885,000 loan and \$3,082,500 grant from USDA RD to support schedules 1 & 2. The Tribe plans to release the construction bid February 2013, begin project construction in March 2013, and complete project closeout in November 2013. July 15, 2011, the Coal Board awarded \$95,106 to this project. To-date, no funds have been drawn.

Action: Motion to extend made by Mr. Acton. Mr. Fenner seconded. All approved. Motion passed unanimously.

Contract Extension - Application #0677A - Roundup Public Schools - 2011 Portable Classrooms

➤ **extension granted**

Roundup Public Schools is requesting an extension to the Portable Classrooms project. The portable classroom was delivered and setup two years ago and has since been used as the elementary school library. The school district anticipates a final draw in the fall of 2013. July 15, 2011, the Coal Board awarded \$43,727 to this project and \$11,085.16 remains undrawn.

Action: Motion to extend made by Mr. Dutton. Mr. Fenner seconded. All approved. Motion passed unanimously.

Contract Extension - Application #0685A - City of Lavina - 2011 Water System PER -

➤ **extension granted**

The City of Lavina is requesting an extension to the water system PER project. Due to the discovery of water source issues, completion of the PER has experienced delays and budget increases. September 30, 2011, the Coal Board awarded \$41,200 to this project and \$33,262.12 remains undrawn.

Action: Motion to extend made by Mr. Fenner. Mr. Lenhart seconded. All approved. Motion passed unanimously.

Next Application Due Date

Board Action: The following will be posted on the Department of Commerce website:

At the March 15, 2013 Coal Board meeting, the application date of April 30, 2013 was approved by the board. To be considered for Coal Board funding at the June 14, 2013 meeting all applications must be received by the Department on or before April 30, 2013.

Adjournment - No other business was discussed, the meeting was adjourned by Chairman Williams at 11:00 A.M. The next meeting will be held June 14, 2013 beginning at 8:30 a.m. in Billings at the Hampton Inn conference room.

Respectfully submitted,

Coal Board Administrative Officer



John Williams, Board Chair

Date 6-14-13



Coal Board Administrative Officer

Date 6/17/13