

Montana Coal Board
Meeting Minutes
June 14, 2013
Hampton Inn, Billings, MT

Welcome - Call to order

Chairman John Williams welcomed all present. The Department of Commerce (DOC) staff present included: Meg O'Leary, Department Director, Jennifer Olson, Community Grants Bureau Chief, Andy Fjeseth, Administrative Officer, Tricia DesJarlais, Quality Schools Program Specialist, and Joanne Gilbert, Administrative Assistant. Chairman Williams called to order the meeting of the Montana Coal Board at 8:30 a.m. Director O'Leary opened by introducing herself to the Board members, and expressing her appreciation of the board.

Roll call:

Ms. Olson called roll. The following board members were present: Chairman John Williams, Vice Chairman Dan Dutton, Loren Acton, Ralph Lenhart, and Gerald Navratil. Marcia Brown participated via conference call. Chad Fenner was absent.

Others Present:

Bryan Adolph	Musselshell Co.
John Albert	Musselshell Co. WSD
Jim Atchison	SEMDC
Kathie Bailey	SMDC
Dulcie Bear Don't Walk	Big Horn Co.
Mike Black	Yellowstone Co.
Allen Clubfoot	NCUC
Manuel Covers Up	Crow Tribe/Lodge Grass
Wanda DeJaegher	Town of Melstone
Aaron Edwards	Musselshell Co. Sheriff's Office
Kathy Eike	Town of Melstone
Karen Erdie	Area II Agency on Aging
Ronald Etzel	Savage 2M Sewer Dist.
Larry Fink	Town of Hysham
Sidney Fitzpatrick	Big Horn Co. Commissioner
Robert Goffena	Musselshell Co.
Marcy Hamburg	Richland Co./Savage
Chad Hanson	Great West Engineering
Bill Hodges	Big Horn Co. Hospital
Kathy Hurlle	Savage 2M Water Dist.
Bob Keele	Town of Hysham
Sharon Keyes	Hysham Town Council
Julie Korkow	SEMDC
Diane Lehm	BSEDC
Larry Lekse	Musselshell Co. Commissioner

Birdie Lion Shows	Town of Lodge Grass
Lanile Lion Shows	Town of Lodge Grass
Karl Little Owl	Crow Tribe
Rose Martin	Musselshell Co. Council on aging
Greg McGaffick	Great West Engineering
Dan McGee	Pryor Public Schools
Sylvia Metzger	Town of Melstone
Rob Mihalovich	Roundup Fire Dept.
Dave Mosser	Town of Lodge Grass
Patrick Murtagh	Murtagh Municipal for Hysham/Melstone
A.J. Not Afraid	Crow Tribe
Lynn Retleg	Musselshell Community
Albert Peterson	Hardin Public Schools
Stephanie Seymanski	Town of Lodge Grass
Lu Shomatic	SHAC
Darin Swenson	Yellowstone Co.
Karen Sweeney	SMDC
Bryan Vanderloos	Kadrmass, Lee & Jackson
Woodrow Weitzel	Musselshell County Sheriff's Office
Pat White	St. Labre Indian School
Winslow Whitecrane	NCUC
Curtis Yarlott	St. Labre Indian School
Loren Young	Richland County

Opportunity for Public Comment

- Jim Atchison, SEMDC, provided an update that the City of Colstrip's shop project should be completed in August.
- The Annual Energy Open Conference and Golf Tournament will be held August 15 - 16 in Colstrip.
- Lou Shomatic, expressed gratitude and provided an update on the SHAC project.

Approval of Minutes

Action: Mr. Dutton moved to approve the minutes from the March 15, 2013 meeting. Mr. Acton seconded. Meeting minutes were approved as presented.

Budget & Financial Report

Ms. Olson presented the Budget & Financial report:

- \$ appropriated for the 2013 Biennia: **\$5,917,424**; of the total project costs, **25%** of the Coal Board funds leveraged **75%** of other funding sources to complete projects
Balance of available funds: **\$0**
- \$ appropriated for the 2015 Biennia: **\$3,918,811**
\$ available for FY 2014 **\$2,148,386**
\$ available for FY 2015 **\$1,770,425**
Balance of available funds: **\$3,918,811**
- Of the 57 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.*

Chairman Williams expressed concern that the total amount of requests is approx. over \$4,000,000 for this biennium. Ms. Olson explained that if the Coal Board awards over the amount available for FY 2014, then some awards would have to be contingent upon receipt of funds beginning July 1, 2014.

Chairman Williams also explained that criteria within the application states that local governments must provide information on how they have utilized the gross coal proceeds tax with their projects. The Board requested that new application questions be added to address this criteria.

Current Project Updates

Ms. Olson provided the following project updates:

- # of projects awarded since the beginning of the 2013 Biennia: **57**
- All contracts have been executed.
- # of open contracts – **26**.
of closed contracts – **31**.

Old Business – Tabled Projects:

Application #0720 -Yellowstone County

21 Mile Road Repairs

Requested \$349,433 – Awarded \$250,000

Mr. Acton moved to remove the application from the table. Mr. Lenhart seconded.

Ms. Olson read a summary of Yellowstone County's application narrative. The County's application for phase two of repair and reconstruction of a three mile section of 21-Mile Road. The total cost of the project is estimated at \$919,450. The request from the Board is 38% of the cost of the project. The County's audit status is current and they use an approved accounting system.

- ✧ Commissioner Bill Kennedy provided an update on phase one of the project. Phase two would consist of reconstructing the three miles into a safe school bus route. The County would contribute the mine share of \$349,433.
- ✧ Commissioner Kennedy stated that \$919,000 is for the three miles. There's a high cost of repairs due to the distance to haul materials.

Action: Mr. Acton moved to fund the project at \$250,000. Mr. Navratil seconded. Mr. Acton addressed the motion by noting that this is an arterial road with a reasonable traffic count of 100 vehicles per day. Heavy traffic will increase with the completion of the railroad. Motion passed 6-0.

**Application #0724 -Big Horn County
Hospital Infusion Pump Replacement
Requested \$11,200 - Applicant withdrew application**

Mr. Dutton moved to remove the application from the table. Mr. Navratil seconded. Ms. Olson read a summary of Big Horn County's application narrative. Bill Hodges 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.

- ✧ Commissioner Sidney Fitzpatrick expressed his support for all 5 Big Horn County projects.
- ✧ Bill Hodges, Big Horn County Hospital, reported that the equipment was purchased in February; therefore, the County withdrew their application.

**Application #0725 - Northern Cheyenne Utility Commission (NCUC)
Water System PER
Requested \$25,000 – Awarded \$9,000**

Mr. Navratil moved to remove the application from the table. Mr. Dutton seconded. Ms. Olson read a summary of NCUC's application 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, NCUC, explained that the implementation schedule and budget page were omitted from the application.
- ✧ Allen Clubfoot, NCUC, expressed concern of the water quality and quantity due to Ashland's and Rabbittown's increase in population and activity with Otter Creek and the Railroad. This would require constructing a springbox at Stebbins Springs and a chlorination facility below the spring.
- ✧ This project is listed as Alternative G – pre-construction in the PER.
- ✧ Mr. Acton was concerned that the scope of work is unclear and it lacks key elements.
- ✧ Mr. Clubfoot stressed that the mcl is very high - past the EPA limits.
- ✧ Chairman Williams recommended that NCUC also check availability of other funding sources: CDBG, TSEP, and RRGL.

Action: Mr. Dutton moved to fund at \$9000. Mr. Navratil seconded. Mr. Dutton addressed the motion by noting that with the availability of matching funds, this project could move forward. Motion passed 6-0.

**Application #0726 - Town of Broadus
Flood Plain Study**

Requested & Awarded \$15,900

Mr. Dutton moved to remove the application from the table. Mr. Navratil seconded.

Ms. Olson read a summary of the Town of Broadus' application to prepare 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 and Jim Atchison, of SEMDC, reported the Town of Broadus and Powder River County are working together to do Floodplain Study in town and within a 1-mile radius outside city limits.
- ✧ The County will pay for the entire cost of the study – total project cost \$39,900. The town provided 35 letters of support.
- ✧ Mr. Navratil and Mr. Atchison discussed the impact of coal development. Mr. Atchison remarked that coal is anticipated with the Belt Creek project – oil and gas.
- ✧ Due to the high cost of flood insurance, the Mayor announced that they cannot build more homes on the floodplain.

Action: Mr. Acton moved to fully fund at \$15,900. Mr. Dutton seconded. Mr. Acton addressed the motion by noting that there is a definite need for construction there. Motion passed 6-0.

**Application #0727 -Town of Hysham
Planning & Water System PER**

Requested \$56,500 – Awarded \$40,000

Mr. Navratil moved to remove the application from the table. Mr. Dutton seconded.

Ms. Olson read a summary of the Town of Hysham's application to evaluate the water system through a PER. The Town also wishes to conduct a Needs Assessment/Survey and develop a Capital Improvements Plan and a Growth Policy to score well with state and federal competitive infrastructure grants. The current water collection system produces 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 100% corroded, at 100,000 gallons, and 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.

- ✧ Patrick Murtaugh, Murtaugh Municipal, provided a summary and photos of the 100% corroded tank. There's no settling in the treatment plant operation.
- ✧ If the town were to cut costs, they would opt to cut the Growth Policy.
- ✧ Bob Keele, operator, explained project could cost \$500,000 - \$1,500,000 for construction and engineering costs.
- ✧ Hysham has declined in population and has ongoing issues with lead and copper.
- ✧ Mr. Navratil and Mr. Keele agreed that Hysham is surrounded by coal communities.

Action: Mr. Dutton moved to fund at \$40,000. Mr. Acton seconded. Mr. Dutton addressed the motion by noting that this project is coal impacted with the trains. Motion passed 6-0.

Application #0728 -Town of Melstone

Swimming Pool Improvements

Requested \$63,184 – Awarded \$48,000

Mr. Acton moved to remove the application from the table. Mr. Navratil seconded.

Ms. Olson read a summary of the Town of Melstone's application to repair the heating, pump and filter deficiencies of the public pool as well as to remodel the restrooms for ADA compliance. The pool filter is no longer accessible for parts replacement or repair. Lack of 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.

- ✧ Patrick Murtaugh, Murtaugh Municipal, reported that Montana is listed as one of the top ten states that has the most drownings per capita. There had been 9 drownings before the pool was constructed in 1992.
- ✧ Wanda DeJaegher explained that Melstone services a 20-mile radius of ranchers and families that use their facility.
- ✧ Mr. Acton and Ms. DeJaegher discussed that if it were partially funded that they could use local fundraising to fund the heater. The town would go back to Signal Peak and apply for another grant.
- ✧ Mr. Dutton recommended for them to check funding with the school because the Physical Education holds classes at the pool.
- ✧ Mr. Navratil and Ms. DeJaegher discussed that Melstone has resident miners working at Signal Peak and Carpenter Creek Mine is near Melstone.

Action: Mr. Acton moved to fund at \$48,000. Mr. Lenhart seconded. Mr. Acton addressed the motion by noting that the proposal's detailed breakdown of cost was very helpful, it demonstrated community need, and there's coal connection with Signal Peak's contribution. Motion passed 6-0.

New Business

Application #0729 - Musselshell Community County Water & Sewer District

Water System Improvements

Requested \$150,000 – Awarded \$90,000

Ms. Olson read a summary of the Musselshell Community County Water & Sewer District's application to make improvements to the existing water system. The district cannot meet peak instantaneous demand with the largest well out of service as required. The district has also been experiencing considerable pressure drops a couple times a year with overloaded demands. The proposed project includes developing a new well and constructing a new well house; replacing existing black plastic pipe, adding valves and looping dead ends; installing a metering system; and improving the existing well house by adding heat/ventilation, new propane generator and replacing the pressure tank. The total cost of the project is estimated at \$900,250. The request from the Board is 16% of the cost of the project. The City's audit status is current and all accounting is done by hand.

- ✧ John Albert, Musselshell Community WSD, reported that the PER was developed in 2009. The community has approx. 40 users.
- ✧ Mr. Navratil and Mr. Albert discussed that many employees from the facility travel in and out of the community. Larry Lekse, Musselshell County Commissioner, added that 1/3 of miners are in the county.
- ✧ Mr. Navratil and Mr. Albert discussed issues with coliform and fire safety with lack of water pressure.

- ✧ Greg McGaffick, Great West Engineering, reported: with TSEP, Coal Board, and RD, the rates would increase from \$30.73 to \$45.32 – an increase of \$14.59; and without Coal Board funding, the increase would go from \$14.59 to \$21.59 per user.
- ✧ Chairman Williams and Mr. Lekse agreed there is no county funding available.

Action: Mr Navratil moved to fund at \$90,000. Mr. Dutton seconded. Mr. Navratil addressed the motion by noting that this project demonstrates health and safety issues. It is coal impacted with Signal Peak nearby. Motion passed 6-0.

Application #0730 - Treasure County
Repair to Historical Yucca Theater
Requested \$63,400 - Tabled

Ms. Olson read a summary of Treasure County's application to repair the exterior of Yucca Theater. The back of the theater is showing severe exterior deterioration and will require more than just painting and patching to repair. This project proposes to install a new roof for the back quarters of the building and repair leaks on the big roof. The applicant also proposes new siding where stucco is not found and repairing the existing stucco, replacing windows and window frames for better weatherproofing. The total cost of the project is estimated at \$69,400. The request from the Board is 91% of the cost of the project. The County's audit status is current and they use an approved accounting system.

- ✧ Roger Knapp reported that in 1931, Senator Manning constructed the theater, where he also resided in the rear quarters. After his death, the theater was willed to the Museum Board. It is listed on the National Historical Register, has received visitation from 44 states, and has had well-known entertainers.
- ✧ They received a bank loan \$16,000 and also received \$6,000 for cost of repairs. County pays insurance and fuel. They checked but there's no funding available with historical and Burlington Northern.
- ✧ Mr. Acton discussed with Ms. Olson if this non-governmental private entity is eligible. Ms. Olson would check and respond to the Coal Board at the next meeting.

Action: Mr. Lenhart moved to table the application. Mr. Acton seconded. Mr. Navratil requested that by the next meeting, the applicant would have specific numbers of employees that are coal impacted. Motion passed 5-1 with Mr. Dutton opposing.

Application #0731 - Big Horn County
Hospital Medical Equipment Replacement
Requested \$75,000 – Awarded \$70,000

Ms. Olson read a summary of Big Horn County's application to update the hospital's cardiac monitors. The existing cardiac monitors are over twelve years old and operate inconsistently – which is dangerous, especially during medical emergencies. The new cardiac monitors will improve patient medical outcomes. The total cost of the project is estimated at \$115,981. The request from the Board is 65% of the cost of the project. The County's audit status is current and they use an approved accounting system.

- ✧ Bill Hodges reported that the survey conducted by MSU Bozeman identified the heart monitor is outdated, inaccurate, and unsafe.
- ✧ Out of approx. 330 visits/month, cardiac equipment was used 80-85% - \$750,000 capital equipment. With 225 coal-related jobs – 38% - industrial accidents required clinical care.
- ✧ Chairman Williams and Mr. Hodges discussed that currently there's no funding available from county so he will check back in July. There has been no response from the mines.

Action: Mr. Dutton moved to fund at \$70,000. Mr. Navratil seconded. Mr. Dutton addressed the motion by noting that the Coal Board has supported the hospital many times. They need to solicit

local support from the City of Hardin and Big Horn County for the remaining funds. Motion passed 6-0.

Application #0732 - Big Horn County
Plenty Coups H.S. Energy Efficiency Improvements
Requested & Awarded \$75,000

Ms. Olson read a summary of Big Horn County's application to improve the energy efficiency of Plenty Coups High School. The proposed project serves to replace critical facility equipment and fixtures that are continually failing or not operating at maximum capacity, and some fixtures that will not be able to be serviced within the next three years. The district would also like to significantly reduce operating costs by implementing specific energy conservation projects. Estimated savings on annual operating and maintenance expenses are estimated at upwards of \$22,855. The total cost of the project is estimated at \$402,000. The request from the Board is 19% of the cost of the project. The County's audit status is current and they use an approved accounting system.

- ✧ Dan McGee, Superintendent, reported the heating system in the high school is outdated and provides no heat.
- ✧ CTA discussed the failing pneumatic control system and that the 3-hp pumps operate only 8 months out of the year. Zoning and fire safety issues could occur when there's no heat and electric heaters are brought in or there's too much heat. Also, the high school is in a well-constructed, masonry building.
- ✧ Mr. McGee discussed the estimated savings of \$23,000 would be allocated toward faculties' salaries and buying books. Impact aid was cut by 40% this year. Next year, they could get 60% of impact aid which could equate to \$240,000 cut from budget.
- ✧ Mr. Navratil agreed with Mr. McGee that the issue of coal impact would occur when Cloud Peak and West Moreland mines are under construction.
- ✧ Chairman Williams and Mr. McGee discussed that the school is funded by state funding and impact aid.
- ✧ Mr. Acton agreed with Mr. McGee that the student body numbers of 45-50 are low.
- ✧ Ms. Brown agreed this was an exceptional proposal.

Action: Mr. Acton moved to fully fund at \$75,000. Mr. Dutton seconded. Mr. Acton addressed the motion by noting that this combination of maintenance and improvement is needed for the education process. Motion passed 6-0.

Application #0733 - Big Horn County
Election Office Equipment Update
Requested \$75,000 – Reduced to \$40,000- Denied Funding

Ms. Olson read a summary of Big Horn County's application to purchase updated election equipment. The current election equipment is outdated compared to the standards set forth in Montana Code Annotated Chapter 44.3 and State of Montana Election Administrative Rules. The total cost of the project is estimated at \$149,875. The request from the Board is 50% of the cost of the project. The County's audit status is current and they use an approved accounting system.

- ✧ The proposed request was reduced to \$40,000.
- ✧ Dulcie BearsDon'tWalk discussed how Big Horn County is coal impacted.
- ✧ Mr. Dutton discussed with Ms. BearDon'tWalk that the majority of elections have increased with absentee ballots - 2,000 out of 8,000 voters, especially for cities and townships and school districts. The central tabulator is outdated and inaccurate.

Action: Mr. Dutton moved to fund at \$40,000. Mr. Navratil seconded. Mr. Dutton noted that this is not an appropriate expenditure for Coal Board monies The county needs to plan for items like this in their capital budget. Motion failed 0-6.

Application #0734 - Big Horn County
Central Telephone Communications Equipment Upgrade
Requested \$45,000 – Reduced to \$25,000 – Denied Funding

Ms. Olson read a summary of Big Horn County's application to upgrade the County's central phone system. The current telephone equipment is outdated with issues including damaged wiring which interrupts service and causes telephone line surges. Replacement parts for equipment are also obsolete and hard-to-find. The total cost of the project is estimated at \$71,722. The request from the Board is 51% of the cost of the project. The County's audit status is current and they use an approved accounting system.

- ✧ The proposed request was reduced to \$25,000.

Action: Mr. Acton moved to fund at \$25,000. Mr. Dutton seconded. Mr. Dutton again noted that this is not an appropriate expenditure for Coal Board monies. The county needs to address significant phone problems within their capital budget. Motion fails 0-6.

Application #0735 - Hardin Public Schools
HVAC System at Crow Agency Public School
Requested \$447,500 - Tabled

Ms. Olson read a summary of the Hardin Public School District's application which proposes upgrading the HVAC system at Crow Agency Public School. The original steam pipes and radiators date back to 1938. Serious deficiencies include: steam leaks from some pipes causing moisture damage; pipes could burst possibly causing serious injury to students and staff; un-insulated pipes could pose a serious burn danger; classrooms have poor air exchange systems; and there's no system to cool rooms that routinely reach over 80 degrees during the fall and spring. The total cost of the project is estimated at \$896,100. The request from the Board is 50% of the cost of the project. The School District's audit status is current and they use an approved accounting system.

- ✧ Albert Peterson, Superintendent of Hardin Schools, reported that over the past 5 years, there has been a large increase in students: over 150 per classroom; 1200 are Native American; and 252 in k-5.
- ✧ The \$7.5 million construction project, which was partially funded by Quality Schools, has been completed.
- ✧ Primary and Intermediate Schools were constructed with renovated hot water systems to increase efficiency.
- ✧ The clay sewer line collapsed at the Hardin Intermediate School, so they had to cancel the project at Crow. The school district has ordered the chillers. The new timeline would be to rebid in December, sign contract in January 2014, be ready to start next spring, and have it completed by next fall.
- ✧ Mr. Dutton and Mr. Peterson discussed that for the Crow project the architects are Collaborative Design and the bid docs are ready. There was much discussion about renovation. Mr. Dutton opposed their plan for lack of detail in the proposal – it's not wise to put money into the old building.
- ✧ Mr. Navratil asked if the federal grants have completed. Mr. Peterson responded that they saved approx. \$6 million through Quality Schools and QZA construction funds.
- ✧ Chairman Williams remarked that they do not receive any coal gross proceeds. Impact aid was denied and the school district has committed their \$400,000 contingency fund. The school has not requested a contribution for building from the mine.
- ✧ Mr. Acton recommended to Mr. Peterson an appropriate delay until they provide an actual cost. Mr. Acton proposed a lower request of \$300,000. Mr. Peterson replied they could proceed with an adjustment.
- ✧ Chairman Williams explained that the parents are actively involved in mining in Decker and Cloud Peak – there's a significant number of Crow.

Action: Mr. Acton moved to fund at \$300,000. Mr. Navratil seconded. Mr. Acton addressed the motion by noting the project is appropriate for the students' needs and the technical solutions seem adequate. However, it's uncertain what the total cost is.

Amended Motion: Mr. Navratil moved to place contingency on funding. Mr. Dutton seconded. Mr. Navratil addressed the motion by proposing that the award of \$300,000 be contingent upon the applicant providing specific details on how the award is to be expended, what are the elements of the project, and itemizing the cost of all of it. The Board would examine the presentation by the applicant before the actual award would be affected.

Modified Amended Motion: Mr. Navratil moved to table the application. Mr. Dutton seconded. Motion passed 6-0.

Application #0736 -Musselshell County
Sheriff's Vehicle Acquisition
Requested \$56,000 - Tabled

Ms. Olson read a summary of Musselshell County's application to purchase a replacement vehicle for the Sheriff's Department. Musselshell County law enforcement services have seen an increase of nearly triple the calls and inmates housed at the jail since the start of Signal Peak Mine. The shortage of adequate, up-to-date response equipment affects all the residents of the county and places additional stress on the existing staff and county equipment. The total cost of the project is estimated at \$58,260. The request from the Board is 96% of the cost of the project. The County's audit status is current and they use an approved accounting system.

- ✧ Aaron Edwards, Undersheriff, reported that currently the patrol vehicles are unsafe and unreliable. This year they have responded to 1,253 calls of emergency service. Updates to vehicles would consist of having the ability to print search warrants within their vehicles while at the scene.
- ✧ Mr. Navratil and Undersheriff Edwards discussed that some parts for the vehicles have been replaced, but all are not reliable. The Sheriff's Office also has an online account with VETO Enterprises set up for purchasing vehicles at reduced costs.

Action: Mr. Dutton moved to table the application. Mr. Navratil seconded. The Sheriff's Office will get a quote from VETO Enterprises and contact the Coal Board via conference call. Motion passed 5-1 with Mr. Acton opposing.

Application #0737 - Musselshell County
Chip & Seal Fattig Creek Road Extension
Requested & Awarded \$41,000

Ms. Olson read a summary of Musselshell County's application to complete chip sealing on Fattig Creek Road. Approximately \$44,000 of Coal Board grant #0675 remains to complete the first mile of chip sealing. Due to fires, weather and accessibility of contractors this past construction season, work was not completed. More than two miles of paved road surface is still not chip sealed. The total cost of the project is estimated at \$85,500. The request from the Board is 48% of the cost of the project. The other 52% is covered by Coal Board grant award #0675. The County's audit status is current and they use an approved accounting system.

- ✧ County Commissioner reported this 2-mile project would chip seal the additional mile. First mile was the 1st application; 2nd mile is this project for \$41,000.

Action: Mr. Dutton moved to fully fund at \$41,000. Mr. Navratil seconded. Mr. Dutton addressed the motion by noting that it's a worthwhile ongoing project to rebuild and chip seal the road. Also, Musselshell County requested the Majerus Road project be tabled. Motion passed 6-0.

Application #0738 - Musselshell County
Type III Fire Response Vehicle
Requested \$290,000 – Awarded \$270,000

Ms. Olson read a summary of Musselshell County's application which proposed purchasing a Type III fire response vehicle. This past year the Roundup Rural Fire District responded to 95 wildfires where 250 structures burned - 75 of those structures were homes. The fire district's fleet of trucks are aging and increasingly in need of repair. The district needs a truck to fight structural and wildland fires as well as serve as a backup for vehicle accidents. The Type III fire engine is capable of carrying up to 800 gallons of water and equipped with four-wheel drive and special equipment for off-road use. The total cost of the project is estimated at \$320,000. The request from the Board is 91% of the cost of the project. The County's audit status is current and they use an approved accounting system.

- ✧ Rob Mihalovich, Roundup Fire Department, reported this primary attack vehicle needs to be replaced. It responds to every fire within the district, as well as between 50-75 emergency calls/year.
- ✧ During the 2011 floods, bad water was pumped through the engine which ruined the vehicle.
- ✧ Mr. Acton and Firechief Mihalovich discussed checking into partial funding with federal programs for fire safety. The Assistance to Firefighters Grant (AFG) focuses more on urban areas so it's not an option for this project.
- ✧ Mr. Navratil asked if they could reduce their request closer to \$200,000-250,000. Firechief Mihalovich explained the county has set aside some money, but they will also check with other funding sources.

Action: Mr. Dutton moved to fund at \$270,000. Mr. Acton seconded. Mr. Dutton addressed the motion by noting that this is a worthwhile project for Musselshell County's need for fire suppression equipment. Motion passed 6-0.

Application #0739 - Musselshell County
Planning Grant – New Multi-Purpose Facility
Requested & Awarded \$20,000

Ms. Olson read a summary of Musselshell County's application to commission design plans for a multi-purpose social services facility capable of accommodating the Musselshell County Council on Aging, the Senior Center, Musselshell Food Bank and possibly other entities. The County Commissioners want to address numerous facility problems with a combined community plan and a multi-purpose facility is the most cost effective resolution. The total cost of the project is estimated at \$25,000. The request from the Board is 80% of the cost of the project. The County's audit status is current and they use an approved accounting system.

- ✧ Bob Goffena, Musselshell County Commissioner and Chairman of Council on Aging, reported problems with the current facility being located in the Museum basement.
- ✧ Karen Sweeney, Snowy Mountain Development Corporation, identified that the building is not ADA compliant, it's unsafe for seniors, and cannot be used for fundraising events.
- ✧ Ms. Sweeney also discussed the area is coal impacted with workers and contractors using the roads and bridges there.
- ✧ Mr. Navratil asked if they foresee proceeding with a new building or fixing the old one. Kathie Bailey, SMDC, discussed the costs and the strategy for checking into other funding sources.
- ✧ Mr. Acton and Ms. Sweeney discussed the county commissioner administrates the facility for several different entities: the Council on Aging; the Senior Center; and the Food Bank with the Thrift Store attached.
- ✧ Mr. Acton asked about Exhibit A – with the bid not accepted in 2011. Ms. Sweeney explained the county would oversee the project.

Action: Mr. Navratil moved to fully fund at \$20,000. Mr. Dutton seconded. Mr. Navratil addressed the motion by noting that the primary concern is that seniors have a large population, both present and future. Motion passed 6-0.

Application #0740 - Musselshell County

Majerus Road Improvements

Requested \$750,000 – Tabled at the request of the applicant

Ms. Olson read a summary of Musselshell County's application to reconstruct approximately 20 miles of Majerus Road. County roads related to the mine are experiencing severe deterioration from the increased mine traffic. Majerus Road received heavy traffic during construction of the rail spur that occurred during the start-up phase of Signal Peak Mine. While the road was left in an improved condition by the construction contractors after the rail spur was completed, the road continues to receive heavy traffic by mine employees and contractors. The road is made up primarily of loam, becoming extremely slippery when wet. Vehicles frequently slide off or become stuck. The total cost of the project is estimated at \$750,000. The request from the Board is 100% of the cost of the project. The County's audit status is current and they use an approved accounting system.

- ✧ Chairman Williams reported they received a letter from the applicant requesting their application be tabled at this time.

Action: Mr. Acton moved to table the application. Mr. Dutton seconded. Motion passed 6-0.

Application #0741 - Roundup Public Schools

Construction of New K-6 School in Roundup

Requested \$1,000,000 – Awarded \$500,000

Ms. Olson read a summary of Roundup Public School's application to construct a new K-6 school. The existing elementary school was built between 1911 and 1913. A community center off campus houses the physical education classes and another building across the street houses all the school's music classes. The school district is experiencing overcrowding as a direct result of Signal Peak Mine. Both the elementary and junior/senior high schools are also experiencing structural problems. The total cost of the project is estimated at \$1,000,000. The request from the Board is 10% of the cost of the project. The District's audit status is current and they use an approved accounting system.

- ✧ Chad Sealey, Superintendent, reported that 3 elections were conducted because some ballots were sent in error, they voided the election, and re-voted.
- ✧ 17% increase in enrollment in the elementary school
- ✧ Mr. Acton discussed with Mr. Sealey Roundup School's past projects funded by the Coal Board.
- ✧ Mr. Navratil questioned Mr. Sealey if the mill levy fails, then Coal Board \$ sit.
- ✧ Chairman Williams stressed that local effort was not demonstrated. If there's no commitment from community, then the Coal Board shouldn't commit either.
- ✧ Karen Sweeney, Snowy Mountain Development Corp., responded per MT code, if CB could approve the funding contingent on the passing of mill levy and if that doesn't happen the funds would go back for further allocation.
- ✧ Mr. Sealey not asking for more than 10%
- ✧ Mr. Navratil CB disposed to help commitment sufficient to induce voters to vote for levy
- ✧ Mr. Dutton 4 scenarios listed not picked yet – roughly less than \$2 mil cut back expenses design or extras add in later
- ✧ Chairman Williams if committed lesser amount contingent, would it be successful.

Action: Mr. Navratil moved to fund at \$500,000 contingent on the following: that there be an end limit of May 1, 2014, and the result assuming there would be approval of the mill levy that this will fund a totally new K-6 elementary school. Mr. Dutton seconded. Mr. Navratil explained that Coal

Board has past history of funding education, there's important infrastructure need in all of coal country, and Roundup addressed educational needs. Motion passed 6-0.

Application #0742 - Town of Lodge Grass

Wastewater Project

Requested \$200,000 - Tabled

Ms. Olson read a summary of the Town of Lodge Grass' application to upgrade the town's wastewater system. The town's lagoon system consistently exceeds NPDES discharge permit limits and does not meet MT DEQ design standards. The collection system is afflicted with sags, adverse grades, offset joints, root penetrations, service line protrusions, cracks, broken pipes, holes and areas of standing water. The proposed project would replace the existing lagoon and replace the worst mains in the system. The total cost of the project is estimated at \$3,721,000. The request from the Board is 5.4% of the cost of the project. The City's has been working diligently with the IRS, Commerce and other organizations to bring the town's audit status back into compliance. The audit for FY12 is complete and a budget for FY13 is also complete.

- ✧ Ms. Lion Shows, resident of Lodge Grass, reported that the lagoon system, constructed in 1944, is at maximum capacity. This is close by the school and housing units.
- ✧ Stephanie Seymanski explained it's not healthy with sewer backups in the church. Lagoon is overtopping when flooding, flows down the river, and impacts other communities.
- ✧ There are coal impacts having Spring Creek and Decker mines close to Lodge Grass.
- ✧ Donald Dreamer, Mayor, reported there are 200 - 300 residences between Lodge Grass and Hardin affected.
- ✧ Joe Lovato, operator, maintains 3 residential areas and Crow Tribe has 98 units by the school. 230 systems are served.
- ✧ Ms. Kust will confer with IHS and EPA and propose 75% grant/25% loan – application will be submitted July 1st. They should know from funding sources by September – November.

Action: Mr. Navratil moved to table the application. Mr. Dutton seconded. Mr. Navratil addressed the motion by noting that it's a worthwhile project, but the funding package needs to be completed. Motion passed 6-0.

Application #0743 - Savage 2M Sewer District

Savage Water Project

Requested & Awarded \$100,000

Ms. Olson read a summary of the Savage 2M Sewer District's application to update their wastewater system. Violation letters issued to Richland County by DEQ indicate substantial permit violations, specifically in regard to allowable daily loading rates. Savage has exceeded its permit limits 22 times with 20 of these times being cases of "significant noncompliance", thus resulting in DEQ issuing an Administrative Order of Consent (AOC) to Richland County for the Savage Lagoon system in January of 2012. The total cost of the project is estimated at \$2,165,000. The request from the Board is 4.5% of the cost of the project. The District's audit status is current and they use an approved accounting system.

- ✧ Loren Young, Richland County Commissioner, reported the county has committed \$400,000 to help purchase the land toward project
- ✧ Kathy Hurley, Savage WSD, explained it's all run by volunteers. The board was formed, rates were raised, there's a large elderly population, and the area is coal impacted.
- ✧ Marcie Hamburg, Richland County Planner, reported housing costs are high and without the lagoon, they cannot build more homes.

- ◇ Sandy Kust explained that Savage Mine employs 13 (10- Savage, 2- Sidney, and 1- Glendive) 77% of workers live in the Savage area. The Savage Mine produces 300,000 – 350,000 tons of coal/year.

Action: Mr. Acton moved to fully fund at \$100,000. Mr. Navratil seconded. Mr. Acton addressed the motion by noting that the community clearly needs the project, there is a demonstrated coal impact, and PER funds were used well. Motion passed 6-0.

Application #0744 - Rosebud County
St. Labre Indian School Drinking Water Treatment Plant
Requested \$150,000 - Tabled

Ms. Olson read a summary of Rosebud County's application requesting funds to install a new drinking water treatment system at St. Labre Indian School. St. Labre gets its water from a ground source, yet equipment and processes were designed for the treatment of surface water. Many of the electronic controls are outdated and several of the treatment processes no longer function due to age and deterioration caused by chlorine. The total cost of the project is estimated at \$2,490,700. The request from the Board is 4% of the cost of the project. The County's audit status is current and they use an approved accounting system.

- ◇ Curtis Yarlott provided the history of the water treatment plant. Approx. 150 – 500 are served at Ashland. Current plant is obsolete. Approx. 600-700 people are affected daily – 92 housing units. Served as based fire camp and served water and fuel. The area is coal impacted by Northern Cheyenne and Crow reservations. Increased enrollment by 14% - only high school within 10 mile radius. PER has been completed; construction should begin in 2014. USDA loan is not in place – should get response by August.
- ◇ Chairman Williams and Ms. Olson discussed other available funding sources.

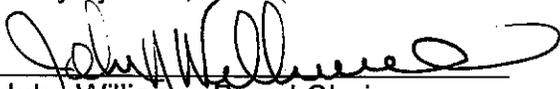
Action: Mr. Dutton moved to table the application. Mr. Navratil seconded. This project will be discussed with Commerce's Legal Counsel to check eligibility if it's a school district, public or private. Motion passed 6-0.

Next Application Due Date

Board Action: The following will be posted on the Department of Commerce website:
At the June 14, 2013 Coal Board meeting, the application date was approved by the board. To be considered for Coal Board funding at the August 23, 2013 meeting all applications must be received by the Department on or before July 24, 2013.

Adjournment - With no other business, the meeting was adjourned by Chairman Williams at 5:00 P.M. The next meeting will be held August 23, 2013 in Roundup at the Masonic Hall.

Respectfully submitted,
Andy Fjeseth, Administrative Officer


John Williams, Board Chair

Date 9/27/13


Andy Fjeseth, Administrative Officer

Date 9/27/13