CITY OF SHELBY

112 First Street South
Shelby, MT 59474
Telephone: (406) 434-5222
FAX: (406) 434-2039
www.shelbymt.com

CITY OF SHELBY MONTANA

Mayor: Gary McDermott
Council: Luke Casey, Deb Clark, Aaron Heaton, Lyle Kimmet, Bill Moritz, Trent Tustian
Animal Control: Mark Warila
Attorney: William E. Hunt, Jr.
Building Inspector: Rob Tasker
Community Development: Lorette Carter
Finance Officer: Jade Goroski
Judge: Joe Rapkoch
Superintendent: Loren Skartved

October 15, 2018

Becky Anseth
Montana Department of Commerce
301 S. Park
P.O. Box 200523
Helena, MT 59620-0523

Re: Shelby Storm Water Infrastructure Project MT-TSEP-CG-15-758A

Dear Becky,

This letter serves as a request for extension to TSEP contract MT-TSEP-CG-15-758A. As was noted in our letter of August 22, 2018, the City of Shelby is persistent in its efforts to complete the storm water infrastructure project benefiting the community of Shelby as well as the Montana Department of Transportation and BNSF Railway. The City has secured the necessary BNSF permits and issued a *Notice to Proceed* on September 25, 2018. Since that time the project team has held a combined progress meeting for the storm water and wastewater projects currently under construction. Helena Sand & Gravel has mobilized and initiated dirt work. They plan to continue work until late November, weather permitting. The project construction completion is anticipated for summer 2020.

The financing package is in place, which we have drawn funds from our State Revolving Fund, TSEP as well as the Montana Department of Transportation for necessary materials and will now for construction and engineering.

We are very grateful for your patience as we have faced numerous delays, but know the end result will greatly benefit our community.

Sincerely,

Gary Mc Dermott, Mayor
City of Shelby

Cc: Shelby City Council

Implementation Schedule

Task	Quarters, 2017				Quarters, 2018				Quarter, 2019				Quarter, 2020			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th
	JFM	AMJ	JAS	OND	JFM	AMJ	JAS	OND	JFM	AMJ	JAS	OND	JFM	AMJ	JAS	OND
Project Startup																
Attend Grant Admin. Workshop	Done															
SIGN TSEP Contract	Done															
Prepare Mangement Plan	Done															
Establish Project Files	Done															
Submit Signature & Depositor Forms	Done															
Submit Budgetary Resolution	Done															
Project Design																
Advertise for & Select Engineer	Done															
Commence Final Design	Done															
Complete Project Design	Done															
Submit Plans to DEQ	Done															
Prepare Bid Documents	Done															
Finalize Acquisition	Done															
Advertisement for Const. Bid																
Review Contract Requirements	Done															
Public Bid & Advertisements	Done															
Open Bids & Examine Proposals	Done															
Request Contr. Debarment Review	Done															
Select Contractor & Award Bid	Done															
Conduct Pre-Const. Conference								X								
Issue Notice to Proceed to Contractor								X								
Project Construction																
Begin Construction								X								
Monitor Engineer & Contractor								X	X	X	X	X	X	X		
Coduct Labor Compliance Reviews								X	X	X	X	X	X	X		
Hold Const. Progress Meetings								X	X	X	X	X	X	X		
Final Inspection															X	
Project Close Out																
Submit Final Drawdown															X	
Determine Audit Requirements															X	
Project Completion Report															X	
Submit Conditional Certification													X			
Submit Final Certification													X			

CITY OF SHELBY

112 First Street South
Shelby, MT 59474
Telephone: (406) 434-5222
FAX: (406) 434-2039
www.shelbymt.com

CITY OF SHELBY MONTANA

Mayor: Gary McDermott
Council: Luke Casey, Deb Clark, Aaron Heaton, Lyle Kimmet, Bill Moritz, Trent Tustian
Animal Control: Mark Warila
Attorney: William E. Hunt, Jr.
Building Inspector: Rob Tasker
Community Development: Lorette Carter
Finance Officer: Jade Goroski
Judge: Joe Rapkoch
Superintendent: Loren Skartved

October 15, 2018

Mackenzie Espeland
Community Development Block Grant Program
Montana Department of Commerce
301 S. Park
P.O. Box 200523
Helena, MT 59620-0523

Re: Shelby Water Extension Budget Amendment Request

Dear Mackenzie,

This letter serves as a request for a budget amendment to correct the budget for Project # MT-CDBG-ED-16-01. Our funding partner, EDA has requested a change to the project budget as evidenced by the attached budget. The EDA program has directed us to share costs of the project (engineering/construction) as a percentage of the funds granted. At the same time, the budget in the original agreement dated June 26, 2017 is incorrect. EDA awarded the City additional funds and so the city's portion has also changed as evidenced by the attached budget revision. We are very sorry we did not catch that when we submitted the start-up documentation.

We hope to address this budget amendment, approve the easement agreement and move forward with bid solicitation in the coming weeks as the City as well as EDA are anxious to move forward. Thank you for your assistance.

Sincerely,

Gary Mc Dermott, Mayor
City of Shelby

Cc: Shelby City Council

Shelby Water Extension Estimated Budget

EDA Share: $620,000

CDBG Share: $400,000

City Share: $80,000

Total Project Cost: $1,100,000

Task	Cost Estimate	EDA	CDBG	City
Admin & Legal Expenses	15,000			15,000
Land, Structure, Right-of-way, etc.	20,000			20,000
Relocation Expenses	5,000			5,000
Architectural & Engineering Fees	164,640	61,858	84,782	18,000
Other engineering Fees	22,000			22,000
Project Inspection Fees	41,160	23,050	18,110	
Site Work	0			
Demolition & Removal	0			
Construction	756,500	535,092	221,408	
Equipment	0			
Contingency	75,700		75,700	
Total Project costs	**$1,100,000**	**$620,000**	**$400,000**	**$80,000**

2969 Airport Road, Suite 1B
Helena, MT 59601-1201
406 449 7764
KLJENG.COM

October 24, 2018

Mike Grandy
Helena Sand and Gravel
2209 Airport Rd
Helena, MT 59601

Re: Notice of defective work associated with 54" bore on Shelby Storm Water Improvements project.

Dear Mike:

On Tuesday, October 23rd, KLJ (Engineer) discovered defective work associated with the 54" bore under the BNSF railway. The final section of the bore has a positive (uphill) slope, which will prevent stormwater from proper gravity flow through the system.

Per the contract documents, you are hereby notified of the defective work. Helena Sand and Gravel (Contractor) is responsible for correcting the work and all costs associated with the rework until the corrections are accepted by the Engineer and Owner. This includes the cost of the BNSF flagger and the cost of the Engineer's Resident Project Representative (RPR).

No additional time will be added to the contract to compensate for the time associated with the corrections. Please provide a plan of corrective action and estimated timeframe.

Sincerely,

KLJ

Luke LaLiberty
Project Manager

Cc:

City of Shelby, Montana (Owner)
Funding agencies- TSEP, SRF

Shelby TBID ad for Central MT Planner 2019

SHELBY

STOP. STAY. SHOP. PLAY

Best Western Shelby Inn & Suites
1948 Roosevelt Hwy
(406) 424-4560

Comfort Inn & Suites of Shelby
455 McKinley
(406) 434-2212

Glacier Motel & RV Park
744 Roosevelt Hwy
(406) 434-5181

Motel 6 of Shelby
1200 US Highway 2
(406) 434-5134

O'Haire Manor
204 2nd St. So.
(406) 434-5555

Montana Taxpayers Association
PO Box 4909
Helena, MT 59604
Montax.org

October 2018

Montana Taxpayers Association
SINCE 1921
montax.org

INITIATIVE 186

The Montana Taxpayers Association executive committee has adopted a resolution to oppose Initiative 186. I-186 would require the Department of Environmental Quality to deny a permit to any hardrock mine that could not prove with clear and convincing evidence that it would not require perpetual treatment of discharge water after its operation ceased.

Hardrock mines contribute to the State's economy by employing several thousand workers directly, many more workers in supply and support industries and pay significant taxes on both the minerals they extract and the equipment and facilities they own.

While supporters of the initiative say it will only affect new mines, there is concern that it will also affect expansions of existing mine operations. Some of the advertisements supporting the initiative show old historic mines that were operated prior to Montana's current water quality laws and mine bonding requirements. This initiative will do nothing to fix those problems.

What this initiative has the potential to cause, is unending lawsuits against mine permit applicants and State agencies due to the wording that requires clear and convincing evidence that perpetual water treatment will not be needed. First of all, clear and convincing evidence is a very high threshold to meet. Couple this with predicting what might be needed in perpetuity, creates an impossible threshold to meet.

This initiative will prevent the permitting of any new mine and could limit the ability of current mines to expand and increase their lifespan. Significant harm to Montana's economy and tax base will occur with the passage of I-186.

Montana Taxpayers Association
PO Box 4909
Helena, MT 59604
Montax.org

October 2018

Montana Taxpayers Association
SINCE 1921
montax.org

The **97th Annual Meeting** of the Montana Taxpayers Association will be held December 5th at the Marriott Helena Colonial Hotel in Helena. Registration will begin at 11:30 with lunch served at noon. Our afternoon agenda will include the following:

- speakers that will address the upcoming 2019 legislative session;
- budget issues and many other topics;
- presentations on what other states are doing to deal with the impacts of Federal tax reform.
- taking a look at any major tax proposals that are surfacing which are probably centered around local option sales taxes, dealing with the results of cyclical reappraisal of residential and commercial and agricultural properties and the disparity in tax rates of our classified property tax system.

As details are finalized – the agenda will be sent out.

Sponsorships are available and have been sent out.

Registration will be sent out soon.

Our Annual Meetings are always filled with a variety of speakers and topics, followed by a reception for all attendees to visit and network with others.

THE FEDERAL DEFICIT AND ITS IMPLICATIONS

Deficit spending at the federal level has become the norm. Very few times in the past 50 years has Washington taken in more money than they have spent. The reasons for the deficit are many, but the primary reason deficits are approved is that it is politically easier to fund programs and the people who are beneficiaries of those programs than it is to have the fiscal discipline to say no.

Montana Taxpayers Association
PO Box 4909
Helena, MT 59604
Montax.org

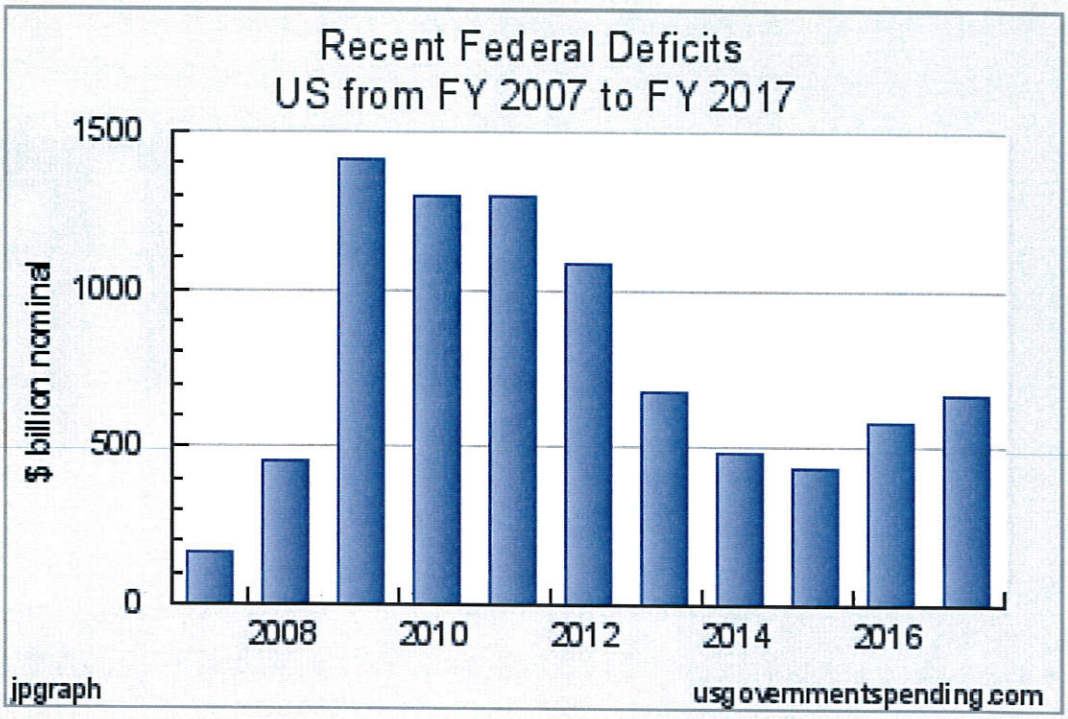
October 2018

Montana Taxpayers Association
SINCE 1921
montax.org

THE FEDERAL DEFICIT AND ITS IMPLICATIONS

(continued from Page 2)

The chart below shows the amount of deficit spending over the past several years.



As important as the amount of the deficit is the percentage that deficit is of the total budget. Many proponents of deficit spending say we should not be concerned about the deficit as it is a very small portion of nation GDP. They even dismiss the ever-growing federal debt for the same reasons. What is over looked is that a significant portion of federal spending is supported by borrowed money. That money comes from various sources like sale of bonds, treasury instruments, and money borrowed from the Social Security Trust Fund. This practice is no different than an individual spending more than they earn and financing the overspending with credit card debt. Eventually the bill comes due and in the meantime the interest on that debt continues to grow and will impact future financial decisions.

Montana Taxpayers Association
PO Box 4909
Helena, MT 59604
Montax.org

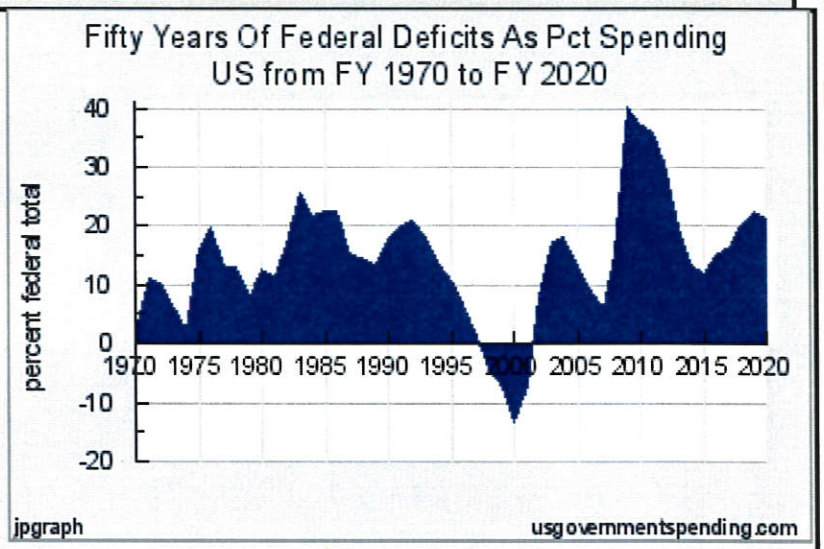
October 2018

Montana Taxpayers Association
SINCE 1921
montax.org

THE FEDERAL DEFICIT AND ITS IMPLICATIONS

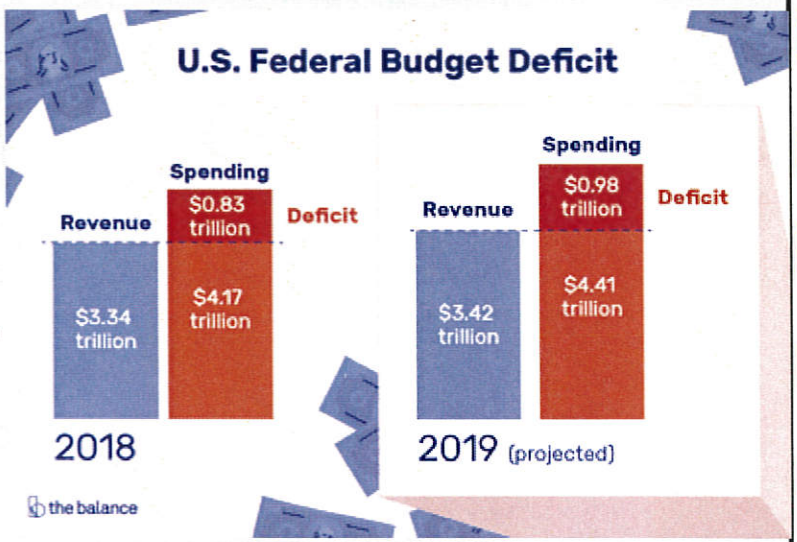
(continued from Page 3)

The chart to the right shows the deficit as a percentage of the federal budget.



A chart for more recent years is shown below also that shows that in Fiscal Year 2018 and 2019 about one in every four dollars spent is borrowed.

The importance of the above information relates to Montana's dependence on federal money that comes to the state to fund a variety of programs. Montana is highly dependent on federal money to fund highways, land management, military operations, social programs such as Medicaid, Social Security, and Medicare; Agricultural programs, and education. Significant portions of that money that flows into Montana is borrowed money that future generations will likely have to repay through higher taxes or reduced services.



Montana Taxpayers Association
PO Box 4909
Helena, MT 59604
Montax.org

October 2018

Montana Taxpayers Association
SINCE 1921
montax.org

MEDICAID EXPANSION

The Montana Legislature, in 2015, voted to make Montana one of the many states that adopted the expanded Medicaid program that was authorized as part of the Affordable Care Act. The AFCA was put in place by Congress in an attempt to address the number of uninsured people and control health care costs that were being shifted to private insured patients.

The Affordable Care Act had several components. One required everyone to purchase some form of health insurance. Another component allowed states to set up exchanges to provide health plans, whose premiums were subsidized to assist families who earned less than $72,000 per year. Another optional program was Medicaid expansion that allowed people who earned less than 138% of poverty to sign up for Medicaid. Traditional Medicaid was an insurance program funded by the states and the federal government to provide health coverage for people with limited income and few assets. Under traditional Medicaid the federal government pays about 2/3's of the cost and Montana contributes about 1/3. The expanded Medicaid program started out fully federally funded and ramped up Montana's share to 10% in 2020. So, the federal government provides about two out of three dollars in traditional Medicaid and nine out of ten dollars in the expanded program.

When the legislature adopted the program in Montana in 2015, it also put a requirement that most recipients also participated in a program that put them on a path to a job, and also required them to pay a percentage of their earnings as premiums. They also put a sunset on the program of June 30, 2019 so they could analyze the program and its participation.

Here are some concerns about the viability of the expanded Medicaid program.

1. How long will the federal government continue to pick up 90% of the cost for this program when their contribution to the traditional program is 66%. If this match changes, it could cost Montana an additional 100 million dollars or more.

Montana Taxpayers Association
PO Box 4909
Helena, MT 59604
Montax.org

October 2018

Montana Taxpayers Association
SINCE 1921
montax.org

MEDICAID EXPANSION *(continued from* Page 5)

2. While the Expanded Medicaid program imports several hundred million dollars of federal money to Montana, one in four of those dollars are borrowed money, adding to the federal debt.
3. It was expected that 45,000 Montanan's would initially sign up for the expanded program. Currently the program serves almost 100,000 people. Projections are that the program will level off at slightly over that number. As more people participate, the state costs go higher.
4. If I-185, passes the Legislature will probably be unable to make modifications to the program to improve its outcomes or contain costs.

UPCOMING MEETINGS

- **November 6**—ELECTION DAY
- **November 13—State Administration and Veterans' Affairs**
- **November 19 —Revenue and Transportation**
- **December 3—Legislative Finance**
- **December 5—97th Annual Meeting of the Montana Taxpayers Association**

Click on the following link if you would like to: Listen or Watch

MARK YOUR CALENDARS
MONTANA TAXPAYERS ASSOCIATION
97TH ANNUAL MEETING
When: **Wednesday, December 5, 2018**
Where: Marriott Helena Colonial Hotel

Our website—www.montax.org, always has the up-to-date meeting information.

Attention:

Please update your contact information for Bob Story—he no longer has ~~(406) 465-6233~~ change to (406)-860-0455.

Please feel free to distribute our newsletters with others that might have an interest in the articles.

Materials contained in our publications are intended for public use and permission is hereby granted with a credit line stating, "reprinted by permission of the Montana Tax Foundation, Inc. The makes no representation, expressed or implied with respect to the documents, or any part thereof. The information contained in these publications are subject to change.

2017 Nonresident Traveler Expenditures & Economic Contribution in Toole County

by Kara Grau, M.S.

2017 Nonresident Traveler Expenditures in Toole County

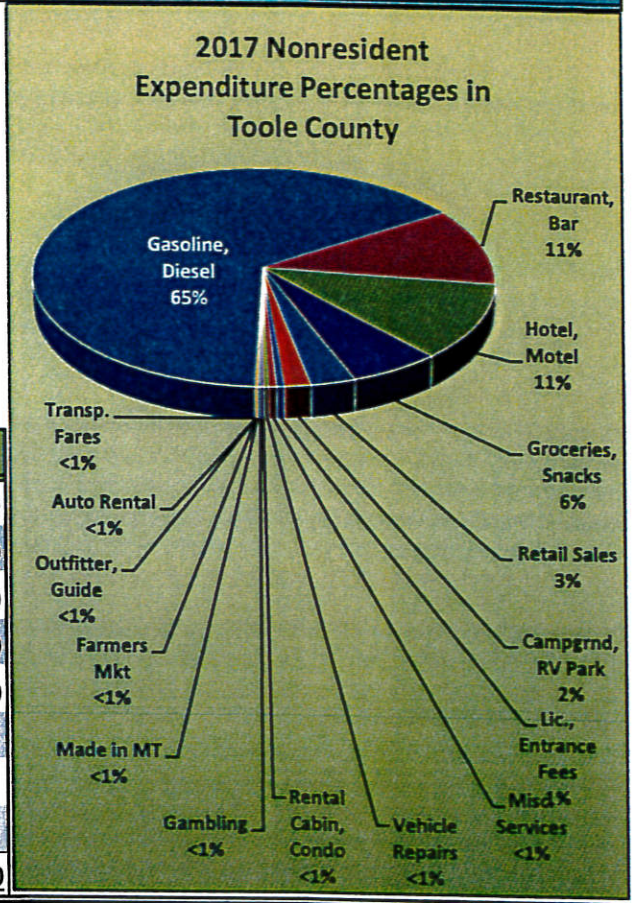


Table 1 - Total Nonresident Spending in Toole County*,◊

Gasoline, Diesel	$30,904,000	Vehicle Repairs	$143,000
Restaurant, Bar	$5,425,000	Rental Cabin, Condo	$93,000
Hotel, Motel	$5,420,000	Gambling	$86,000
Groceries, Snacks	$2,814,000	Made in MT	$79,000
Retail Sales	$1,370,000	Farmers Market	$9,000
Campground, RV Park	$832,000	Outfitter, Guide	*Insufficient Sample Size*
Lic., Entrance Fees	$239,000	Auto Rental	*Insufficient Sample Size*
Misc. Services	$238,000	Transportation Fares	*Insufficient Sample Size*
		TOTAL	**$47,652,000**

2017 Contribution of Nonresident Traveler Expenditures in Toole County

- 2017 average spending* in Toole County by nonresident visitors to Montana totaled $47.7 million.
- This $47.7 million in local spending directly supports $24.0 million of economic activity in the region, and supports an additional $7.4 million of economic activity, indirectly.
- The total contribution of nonresident spending to the regional economy was $31.4 million.

Table 2 - 2017 Economic Impact	Direct	Indirect	Induced	Combined
Industry Output	$23,974,000	$4,439,000	$2,998,000	$31,411,000
Employment (# of jobs)	310	40	20	370
Employee Compensation	$7,643,000	$989,000	$612,000	$9,244,000
Proprietor Income	$2,059,000	$227,000	$183,000	$2,469,000
Other Property Type Income	$2,278,000	$908,000	$697,000	$3,883,000
State & Local Taxes^	–	–	–	$1,703,000

Direct impacts result from nonresident traveler purchases of goods and services; **Indirect impacts** result from purchases made by travel-related businesses; and **Induced impacts** result from purchases by those employed in travel-related occupations.

Industry Ouput is the value of goods & services produced by an industry which nonresidents purchase. **Employment** is full- and part-time average annual jobs. **Other Property Type Income** consists of payments for rents, royalties and dividends.

*Data is collected at the state level. The two-year average of expenditures (2017 $s) was used to help account for small and varying sample sizes at the county level.

◊Expenditure category totals may not add to overall total due to rounding. ^ Comparison to previous years is not advised.

©2018 ITRR