Long Range Building Program

Deferred Maintenance Issues

EXHIBIT 1
DATE 1/09/07
HB 5

Statewide Perspective:

- State has 4,154 buildings on inventory.
- Buildings total over 20,508,061 sq.ft.
- Total value is $2,480,895,410 ($1.76 billion w/o contents).
- Over 66% of buildings rely on LRBPF for repair & maintenance projects.
- LRBPF is responsible for $1.15 billion out of $1.76 billion.
- Value grows each biennium w/ inflation and new construction.

LONG-RANGE BUILDING PROGRAM
FACT SHEET

LRBP
1993 Biennium - 2007 Biennium
(Millions)

Amounts Appropriated and/or Authorized					
Biennium	Long-Range Building Program Fund	Other Cash Projects	LRBP Bonds	Other Bonds	Total Program
1992 - 1993	$8.03	$64.21	$61.26	$8.67	$142.17
1994 - 1995	$5.72	$30.68	$3.26	$3.20	$42.86
1996 - 1997	$7.83	$110.09	$41.52	$21.35	$180.79
1998 - 1999	$9.16	$73.12	$47.23	$0.90	$130.41
2000 - 2001	$7.51	$108.11	$33.20	$0.21	$149.03
2002 - 2003	$5.49	$75.33	$25.02	$0.00	$105.84
2004 - 2005	$3.28	$76.46	$0.00	$0.00	$79.74
2006 - 2007	$35.44	$187.13 [1]	$48.00	$5.10 [2]	$275.67

NOTES:

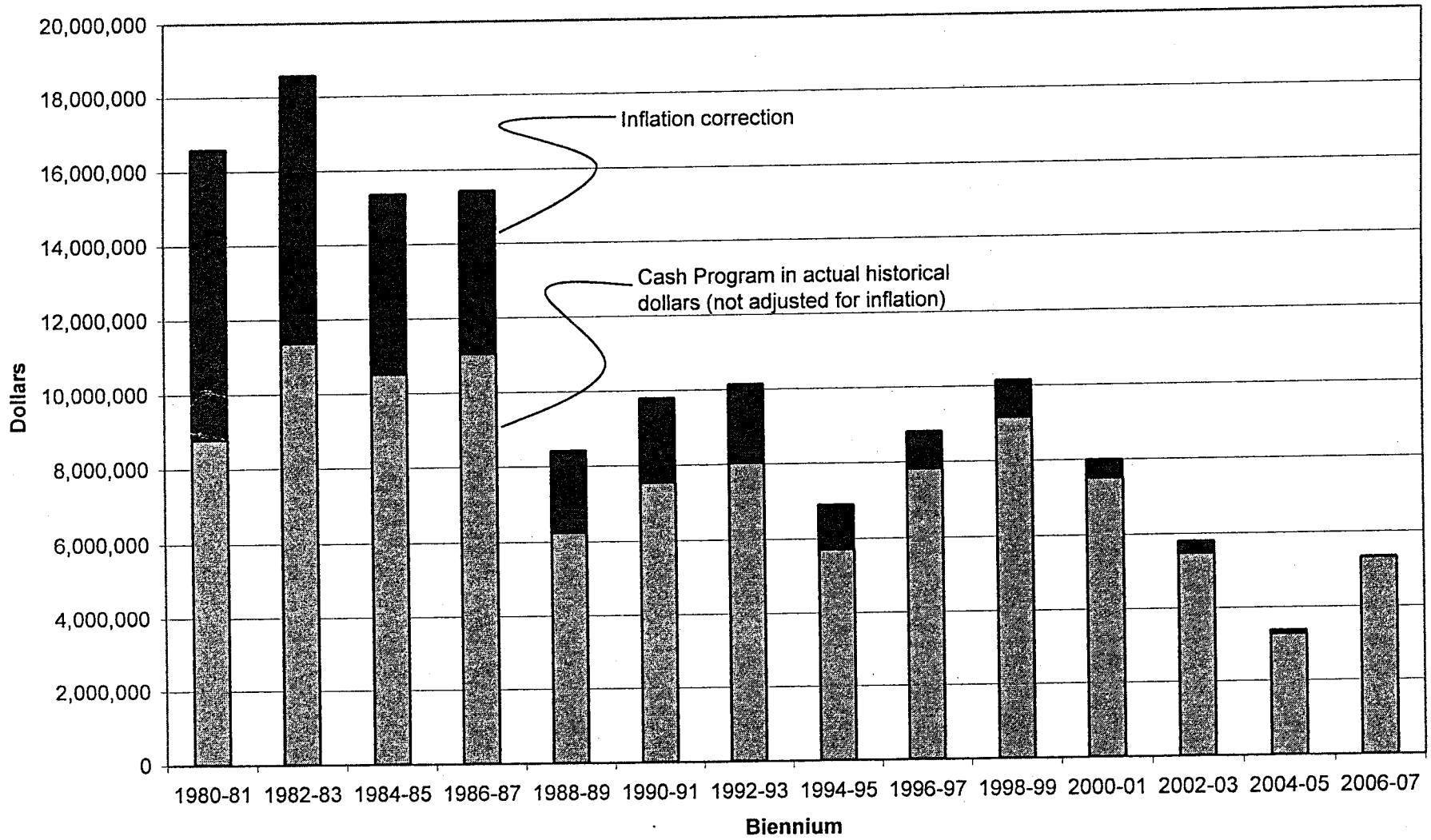
[1] Excludes $133.77 million for the U.S. Highway 93 Construction Projects, Evaro to Polson

[2] Excludes $19.5 million for the St. Mary Water Project and the Fort Belknap Water Compact

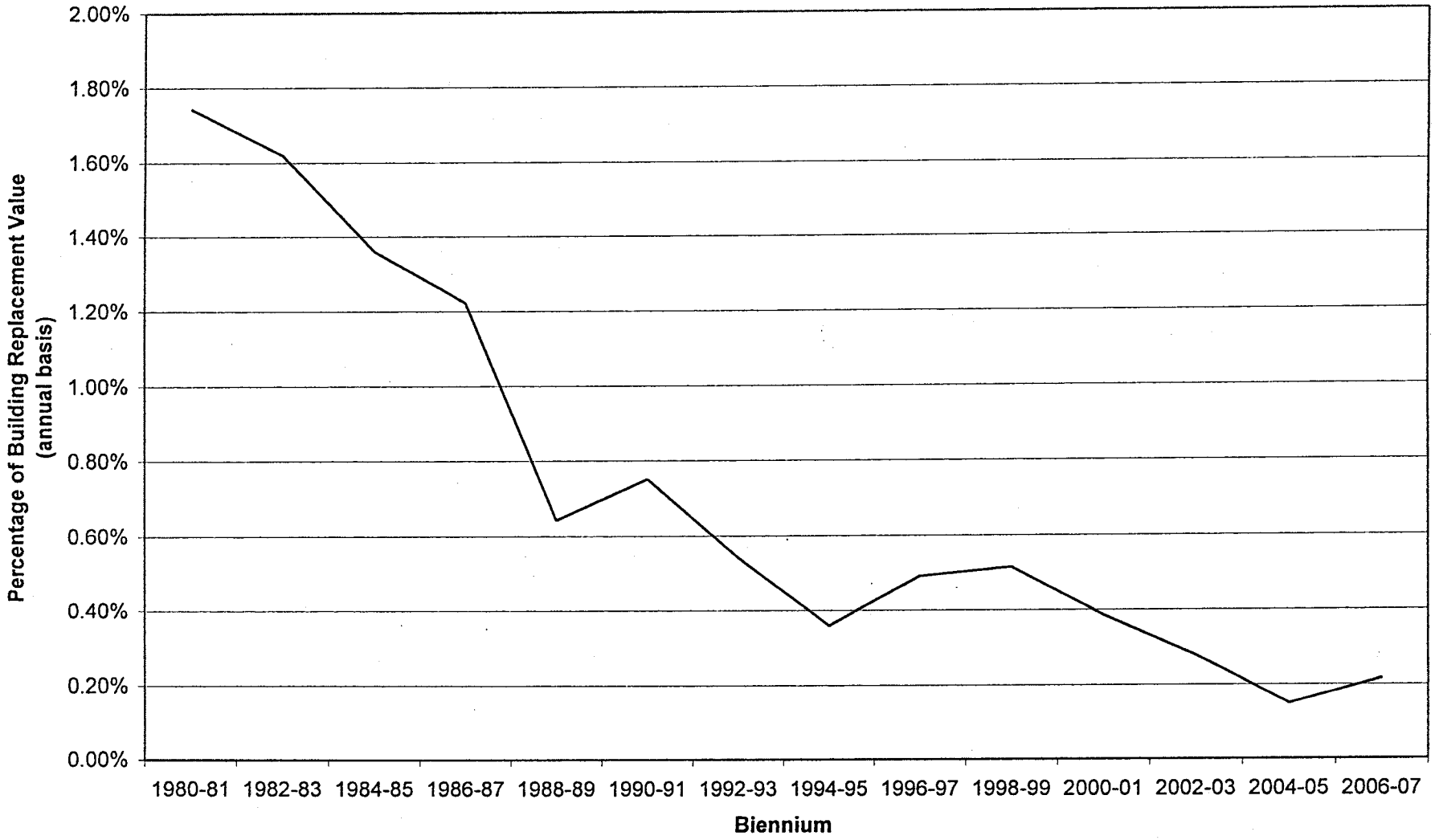
The Problem:

- The LRBP cash program is inadequate.
- Lack of funding results in unresolved deferred maintenance needs.
- The deferred maintenance backlog is currently approx. $205 million and will continue to grow.
- Without additional funding, the State will jeopardize a billion dollar investment.

28-Year Trend in Cash Program--in 2006 Dollars



Cash Program Reflected as a Percentage of Building Replacement Values



The Need:

- APPA publications suggest 2% to 4% of replacement value in maintenance annually.
- We have been recommending a level of 1% of replacement value for major repairs and maintenance.
- This would equal $23 million a biennium vs. current $3-5 million.
- Does not include fixed costs of $7.0 million/biennium.
- Must increase due to inflation & additions to the State building inventory.

Summary:

- Will 1% of replacement value funding eliminate the backlog of $205 million?
- $1.5 - $2.5 million a year has not, $11.5 million a year will certainly make a difference.
- Needs will be requested if funding is available, so backlog may grow initially.
- Unless something is done, the continual, slow decay of facilities will march on unnoticed until failure.
- We have a billion dollar investment to take care of in Montana.
- Thank you for the chance to get something done.