

**Progress on
Long Range Building Projects
Approved in the 57th Legislative Session**

Prepared for

Senator Stonington

by

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Introduction

The purpose of this report is to provide some insight into progress of the latest Long Range Building Program (LRBP) projects that are funded through the issuance of bonds. In the fifty-seventh legislative session, the LRBP was given \$25 million in bonding authority for projects to be started in the 2003 biennium, and a total of nine projects were approved. The activities surrounding these projects fall into a broad range. Many of the projects are well underway, and others have not yet been started. This report will provide the details of the anticipated changes to the bond issuance schedule and a brief update on the status of the individual projects.

The Bond Schedule

Bonds for the Long Range Building Program projects, approved by the Fifty-Seventh Legislature, are planned for three annual issues. For the nine projects, issuance was to begin in May of this year, 2002, with additional issues made in May of the following two years. However because of a small bond issue needed by the Department of Environmental Quality (DEQ) and approved for issue in July, the issue of the LRBP bond has been moved to July 2002. This delay will enable the DEQ to obtain a better interest rate for their project.

The scheduling of bond issues is directly related to the anticipated progress, both in terms of design and funding, of the projects. Often, design costs are scheduled for inclusion in the bond issue early in the process. If the project can be completed quickly, the entire cost may be scheduled for funding in the next available issue. The Department of Administration, Architectural and Engineering Division (DOA A&E) will take out general fund (GF) loans, when needed, to pay the preliminary costs associated with design and bidding of the project. GF loans are payable in one year and are only approved when all funding mechanisms are firmly in place. Once a GF loan is taken, it becomes imperative that the project is included in the bond issue to repay the loan.

At this time, it is difficult to know the exact dollar value of LRBP bonds planned for the next three issues. Several of the projects are in the process of bidding at this time. The timing of the bids, or bid date, will help to determine the amount of the July issue. While a firm bond amount should be known in mid-April, the DOA A&E can make adjustments to that amount right up till the date of issue. Attachment 1 provides a list of all the projects approved by the Fifty-Seventh Legislature, an overview of the preliminary bond schedule for the projects, and a look at the changes that the DOA A&E projects may occur.

Projects

Construction of Central Reception Unit, Montana State Prison

The Central Reception Unit is a tightly budgeted project, and the prison is currently applying for federal funds to help with the costs. At this time, the DOA A&E is preparing the construction documents and bidding is expected in June. Originally, the bonding for this project was to be spread across three years, with \$345,000 to be included in the 2002 issue to defray the initial planning costs. The project is expected to take 18 months to construct. As such, funding is

expected to be expedited to a two-year schedule to allow the construction work to begin as soon as possible.¹

Construction of Dillon Armory

Very little has happened to date with the Dillon Armory project. The DOA A&E recognized that the process of this project would be slow and scheduled the bonds to be issued in May of 2003 and 2004. This project needs to get a match of federal funds before much more work can be done. At this time, CWG Architects has been appointed to the project, but the contract will not be negotiated until the matching funds are in place.

Renovation of Chemistry Building, University of Montana

This Chemistry Building project has moved through the initial design phase, schematic design, and CTA Architect Engineers has been assigned to the job. The project was scheduled for funding in 2002 and 2003. The project is incurring debt, and the initial \$555,000 will be included in the July issue to pay for the design work. There is a possibility that the \$5.8 million required for the construction work will be split into two-years of funding, in 2003 and 2004.²

Renovation of Liberal Arts, Montana State University Billings

The Liberal Arts Building project is well underway. \$3.2 million in funds were scheduled to be issued in May; now that amount will be issued in July of 2002. A GF loan has been drawn for the costs of the planning process. Collaborative Design Architects of Billings has been contracted for the job. At this time, they are finalizing the drawings, and the project will go out to bid in April.

Renovation of Linfield and Montana Hall, Montana State University

This project, which entails major window replacement at the Montana Hall and Linfield building and foundation work at Linfield, has moved through the schematic design phase. The project was scheduled for total funding in May 2002, and those bonds will be issued in July. A GF loan was approved and taken to pay for the nearly completed construction documents. The DOA A&E anticipates that this project will be completed in the fall.

Upgrade of the Heating, Ventilation, and Air Conditioning (HVAC) System on Cowen Hall, Montana State University Northern

The DOA A&E has appointed an engineering firm to complete the Cowen Hall heating system upgrade project. Some of the preliminary design work has been completed. The project is now

¹ The fund split listed in attachment 1 might not reflect the actual split that will occur. Instead, it is just an estimate of what will happen.

² The fund split listed in attachment 1 might not reflect the actual split that will occur. It is thought that the funds will be split, but it may not be a 50/50 split.

scheduled for bid in July, and funding will be included in the 2002 issue. Should additional funds be required to defray the initial project costs, the DOA A&E will obtain a GF loan.

Construction of Applied Technical Center, Montana State University, Northern

There has been no activity associated with the construction of the Applied Technical Center at MSU Northern, outside of the university's efforts to obtain a fund match. HB 14, section 2, paragraph 3 states that the center must provide an equal match of funds. At this time, no match has been confirmed. The funding of this project was scheduled for 2004 because it was assumed that the match would take some time to obtain and remains scheduled for that date.

Construction and Repair of Agricultural Experiment Stations, Montana State University

Again in the case of the MSU Ag Experiment Stations (AES), current activities revolve around the university's search for matching project funds. In HB 14, MSU agreed to find \$1 million in matching funds. To date, a small amount of money has been raised for the project, and \$75,000 of funding will be included in the July issue for the Central AES. The university had hoped to sell some land to raise a portion of the \$1 million of matching funds, and at this time they are working to finalize the sale. As a result, the remainder of the fund authority will be available when the matching funds are obtained, likely in the 2003 and 2004 issues.

Install Public Broadcasting System (PBS) Digital Conversion, Montana State University

The MSU PBS digital conversion is well underway, and some changes have been made in the schedule to better fit the project. Instead of funding the project entirely from the 2002 bond issue, the project will be funded over a three year period, 2002 through 2004. This project has a federal fund match of 61.79 percent that is also distributed over a three-year period. At this time, most of the progress is seen in equipment purchases and installation.

Summary

Overall, most of the LRBP projects approved for bonding in the fifty-seventh legislative session have seen progress, and the bond schedule has been slightly modified. Of the \$25 million approved, the July 2002 issue will be slightly higher, around \$10.6 million as compared to \$9.6 million. Because the July issue will be higher, 2003 will be near \$6.5 million instead of \$8.9 million and 2004 will be closer to \$7.8 million rather than \$6.5 million. Many of the projects have moved through their initial design phase. The Central Reception Unit, Chemistry Building, Liberal Arts Building, Linfield and Montana Halls, and Cowen Hall projects are all well underway and will be moving into the construction phase in the late spring or summer. The MSU digital conversion is progressing on a somewhat slower schedule. The remaining projects are all in the process of obtaining their matching funds. Essentially, from the perspective of the DOA A&E and given the nature of estimating these projects, the progress of all the projects is on the anticipated schedule.

Attachment 1

**Long Range Building Program Projects, 57th Legislative Session
Bond Issue Schedule-Original and New**

Project Name	Bonds Authorized	Original Bond Schedule			Possible ¹ Bond Schedule			Remaining Total
		Proposed May-02 Issue	Proposed May-03 Issue	Proposed May-04 Issue	Proposed Jul-02 Issue	Proposed May-03 Issue	Proposed May-04 Issue	
Construct Central Reception Unit-MSP	\$ 5,000,000	\$ 345,000	\$2,695,000	\$1,960,000	\$ 2,500,000	\$2,500,000	\$ -	\$ -
Construct New Armory-Dillon	1,940,000	-	140,000	1,800,000	-	140,000	1,800,000	-
Renovate Chemistry Bldg-UM	6,350,000	555,000	5,795,000	-	555,000	2,897,500	2,897,500	-
Reno Liberal Arts, Life Safety/Def Mtc-MSUB	3,220,000	3,220,000	-	-	3,220,000	-	-	-
Reno Linfield & MT Hall/def Mtc-MSU	1,450,000	1,450,000	-	-	1,450,000	-	-	-
Upgrade HVAC sys Cowan Hall-MSUN	2,173,000	2,173,000	-	-	2,173,000	-	-	-
Construct Applied Tech Center-MSUN	2,000,000	-	-	2,000,000	-	-	2,000,000	-
Ag Experiment Stations-MSU	1,000,000	-	285,000	715,000	75,000	462,500	462,500	-
Install PBS Digital Conversion-MSU	1,892,286	1,887,757	-	-	627,287	545,706	714,764	4,529
Total	\$25,025,286	\$9,630,757	\$8,915,000	\$6,475,000	\$10,600,287	\$6,545,706	\$7,874,764	\$ 4,529

¹ DOA A&E knows that the bond schedule will change from the original proposed schedule, but exact amounts are not yet certain. All fund splits and distributions are open to change. The DOA A&E will have a good idea of the exact amount to be bonded in mid-April, and will know the exact amount in July. The numbers listed above, in the possible proposed columns are all subject to change as needed.