1.2 PURPOSE

The primary purpose of this project is to construct and operate a state-of-the-art, 32-bed (potentially expanding to 64-bed) forensic mental health facility in Montana to address the acute shortage of forensic mental health capacity. The facility will serve individuals involved in the criminal justice system who require mental health evaluation or inpatient restoration of competency to stand trial, as authorized under MCA Titles 46 and 53. The facility is designed with modular scalability so that beds may be converted to civil commitment use if future demand warrants.

1.3 NEED

Montana's forensic mental health system is operating under severe and worsening strain. The following data points, drawn from DPHHS's October 2025 forensic demand analysis, document the need for immediate action:

- **Forensic court orders have surged 77% since FY 2022**, with Guilty but Mentally Ill (GBMI) orders alone increasing by 650% over that same period. There were 156 forensic court orders in FY 2025.

- **The forensic waitlist at the forensic mental health facility in Galen reached 128 individuals** at the close of FY 2025 — a patient population being housed in county jails while awaiting treatment, often without adequate psychiatric care. **As of June 5, 2026, there are 87 patients on the forensic wait list.**

- **Since FY 2022, the Galen facility has maintained a waitlist consistently exceeding 70 patients**, creating a systemic bottleneck affecting county courts, jails, local mental health systems, and defendants' constitutional rights.

- **Montana currently operates 21.57 State psychiatric beds per 100,000 residents**, at the lower end of the national benchmark range of 20–40 beds per 100,000 population.

- The only forensic facility in the State — the forensic mental health facility in Galen (53 beds) — is located in **western Montana**, requiring eastern and central Montana counties to transport defendants hundreds of miles for evaluations and restoration.

- Nationally, forensic waitlists grew from 883 individuals in 2019 to approximately 2,400 by 2024, and **11 states added more than 1,300 forensic beds** between 2022 and 2024 in direct response.

Phase 2 (contingent on future appropriation): Construction and operation of an additional 32 forensic beds on the same parcel, increasing total facility capacity to 64 forensic beds. The additional beds will serve the same forensic population, will be designed to the same security and clinical standards, and will be operated under the same DPHHS lease and operational program as the Phase 1 facility. Phase 2 will not be constructed unless and until the Legislature appropriates additional funding for that purpose.

Both phases are analyzed in this EA. Where this document refers to the "32-bed" facility, that reference describes Phase 1 of the Proposed Action; references to the long-range facility, full buildout, or the 64-bed configuration describe the cumulative scope of Phase 1 plus Phase 2. Where impacts are inherently scaled with bed count — water and sanitary sewer demand, staffing complement, traffic, and capital cost — the relevant section identifies both the Phase 1 figure and the full-buildout figure.

The two-phase scope is disclosed in the DPHHS HB 5 Proposed Construction Plan submitted to OBPP (which states the facility will be designed with scalability in mind for future use) and has also been described to the Laurel City Council and the Yellowstone County Commission and is reflected in the conceptual design package prepared by DLR Group and Cushing Terrell on the State's behalf.

Key project components include:

- **32-bed inpatient forensic mental health facility** designed to medium- to low-security standards with modular pods convertible to civil commitment use.
- **Programmatic areas** including evaluation suites, restoration treatment units, gender-separated housing pods, administrative offices, and clinical support spaces.
- **Site infrastructure,** including water, wastewater, electrical service, stormwater management, access roads, and surface parking.
- **Security infrastructure** appropriate for a forensic patient population, including perimeter fencing, secure entries, and camera systems.
- **Landscaping and open space** consistent with a secure, treatment environment and compatible with the surrounding land use context.

Upon completion, DPHHS will operate the FMHF as lessee, with BOI retaining ownership as a State investment asset consistent with its statutory mission.

2.2 SITE DESCRIPTION

The proposed site is a 114-acre parcel of generally flat, vacant agricultural land located on the western edge of Laurel's urban boundary. The site is situated approximately 700 feet from Interstate 90 and borders Old U.S. Highway 10, providing direct access to the interstate transportation corridor and efficient traffic circulation options. The parcel is

bordered by commercial developments to the south and southeast, agricultural land to the west, and residential land to the north and east. The Laurel Golf Course is to the east, and Wood's Softball Complex is across Old Highway 10 to the South. The new Love's Travel Stops & Country Stores, Inc. (Love's) truck stop location is nearby.

Because the property currently lies just outside the Laurel city limits, BOI has contacted both the City of Laurel and Yellowstone County to have the property zoning designated for governmental use. Although the property must be zoned for government use, no zoning regulations or growth policy is contrary to the siting of a forensic mental health facility. BOI plans to consent to annexation if the City of Laurel desires it.

The nearest school is approximately .5 miles from the proposed construction location of FMHF. Commenters have expressed concern about the FMHF's location in relation to the school, generally comparing the FMHF to a prison. (Commenters have presented no data demonstrating that siting a forensic mental health facility within any given proximity to a school causes adverse impacts or effects to the human environment.) Although both forensic mental health facilities and prisons are secure facilities, a forensic mental health facility is not a prison and is very different from a prison. Montana law does not preclude siting a forensic mental health facility in Yellowstone County west of Laurel, including as it may relate to any school.

A forensic mental health facility is a secured facility providing psychiatric care to individuals needing mental health care or evaluation. It is not a prison or private correctional facility. It is part of the behavioral health system, operated under DPHHS authority and licensed as a secured, nonhospital component of a mental health center, whose primary purpose is to provide psychiatric evaluation, treatment, and custody for individuals whose criminal cases turn on their mental illness, fitness to proceed, or special forensic sentencing status.

Pursuant to Administrative Rule of Montana 37.106.1902 (10), a forensic mental health facility means a 24-hour, seven-day-a-week, secured nonhospital-based forensic psychiatric treatment for criminal justice involved adults who are committed by a court of competent jurisdiction for the purpose of psychiatric treatment or evaluation. Pursuant to Montana Code Annotated Section 53-21-102 (11), a "mental health facility" or "facility" means the state hospital, the Montana mental health nursing care center, or a hospital, a behavioral health inpatient facility, a community facility, a category D assisted living facility, a community program, an appropriate course of inpatient treatment, a mental health center, a residential treatment facility, or a residential treatment center licensed or certified by the department that provides treatment to children or adults with a mental disorder.

Forensic mental health facilities are organized around clinical care rather than custody. They must maintain enough clinical and support staff on duty around the clock to meet treatment needs, respond to crises, and sustain a safe therapeutic environment, which results in more direct care staff per patient than is typical per inmate in a prison unit.

The workforce in a forensic mental health facility is largely composed of physicians, psychiatric technicians, nurses, and other clinically oriented staff whose work centers on observation, therapeutic engagement, de-escalation, and supporting individualized treatment plans for people with serious mental illness. Security practices in a forensic mental health facility are designed to protect staff and patients and prevent elopement, but they are embedded within a treatment-focused environment where clinical assessments, recovery-oriented interventions, and therapeutic goals drive daily operations rather than a primarily custodial or punitive mission.

A prison, by contrast, is part of the correctional system and exists to securely confine people who have been criminally convicted and sentenced to the Department of Corrections. Its core legal purpose is punishment, custody, training, and general rehabilitation, with mental health services provided as one of several institutional programs rather than as the primary mission. *See* Mont. Code. Ann. § 53-30-101 (1). Prisons are staffed primarily by Correctional Officers, who are law enforcement professionals focused on maintaining order, enforcing rules, and providing security in a custodial, punishment-oriented setting. Their training emphasizes use of force standards, emergency response, perimeter and movement control, and managing large inmate populations. As a result, a relatively small number of officers may supervise many incarcerated people across large housing units or recreation yards, with staffing geared toward broad security coverage and institutional control.

Prison placement is driven by a standard criminal sentence under the criminal code, whereas placement in a forensic mental health facility is driven by court orders under the mental illness and mental defect provisions of Montana law. In many cases, patients in a forensic mental health facility have not been found guilty of a crime but are being evaluated to determine whether they are mentally fit to stand trial or are being treated to become fit to stand trial. Some may ultimately be found “guilty but mentally ill” (GBMI), meaning the court concludes they committed the offense but had a significant mental disorder at the time, and their sentence must account for both punishment and treatment. Others may be found “not guilty but mentally ill” (NGBMI) or a similar status under Montana law, meaning the court recognizes that their criminal responsibility is altered by mental illness and focuses on treatment and supervision rather than punishment.

Forensic mental health facilities differ significantly from prisons. These differences include differences in core mission, staffing, and day-to-day operations. Siting considerations applicable to prisons are not applicable to forensic mental health facilities.

Montana Code Annotated Section 53-30-607 imposes a one-mile setback between a *private correctional facility* and the nearest public school. That statute does not apply to a forensic mental health facility. Section 53-30-607 is titled “Licensure limitations — siting of private correctional facilities” and, by its plain terms, restricts only what the

Department of Corrections may license. "Department" is defined at Montana Code Annotated Section 53-30-602(1) as "the department of corrections provided for in 2-15-2301," and "private correctional facility" is defined at Montana Code Annotated Section 53-30-602(2)(a) as "a correctional facility that is either privately operated or privately owned and operated." The FMHF is neither: it is publicly owned by the BOI under HB 5 (2025) §17, publicly operated by DPHHS under HB 5 § 21, and is a forensic mental health facility, not a correctional facility.

The Legislature, moreover, has expressly recognized that the two categories are distinct: Montana Code Annotated § 53-21-102 (10) provides that "[a] correctional institution or facility or jail is not a mental health facility within the meaning of this part." The FMHF is governed by Title 53, Chapter 21, not by Title 53, Chapter 30, Part 6. No Montana statute imposes a fixed setback distance between a DPHHS forensic mental health facility and a school; the site's security design is therefore evaluated under the standards applicable to forensic hospitals (perimeter fencing, secure entries, controlled patient movement, and sallyport intake, rather than under the Department of Corrections private-prison siting rule). Both environments are secure. There are locked doors, controlled movement, searches, and rules designed to prevent escape and keep staff, residents, and communities safe. Each uses structured schedules, formal disciplinary processes, and incident reporting to manage behavior and respond to safety concerns. Both settings also have to balance individual rights with public safety, follow constitutional standards for conditions of confinement, and provide basic services such as food, shelter, medical care, and access to the courts.

But a forensic mental health facility is very different from a prison. This distinction is recognized both in law and in their core missions. Montana law permits the siting of the forensic mental health facility in Yellowstone County west of Laurel, including as it may relate to any school.

2.3 ALTERNATIVES

Proposed Action – Construct and Operate the FMHF on Parcel Near Laurel in Yellowstone County
As described in Section 2.1 above.

Alternative Sites Considered Prior to Selection
Numerous alternative sites were evaluated for the location of the FMHF. Site visits took place in Summer 2025 throughout Yellowstone County to assess locations suitable for the FMHF's design requirements. Additional site visits were conducted in Fall 2025 in Custer County (Miles City) and Bighorn County (Hardin) with participation from local officials, BOI, and DPHHS representatives.

There were a variety of factors used in the site selection process, including:

- Accessibility, Transportation, and Logistics
- Site Configuration and Suitability
- Utilities, Public Services, and Infrastructure
- Fiduciary Considerations
- Permanent Workforce Availability

Based on a comprehensive evaluation of all proposed locations, the Yellowstone County west of Laurel site most clearly satisfied the State's selection criteria and demonstrated superior long-term viability for a new FMHF. The site was chosen over other locations due to its strong alignment with the aforementioned factors. The alternative sites identified and considered during the site-selection process are identified in Appendix E.

Accessibility, Transportation, and Logistics – The site offers direct and reliable access for patients, staff, emergency medical services (EMS), and law enforcement, with convenient proximity to major transportation routes and regional population centers. This level of accessibility supports timely transfers, facilitates staff commuting, and enhances coordination with community partners throughout eastern Montana. The site also facilitates geographic equity in the provision of mental health services.

Site Configuration and Suitability – The property provides an appropriately sized and configured lot to support secure forensic facility operations and construction needs. The site's topography, layout, and access meet the needs of the specialized security, privacy, and safety requirements of a new FMHF.

Utilities, Public Services, and Infrastructure – The location has access to reliable water, sewer, electrical power, and telecommunications infrastructure, established emergency vehicle routes, and access to emergency medical services, fire, and police. These existing systems reduce development risk, support continuity of operations, and help ensure that emergency response and public safety services can be provided efficiently and effectively.

Fiduciary Considerations – The site supports responsible stewardship of public funds by balancing upfront project costs with long-term maintenance and operational efficiency. The availability of existing infrastructure, the suitability of the lot for potential phased development, and the potential to minimize costly retrofits or off-site improvements all contribute to lower lifecycle costs for the State.

Permanent Workforce Availability – This facility will rely on a specialized behavioral health workforce, including psychiatric nurses, psychiatric technicians, psychiatrists, psychologists, social workers, and other key clinical and support roles. The Laurel location was selected in part because of its proximity to the largest health system and health care workforce hub in Montana, improving the feasibility of recruiting, training, and retaining qualified permanent staff. Workforce challenges in behavioral health are

pronounced nationally and in Montana. The State is actively investing in solutions through efforts such as the BHSFG Initiative and the Rural Health Transformation Program (RHTP). These initiatives, among others, are expanding education, training, certification, and career advancement opportunities in critical behavioral health fields, and the Laurel site is positioned to benefit from and contribute to those ongoing efforts.

Commenters have expressed opposition to the FMHF's immediate location, particularly as to how it may interrelate with proximal residences, businesses, or schools. Although the Commenters concerns have been heard and considered, Commenters arguments and data have not materially changed the criteria evaluation described above, or demonstrated the need for additional, unconsidered criteria, or demonstrated that an alternative location would better satisfy the criteria.

The evaluation of alternative sites, applying the factors identified above, demonstrates that the selected parcel reasonably satisfied, and exceeded, the State's operational, infrastructure, and workforce criteria relative to other locations considered. The Yellowstone County site near Laurel was selected because it best satisfies the State's siting criteria—offering superior access to major transportation routes and regional population centers, access to mental health care providers, compatible site configuration, and immediate connection to existing utilities and public infrastructure—while reducing development risk and lifecycle costs. It also uniquely supports long-term operational viability by providing access to Montana's largest health care workforce, improving recruitment and retention and the provision of forensic mental health services, relative to other locations considered.

No Action Alternative – Decline to Build the Facility

Under the No Action Alternative, BOI would not acquire the Laurel parcel, and the facility would not receive the $26.5 million appropriated in HB 5, which would revert to the Long-Range Building Program account. No new forensic psychiatric capacity would be added in Montana through this mechanism in the foreseeable future. The existing forensic system, centered entirely at the Galen facility in western Montana, would continue to operate at or above capacity, with a growing, constitutionally problematic waitlist, and continued geographic inequity in the provision of forensic mental health services. The Proposed Action and the No Action Alternative have comparable and limited environmental impacts, in that the Proposed Action results in only minor, localized, and mitigable construction and operational effects, while the No Action Alternative avoids those physical disturbances. Accordingly, the primary distinction between the alternatives lies not in the physical environmental effects, but in the Proposed Action's ability to avoid the worsening human-environmental conditions and lost economic opportunity associated with inaction.

3. AFFECTED ENVIRONMENT

The analysis area for this EA is private property under an option to buy agreement with BOI, and potentially impacted surrounding areas, including residences, businesses, schools, transportation corridors, and utility service areas. Additional information on the physical environment is available in Appendix B.

3.1 PHYSICAL ENVIRONMENT

Soils and Geology

As shown in the geotechnical analysis attached as Appendix B, the geologic setting consists of lean clay with varying amounts of sand from the surface to depths ranging from 14 to 20 feet below ground surface. Underlying the clay is a sand with varying amounts of clay, silt, and gravel encountered at depths ranging from 14 to 20 feet and continuing to the bottom of the boring when encountered. The lean clay material was identified to be part of the Quaternary glacial till while the sand material was identified to be part of the Quaternary alluvial deposits in the Scobey region.

Standard Penetration Test (SPT) N values (uncorrected) recorded in the clay generally ranged from 1 to 14 blows per foot, indicating very soft to stiff soil. The moisture content of split spoon samples ranged from 5 to 25% at the time of testing.

SPT N values (uncorrected) recorded in the clay generally ranged from 6 to over 50 blows per foot, indicating loose to very dense soil. The moisture content of split spoon samples ranged from 18 to 23% at the time of testing.

The proposed site consists of agricultural soils typical of the Yellowstone River valley, characterized by generally well-drained loam and clay-loam soils used for dryland and irrigated agricultural production. No unique geological features or unstable soils have been identified in available site records.

Floodplain and Wetlands

Six wetlands totaling 17.31 acres and five bed-and-bank features totaling 1.84 acres were delineated during the February 2026 aquatic resource delineation.

Wetland-3, Wetland-5, and Wetland-6 may be considered jurisdictional due to their connection to seasonal wetlands, Bed and Bank (BB-1), which is likely to convey naturally sourced water for more than three months per year. BB-1 connects to a network of irrigation ditches that eventually outflow to the Yellowstone River, a Waters of the United States (WOTUS). Wetland-2 and Wetland-4 are likely non-jurisdictional features since they do not connect to another WOTUS. More research and field investigation will need to be performed to provide a preliminary jurisdictional determination for Wetland-1, as it is difficult to determine if it connects to another WOTUS somewhere off the property.

BB-4 and BB-5 are all likely non-jurisdictional features since they are constructed wholly in upland and do not convey water for more than three months of the year. BB-2 and BB-3 are also likely non-jurisdictional features, as they are constructed in upland areas and may convey water for more than 3 months of the year.

The U.S. Army Corps of Engineers will be consulted to make all final jurisdictional determinations in future phases that may impact the regulated features. Construction would occur away from and not disturb these wetlands.

Air Quality and Greenhouse Gases

The project is located within Yellowstone County. Montana's air quality standards are enforced under the Clean Air Act of Montana, Title 75, Chapter 2, MCA. Ambient air quality in the project vicinity is typical of peri-urban/agricultural interface and is influenced by a combination of regional and local sources, including vehicle traffic along Interstate 90 and Old U.S. Highway 10, agricultural activities, including soil disturbance and seasonal operations, commercial and light industrial development, and occasional fugitive dust during dry and windy conditions. Existing emissions from the parcel are minimal and limited primarily to agricultural soil disturbance and minor equipment use. Construction activities would generate temporary, localized fugitive dust and equipment emissions, primarily from ground disturbance, vehicle traffic, and construction equipment. During operations, the facility is expected to produce no air quality impacts. The Facility would not be a major stationary source of regulated air pollutants, and emissions would be limited to routine vehicle traffic, building energy use, and minor maintenance activities, consistent with existing development in the area and typical of institutional development. The Proposed Action would likely have a negligible effect on increased greenhouse gas emissions entering the atmosphere.

Water Resources

Water services would be provided by connection to the existing City of Laurel facilities. The City of Laurel has stated that sufficient capacity is available to provide water supply to this proposed facility, as established by the Love’s Late-Comer’s and Development Agreement approved by the City Council under Resolution R25-39 (adopted June 10, 2025), which authorized extension of city water and sanitary sewer mains to serve this area at capacity sufficient to accommodate the Proposed Action. A copy of Resolution R25-39 and the accompanying Late-Comer’s and Development Agreement is attached to this EA as Appendix A.

Circular D by the Department of Environmental Quality projects use of 4,680 gallons per day (gpd) for Phase I (32 beds times 115 gpd plus 100 employees times 10 gpd). Phase II would add an additional 4,280 gpd (32 beds time 115 gpd plus 60 employees time 10 gpd). However, actual projected potable demand for the 32-bed FMHF is approximately 2,000 gallons per day: 1,000 for employee and patient needs and 1,000 for kitchen and laundry services. At 64 beds, the facility would use 2,600 gallons per day potable water.

At 32 beds, this is roughly the equivalent of 10 five-bedroom single family homes (400 gpd each). The total water line length from Love's Truck Stop to the 12" tee at the site is approximately 2,364 lineal feet. There will be approximately 500 linear feet of water line from the tee to the building site. As is the case with Love's, a domestic pump will be used to ensure adequate pressure.

Sanitary wastewater would discharge to the existing City of Laurel municipal wastewater collection and treatment system, which the city has confirmed has adequate treatment capacity at projected flow of approximately 2,000 gallons per day per 32-bed unit, again, throughout Laurel Resolution R25-39.

To minimize the use of treated potable water for non-potable purposes, the Proposed Action includes installation of on-site groundwater wells dedicated to landscape irrigation. The irrigation wells would be permitted by the Montana Department of Natural Resources and Conservation (DNRC) under the Montana Water Use Act (Title 85, Chapter 2, MCA).

Estimated irrigation demand is approximately 7,000 gallons per day during the growing season. Area data indicates groundwater levels are approximately 40 feet below the existing ground surface.

No surface-water bodies are located on the proposed construction site. Stormwater management for construction would be conducted under the Department of Environmental Quality's (DEQ's) General Permit for Stormwater Discharges Associated with Construction Activity, with a Stormwater Pollution Prevention Plan (SWPPP) developed prior to ground disturbance. Post-construction stormwater would be managed by on-site retention and conveyance designed in accordance with the City of Laurel's stormwater standards. The SWPPP mitigations would minimize sediment and erosion-related impacts to surface water during construction.

The water-resources analysis in this EA is tiered to the City of Laurel's adopted water and sewer master plans, to the Late-Comer's and Development Agreement adopted under Resolution R25-39, and to existing Yellowstone County groundwater studies.

Cultural and Historic Resources
No historic structures are located on the vacant agricultural parcel itself.

Vegetation and Wildlife
The site is currently in agricultural use with minimal native vegetation. No critical wildlife habitat, threatened or endangered species, or wildlife corridors have been identified on the parcel. The project footprint is appropriate for the scale of proposed development and will not fragment regionally natural areas. This location is adjacent to

the urban interface of Laurel and Old Highway 10. The area is not in Core or General Habitat for greater sage grouse.

3.2 HUMAN ENVIRONMENT

Populations and Demographics
Yellowstone County, anchored by the city of Billings, is the most populous county in Montana, with over 169,000 residents as of 2022 and experiencing growth. It serves as a regional economic hub with a diverse economy. Laurel is a city of approximately 7,376 residents (2026 projected) located in Yellowstone County, approximately 14 miles southwest of Billings. The city has experienced steady population growth, with a projected annual growth rate of approximately 1.1%. The median household income is $68,474, and the poverty rate is approximately 8–10%. Laurel's location on the I-90 corridor, adjacent to the Billings metro area, provides access to a robust regional labor market, essential to staffing the proposed facility.

Health Care Workforce and Infrastructure
Yellowstone County's access to a critical health care workforce and infrastructure necessary to ensure the facility's success is a primary reason for its selection. This location puts the facility close to the Billings metropolitan area's health care workforce catchment zone, which supports a broad range of medical, mental health, and behavioral health professionals. The proximity to Billings — Montana's largest city and regional health care hub — is essential for recruiting and retaining the licensed psychiatric nurses, social workers, psychologists, and security personnel that a forensic facility requires.

Transportation
Laurel sits directly on I-90, one of Montana's primary east-west transportation corridors. This location provides direct, high-quality road access for law enforcement transporting patients from eastern and central Montana counties — many of which currently face one-way transport distances of 300–500 miles to reach the Galen facility in western Montana. There is a direct exit off the I-90 onto the Old U.S. Highway 10 frontage road. This provides direct site access.

The Traffic Impact Study for the Love's Travel Stop performed by SCJ Alliance dated May 2024 identifies that the Love's Travel Stop will generate an additional 720 trips per day in 2025. Their analysis assumes a 4% growth rate per year for both Love's traffic and general neighborhood growth through 2030. The closest intersection to the FMHF site that was included in the study is at Golf Course Road/19th Ave W and Old Highway 10 W, which will also be the main entrance from the interstate to the facility. 994 trips per day were counted. In 2030, with the Love's project, the traffic flow is anticipated to be 2,085 trips per day. The FMHF, if fully expanded to 64 beds, will have approximately

60 employees. This is less than 5% of the daily traffic and is unlikely to cause effects in the area. This study is attached as Appendix H.

Public Services
Local governments (county or city) could provide standard municipal services, including water, wastewater, fire, and emergency response. Yellowstone County could provide law enforcement detention and emergency medical services at a regional level consistent with the operational needs of the proposed facility. As addressed below, the FMHF will be fairly self-efficient with respect to various public services, as it will have staff trained and equipped to respond to clinical, behavioral, and life-safety events.

Funding for the facility is limited by Legislative transfer and appropriation pursuant to Articles VIII, Sections 13 and 14 and HB5 (2025). Funding for other public services with funds dedicated by the Legislature for this facility is not legal.

Water and sanitary sewer capacity. The City of Laurel's water and sewer systems have sufficient capacity to serve the proposed facility. The city has already answered that question in the affirmative on the record.

On June 10, 2025, the Laurel City Council adopted Resolution R25-39, approving a Late-Comer's and Development Agreement under Laurel Municipal Code Chapter 12.38 by which Love's has constructed, at its sole expense and at an estimated cost of $2,735,515, a water main extending from the city's existing system at the 8th Avenue/Old U.S. Highway 10 intersection and a sanitary sewer main extending from the city's existing system at the 7th Avenue/Old U.S. Highway 10 intersection, both running approximately 1,450 feet east of the Old Highway 10/19th Avenue West intersection.

The city's approval of R25-39 reflects an affirmative engineering determination that capacity exists in the existing system to receive these new connections along the Old Highway 10 corridor. The proposed FMHF parcel lies along that same corridor and would tap into the Love's-financed improvements on the same terms as any other prospective customer under LMC § 12.38.030, paying a pro-rata reimbursement during the seven-year reimbursable period. The City's execution of R25-39 demonstrates that the city's water and sewer systems can accommodate the proposed facility.

The State's preliminary facility design parameters confirm that the demand placed on the city's system by the Proposed Action is modest relative to the capacity being delivered under R25-39: the facility's domestic water service will tap the Loves-financed main with a four-inch (4") connection, reducing to a three-inch (3") service entering the building, sized for a peak instantaneous demand of approximately 120 gallons per minute at full long-range buildout of 64 beds (Phase 1 plus Phase 2, as described in Section 2.1).

Sanitary sewer service to the facility will be conveyed by a six-inch (6") lateral discharging to the Loves-financed sanitary sewer main. These service sizes are

consistent with standard institutional health care service connections and are below the design capacity of the mains being constructed under R25-39.

Fire, police, and emergency medical services. The proposed facility would very rarely draw on Laurel's volunteer-stipend fire department and single-ambulance emergency medical service, or on the city's police department. This health care facility will be staffed at all times with on-site safety personnel and patient-care staff trained and equipped to respond to clinical, behavioral, and life-safety events, and the building will be designed with secure entries, controlled patient movement, perimeter fencing, sallyport intake, and fire detection and suppression systems meeting the standards applicable to a hospital occupancy, and on-site security supervision. The proposed facility is designed and will be operated so as not to impose additional demands on those local services. Additional detail can be found in Section 4.4.1.

The State, through the BOI as titleholder under HB 5 (2025) §17 and DPHHS as operator under HB 5 §21, will not seek annexation of the parcel into the City of Laurel for the purpose of obtaining fire, police, or ambulance services; the State will, however, consent to annexation if the City requests it, consistent with the position already stated in Section 2.2 of this EA.

For the limited circumstances in which a patient requires emergency medical care that cannot be safely managed on-site, DPHHS will pursue inter-facility transfer agreements with hospital systems and independent emergency medical service providers in Billings (located approximately 12 miles east of the site via Interstate 90) for transport and treatment, rather than relying on the City of Laurel's ambulance or hospital resources.

Accordingly, the Proposed Action does not impose meaningful new operating demands on Laurel's fire department, police department, or emergency medical services.

Proximate Residences, Business, and Schools

Commenters have expressed opposition to the FMHF's immediate location, particularly as to how it may interrelate with proximal residences, businesses, or schools. As addressed in Section 2.3, Commenters' arguments and data have not materially changed the site selection criteria evaluation described above or demonstrated that an alternative location would better satisfy the criteria. Additionally, property value and tax revenue issues are addressed in Sections 4.1.1, 4.1.2--, and schools are addressed in Section 2.2 and 4.1.1. Commenters did not provide any data or studies demonstrating any effect on proximate businesses. As demonstrated in Section 4.1.1, the FMHF is expected to have a positive economic impact.

Each dismissal represents a safety risk if the underlying criminal conduct is attributable to untreated mental illness. By reducing waitlists and increasing throughput for competency evaluation and restoration, the proposed facility enables the criminal justice process to move forward appropriately, protecting both defendants' rights and community safety.

Safety and Security Concerns Related to Proximity to Local Schools and Homes
All individuals admitted to this type of facility are either court-ordered or sentenced to DPHHS. The facility will operate under strict security and clinical protocols to ensure the safety of patients, staff, and the local and broader community. The facility will be fully compliant with ARM 37.106.1615, which stipulates the requirements for a facility of this type. No law or regulation restricts the siting of the facility at the location selected.

As a forensic mental health facility, security is tighter than in traditional locked psychiatric units. Security features include:

- "Sally port" doors, which ensure one door is closed before the other opens to prevent patient elopement
- A robust, high-security perimeter fence around certain sections of the facility as an additional measure of safety and security for the campus as well as the surrounding community
- A 24/7 central command station that operates facility access control and manages patient and staff movements
- 24/7 interior and exterior live video monitoring

No firearms are on-site, and staff are trained in de-escalation and safe behavioral management techniques.

Total EMS calls for the Galen facility are minimal and are as follows, based on information provided by DPHHS. There have been four total fire department calls from 2020 to present, none of which required fire department response (fire alarms only). There have been 21 EMS calls, most in FY 2025, due to ongoing construction of the Main Hospital and increased medical acuity of patients being transferred to Galen. The Department does not anticipate that this would be the patient population served in the Yellowstone County Facility.

Reduction of County Jail Strain
County jails across Montana report severe operational strain from housing forensic patients who require psychiatric care but cannot access treatment due to the waitlist. Jail staff reports that these individuals deteriorate while held in facilities not equipped to treat mental illness. The proposed facility, by reducing the forensic waitlist and absorbing patients from eastern counties, will relieve overcrowding in county jails, reduce per-diem costs to county governments, and allow jail staff to focus on their core public safety function.

Long-Term Systemic Resilience
The facility's modular design — built to forensic standards but capable of conversion to civil commitment use — provides long-term flexibility that maximizes the return on State capital investment and avoids costly future retrofits.

4.1.2 Physical Environmental Impacts

Short-Term Construction Impacts
Ground-disturbing activities will produce temporary, localized impacts, including fugitive dust, equipment exhaust emissions, construction noise, and disturbance of agricultural soils within the project footprint. These impacts are typical of commercial and institutional construction projects. They will be managed through standard best management practices, including dust suppression, erosion and sediment controls, and construction traffic management plans. All applicable State air quality, stormwater, and construction permits will be obtained before commencement of earth-disturbing activities.

Long-Term Operational Impacts
Upon completion, the facility's operational footprint will generate traffic consistent with that of an institutional health care campus — primarily staff commuting and periodic law-enforcement transport of patients. Given the site's access via Old U.S. Highway 10 and its direct exit from I-90, traffic impacts on residential streets will be minimized through appropriate site design and access management. Wastewater flows could be handled by the City of Laurel's municipal wastewater treatment system. Stormwater will be managed in compliance with State permit requirements.

Land Use, Visual, and Socioeconomics
The Proposed Action encompasses the full 64-bed long-range buildout in two phases: Phase 1, the currently funded 32-bed forensic facility; and Phase 2, an additional 32 forensic beds on the same parcel, contingent on future legislative appropriation. The two-phase 64-bed scope, as disclosed in the DPHHS HB 5 Proposed Construction Plan submitted to OBPP, has also been described to the Laurel City Council and the Yellowstone County Commission. It is also reflected in the conceptual design package prepared by DLR Group and Cushing Terrell on the State’s behalf, attached as Appendix C.

The 114-acre parcel size reflects the security perimeter, operational support, and contingency-buffer requirements appropriate to a 64-bed forensic campus, identified during the alternative-site screening (Section 2.3). Because the full 64-bed buildout is analyzed in this EA, no supplemental environmental analysis is required for Phase 2 construction, provided it remains within the parameters analyzed here. Any future State-operated construction at this site that would exceed the parameters analyzed in this EA

EXECUTIVE SUMMARY

Montana's behavioral health system is facing an ongoing and critical challenge: a growing forensic psychiatric population is overwhelming the state's limited capacity, resulting in delayed treatment and adjudication, as well as admission waitlists that adversely impact local detention facilities. In response to this issue, the Montana Department of Public Health and Human Services (DPHHS) seeks to prioritize the construction of a 32-bed forensic psychiatric facility in Eastern Montana. This expansion will address urgent legal, clinical, and operational needs while improving geographic equity and system efficiency. Importantly, the facility will be strategically designed to allow DPHHS to convert wings or pods for civil commitment use if demand shifts in the future.

BACKGROUND

DPHHS is responsible for providing inpatient psychiatric care to individuals who require involuntary treatment due to severe mental illness. These individuals fall into two primary categories: forensic and civil patients.

- **Forensic patients** are individuals who are involved in the criminal justice system. They may be:
  - Awaiting trial but in need of a mental health evaluation to determine if they are competent to stand trial.
  - Found Unfit to Proceed (UTP) and in need of inpatient restoration services.
  - Sentenced under Montana Code Annotated (MCA) 46-14-312, which mandates DPHHS to provide treatment for individuals found Guilty but Mentally Ill (GBMI) or Not Guilty by Reason of Mental Illness (NGMI).
- **Civil patients** are individuals who, due to a mental illness, pose a danger to themselves or others, and/or are unable to care for their basic needs. These individuals are typically admitted through civil commitment proceedings.

To meet the needs of both populations, the Gianforte administration has secured funding for renovations and expansions at Montana State Hospital (MSH), MSH Grasslands, and the Montana Mental Health Nursing Care Center (MMHNCC), which will increase total state psychiatric bed capacity to 307 beds, with a potential net increase of 40 beds.

In addition to funding provided to MSH during the 2025 Legislative Session, the Gianforte administration secured funding to reopen the D wing at MMHNCC. Reopening the D wing will add 24 civil beds to serve the geriatric psychiatric population, including some patients previously served on the Spratt Unit.

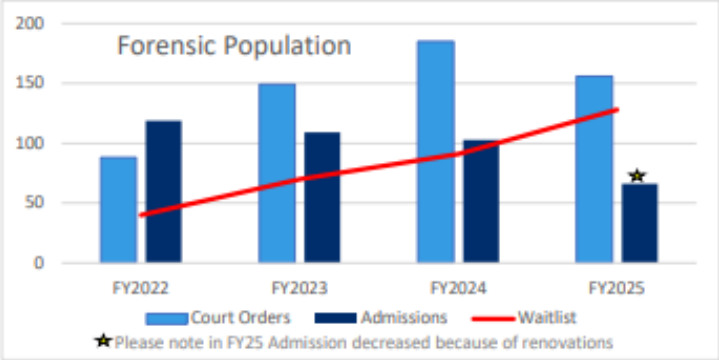
2. **Unfit to Proceed (UTP)**
   If the initial fitness evaluation (COE) determines the individual is not fit to proceed to trial, they must be ordered to be admitted to the FMHF in Galen for inpatient restoration treatment.
   - These individuals do not go to the Delta Unit at this stage.
3. **Non-Restorable Cases**
   If the individual cannot be restored to fitness due to a persistent mental illness, their criminal case may be dismissed.
   - They may then be ordered to be civilly involuntarily committed for ongoing treatment.
4. **Pre-Sentence Evaluation (PSE)**
   In some cases, a PSE is ordered to determine whether the individual met the legal criteria for GBMI at the time of the offense as part of a sentencing proceeding.
5. **Sentenced Forensic Patients (GBMI)**
   Individuals found "Guilty but Mentally Ill" are initially admitted to the FMHF in Galen and placed on a waitlist for transfer to the Delta Unit, which houses sentenced forensic patients.
   - These patients progress through a Level 1–10 privilege system at MSH.
   - Those reaching Level 6 or higher may be eligible for placement in on-campus group homes or, in the future, the converted Spratt Unit.

Civil

MSH also serves individuals who are civilly involuntarily committed. These are individuals who, due to a mental illness, are considered a danger to themselves or others, and/or are unable to meet their basic needs.

The typical process for a civil patient at MSH or MSH Grasslands is as follows:

1. **Admission through Civil Commitment**
   A court orders the individual to receive inpatient psychiatric care based on clinical evidence of risk and/or inability to care for themselves.
2. **Evaluation and Stabilization**
   Upon arrival, the patient is admitted to the admissions wing (Echo) at MSH, where they undergo evaluation and receive initial stabilization treatment.
3. **Discharge or Continued Treatment**
   - If the patient stabilizes quickly, they may be discharged and returned to their home or community with appropriate supports.



The following table reflects the court orders, by type, issued in each fiscal year.

TYPE	FY 2022	FY 2023	FY 2024	FY 2025	% Change FY 2022 to FY 2025	AAGR FY 2022-FY 2025
COE	55	93	81	67	21.80%	13.00%
UTP	23	42	52	43	86.90%	29.70%
PSE	6	7	13	20	333%	52.10%
GBMI	4	7	39	26	650%	166%
NGMI	0	0	0	0	N/A	N/A
TOTAL	**88**	**149**	**185**	**156**	**77.20%**	**25.90%**

Note: Not all COE orders result in admission to the FMHF in Galen. Some evaluations are being completed in the community through the aforementioned BHSFG initiative launched in 2024.

Forensic Waitlist Growth and Contributing Factors

The forensic waitlist for the FMHF in Galen has grown significantly in recent years; however, this growth is not a straightforward function of court orders minus admissions. The waitlist is shaped by a variety of operational and legal factors, including court orders from multiple fiscal years.

Why Waitlist Numbers Are Complex

Several factors contribute to the growing waitlist:

DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

Frequently Asked Questions (FAQs): Montana's New Behavioral Health Facility

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1. What funding is the State of Montana using to build a new behavioral health facility?

House Bill 5, passed by the 2025 Montana Legislature and signed into law by Governor Gianforte on June 19, 2025, provides $26.5 million to build a behavioral health facility. House Bill 5 requires the Department of Public Health and Human Services (DPHHS) and Board of Investments (BOI) to jointly develop a plan identifying the type and location of the facility.

2. What is the type and purpose of the facility?

Based on a statewide needs assessment, this facility will provide secure, therapeutic care for individuals with serious mental illness who are in the criminal justice system. These individuals may include:

- A person awaiting trial who needs a mental health evaluation to determine if they are mentally fit to stand trial.
- A person found Unfit to Proceed (UTP) who requires inpatient treatment to restore their competency.
- A person found Guilty but Mentally Ill (GBMI) or Not Guilty by Reason of Mental Illness (NGMI) who is court-ordered to receive treatment in a secure psychiatric facility.

3. Who is responsible for this facility?

The facility will be managed and operated by DPHHS.

Under Montana Code Annotated (MCA) Title 53, Chapter 21, DPHHS is legally responsible for providing inpatient psychiatric care to individuals who are either civilly committed or involved in the criminal justice system due to serious mental illness.

This new facility will be part of the state's broader behavioral health system and will be staffed, licensed, and overseen in accordance with state law and clinical best practices.

4. Why is the facility focused on mental health treatment for individuals who are involved in the criminal justice system?

Montana is experiencing a growing crisis in forensic psychiatric care and lacks sufficient capacity to meet demand. At the end of Fiscal Year 2025, 128 individuals were on the waitlist for admission to the existing Forensic Mental Health Facility in Galen, which is managed and operated by DPHHS.

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7. Can patients voluntarily leave this facility?

No. All individuals admitted to this type of facility are either court ordered or sentenced to DPHHS. The facility will operate under strict security and clinical protocols to ensure the safety of patients, staff, and the broader community.

8. What security measures are implemented at this type of facility?

As a forensic facility, security is significantly tighter than in traditional locked psychiatric units.

Security features include:

- 'Sally port' doors, which ensure one door is closed before the other opens to prevent patient elopement
- Double-layer security fences around all outdoor areas
- A central command station that operates facility access control and manages patient and staff movements
- 24/7 interior and exterior live video monitoring

No firearms are on-site, and staff are trained in de-escalation and safe behavioral management techniques.

9. What is the anticipated length of stay for patients, and what criteria are used to determine their readiness for release?

Based on the model of the existing Forensic Mental Health Facility in Galen, DPHHS anticipates that patients ordered by the court for evaluation and restoration will stay for approximately 3 to 6 months. Their release depends on their treatment progress and usually involves returning to a county jail or being transferred to the Montana State Hospital.

For patients placed in the care of DPHHS, the length of stay depends on their sentence and behavior. Patients who complete their sentence while at the facility will collaborate with DPHHS discharge planners to develop a plan for their return to the community with suitable follow-up care. Release is also coordinated with Probation and Parole.

10. Will individuals be released into communities after treatment?

No one will be released from the facility, and from incarceration, without a structured discharge plan.

All individuals treated at this facility will be either court-ordered or sentenced to DPHHS. Discharge planning is coordinated with the courts and appropriate agencies to ensure

DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

that individuals return to their home jurisdictions or are transferred to appropriate settings such as the Montana State Hospital, supervised housing, community-based treatment, or another secure facility. Most evaluation patients will transfer back to the county detention facility from where they were originally transferred to await sentencing.

No one will be released without:

- A formal discharge plan
- Oversight or monitoring as required
- Coordination with local law enforcement, Probation and Parole, or behavioral health providers, when appropriate

It is important to note that DPHHS, in coordination with the judicial system, typically works to return individuals to their county of origin.

11. Who is responsible for the discharge planning?

DPHHS is ultimately responsible for the discharge planning of patients who have completed their sentence at the facility. Discharge planning is a dedicated function within the operations of the facility. It is carried out by trained staff who specialize in coordinating safe and appropriate transitions for individuals leaving care.

This process is done in close collaboration with:

- Medical and clinical professionals
- The court system
- Community-based providers
- Other relevant agencies (e.g., law enforcement, Probation and Parole, housing, or treatment programs)

Every discharge is guided by a structured plan that ensures individuals are placed in the right setting with the right supports whether that's returning to their home jurisdiction, entering a supervised program, or continuing care in another facility. Public safety and continuity of care are central to every decision.

12. What kind of staffing is required for a 32-bed forensic facility?

It is anticipated that 90-100 staff will be required to safely operate the facility across multiple shifts 24/7/365. The staffing model is based on best practices at the existing Forensic Mental Health Facility in Galen and will be largely comprised of clinical staff (RNs, LPNs, Psychiatric Technicians) as well as support staff. The staffing model will evolve as the facility design and operational models are finalized.

Table 9 – Public Schools in 1-mile radius of FTC-S facility

NCES School ID	State School ID	School Name	District	Street Address	City	State	ZIP	Charter
290057602831	MO-115903-6915115903	PREMIER CHARTER SCHOOL	PREMIER CHARTER SCHOOL	5279 FYLER AVENUE	ST LOUIS	MO	63139	1-Yes
290059203205	MO-115916-1940115916	GATEWAY SCIENCE ACADEMY HIGH	GATEWAY SCIENCE ACAD/ST LOUIS	5049 FYLER AVENUE	ST. LOUIS	MO	63139	1-Yes
290059203244	MO-115916-3935115916	GATEWAY SCIENCE ACADEMY MIDDLE	GATEWAY SCIENCE ACAD/ST LOUIS	5049 FYLER AVENUE	ST. LOUIS	MO	63139	1-Yes
292928002013	MO-115115-1860115115	CENTRAL VISUAL/PERF. ARTS HIGH	ST. LOUIS CITY	3125 S KINGSHIGHWAY BLVD	ST LOUIS	MO	63139	2-No
292928002404	MO-115115-5780115115	SHAW VISUAL/PERF. ARTS CTR.	ST. LOUIS CITY	5329 COLUMBIA AVE	ST LOUIS	MO	63139	2-No
292928002645	MO-115115-5030115115	BETTY WHEELER CLASSICAL JR. AC	ST. LOUIS CITY	5031 POTOMAC	ST LOUIS	MO	63139	2-No
292928001930	MO-115115-5340115115	MASON ELEM.	ST. LOUIS CITY	6031 SOUTHWEST AVE	ST LOUIS	MO	63139	2-No

These results include "Charter" schools but do not include private educational facilities. The NCES has limited data on private school facilities as part of the Private School Universe Survey (PSS). Because of privacy restrictions, these data are not suitable for mapping and buffer analysis.

Conclusion

Some of the citations and claims returned by the AI-powered search query can be verified as correct and true.

Certain trends in demographics are likely true for the general area of St. Louis City, although it should be noted the AI has erroneously associated Census Tracts and neighborhoods. The narrative implies statistics compiled using Census Tracts boundaries apply to Neighborhood Boundaries, which is a false association.

The public safety information returned by the AI is dubious at best. None of the claims could be verified or reproduced using available data.

Lastly, it should be noted that these AI results specifically focused on of the Forensic Treatment Facility located in the "South City" location. But there is another Forensic Treatment facility is located in the "North City" area of St. Louis that essentially provides the same services to similar populations. The AI did not include demographics and public safety information for this second location located in the northern portion of St. Louis City. It should be noted that demographic and public safety trends in the area of the FTC-N facility are likely very different than the FTC-S location. It is likely that these facilities exert little influence on the socioeconomic and public safety trends effecting the surrounding areas.

For the record, my name is John Esp, State Senator SD 29.

I have read in its entirety the Preliminary Environmental Assessment dated April 20, 2026. I am in agreement that the document accurately reflects the current plan and its impact on the provision of forensic mental health care in our state. The potential harm to those who need these services cannot be overstated. I would posit that most of us recognize the severity of the problem and further admit that doing nothing is not a viable option. I am also of the opinion that the EA accurately reflects the actual impacts on the environment and on those living near the proposed facility.

Since sometime in October, I have written countless letters to Yellowstone County Leaders, and individual Yellowstone County residents. I have pointed to the facts as I see them, as does this EA. Because of the concerns I heard in those letters, I began to investigate what other communities and states are doing to meet the increased demand for these specialized services. It turns out they are doing much the same as the state is proposing to do here in Montana. They are building regional capacity into both their forensic and civil care systems because of the increased demands placed on their justice systems, and of the increased needs of their citizens.

For example the state of Texas committed almost 2 and a half billion dollars over the last several years to build regional capacity in a dozen different geographic locations in their state. The facilities are modern secure, first rate, and more efficient to staff than some of the outdated facilities they are replacing or augmenting.

I am going to focus the rest of my testimony on two specific forensic facilities, both of which care for the same population the state is proposing to care for in the 32 bed facility here in Yellowstone County. I could have just as easily chosen any one of 50 others in operation in other locations in our nation. I will note that both of these cited have a much larger bed capacity than is being proposed here in Yellowstone County. I found that many forensic facilities are operated in and surrounded by residential areas. Schools, parks, and commercial ventures were

also in evidence as near as across the street, or in some cases just up the street from a facility running at full capacity.

I began with the **Forensic Treatment Center – South** in St. Louis and created this shortened timeline to give historical perspective:

Key Points for Yellowstone County Leaders and State leaders to consider from the following timeline.

From the following data and local decisions made in this South St. Louis neighborhood, it appears that people and their varied activities are compatible with a Forensic Hospital in the adjacent neighborhood. As you can see from the timeline below, many children centric uses have been initiated and then further expanded very near or adjacent to this 180 bed Forensic Facility since it started caring for the forensic population in 1997.

Timeline of development within a few hundred feet of the Forensic Treatment Center:

- **1994:** A historic 4 story wing of the **St. Louis State Hospital** was torn down and construction began on a modern (for its time) 4 pod psychiatric hospital and cottages. The Yellowstone County Facility will have the added advantage of 30 years of advancement in security techniques, and electronic technology.
- **1997:** Patients were relocated from other historic wings to the newly constructed **St. Louis Psychiatric Rehabilitation Center** on the Hospital campus.
- **1998-2001:** The **South City Family YMCA** was constructed on the site of the demolished 1912 west wing of the St. Louis State Hospital. It opened to the public in **December 2001.**

- **2000:** The **Premier Charter School** opened its doors on the site of the former Hawthorne State Hospital to **524 students k - 6th grade.** A major $2 million renovation in 2018 added to the capacity. **Current enrollment approx. 1000, pre-K – grade 8.**
- **2012-2013: Gateway Science Academy** renovated a shuttered school building ($3 million "full gut rehab") and opened down the street for the 2013-14 school year. **Enrollment: approx. 811 grades 6-12**
- **2020:** Officially renamed the **Forensic Treatment Center – South** to reflect its specialized role in forensic inpatient psychiatric care. The Center treats court ordered patients only, similar in nature to those anticipated in the proposed Yellowstone County Forensic Facility.

Further observations of the neighborhoods within a one-mile radius of the FTC-South. Data from the American Community Survey (ACS) 2024 5-year estimates.

The median income in the census tracts within a one-mile radius of FTC-S are roughly 1.5 times higher than the median income for the City of St. Louis as a whole.

Fifty one percent of the residents in the radius over 25 years old have a Bachelor's degree or higher.

The National Center for Education Statistics (NCES) School and District Navigator Tool notes 7 public schools within a one-mile radius of FTC-S, including the two that were opened within a few hundred feet of the Forensic Facility **after** it was completed and occupied by forensic patients as detailed in the timeline above. There may be private schools in the area, but data for them is not readily available.

There are at least 3 City Parks within the one-mile radius of FTC-S, one of which, the 289-acre Tower Grove Park is designated a National Historic Landmark attracting over 2 million visitors per year.

Outlook

[Draft] **[EXTERNAL] Laurel Mental Health Facility**

From gayle.everitt@gmail.com <gayle.everitt@gmail.com>
Draft saved Wed 6/3/2026 1:13 PM
To BOI FMHF <FMHF_Comment@mt.gov>

Subject: Public Comment Opposing the Proposed Forensic Behavioral Health Facility at the Laurel Site

To Whom It May Concern,

I am submitting this comment to oppose the proposed location of the Forensic Behavioral Health Facility in Laurel and to urge decision-makers to fully evaluate alternative sites before moving this project forward.

I support mental health treatment and recognize Montana's need for behavioral health services. However, supporting mental health care does not require accepting a facility location that places a forensic psychiatric institution involved with the criminal justice system in close proximity to an elementary school and family neighborhoods.

My granddaughter will begin kindergarten at the nearby elementary school next year. As a grandparent, I find it unacceptable that the state has not clearly demonstrated how it determined this location is compatible with the safety and well-being of hundreds of young children, teachers, and school staff.

Before approving this project, the state should provide clear answers to the following questions:

1. What analysis has been done to specifically evaluate the long term effects of locating this facility near an elementary school? Demonstrate that similar facilities are safely located in close proximity to schools and neighborhoods with no impact on the existing community.

2. What additional security measures will protect students, teachers, staff, as well as the general public? How will these additional security measures be paid for - especially if there is impact to existing government orgs.

3. What emergency response plans will be implemented if a patient leaves the facility, a security breach occurs, or law enforcement activity takes place on-site? Demonstrate that similar plans have been implemented at other facilities and effectively manage any situations.

4. What additional responsibilities will fall on school personnel, first responders and city personnel?

5. What liability does the state assume if an incident affects nearby students, staff, or school operations? What liabilities are the city and residents expected to assume?

6. How will security standards be maintained not only at opening but throughout the life of the facility including future facility growth.

7. What are the plans to staff the facility with the appropriate personnel when the local resources are already strained. Will rotational personnel be brought in? Will the facility provide the needed accommodations and amenities needed for the staff?

The burden should not fall on parents to trust that everything will work out. The burden belongs to the state to demonstrate that it has thoroughly analyzed the risks and developed effective safeguards against properly identified criteria while being transparent with the community.

I am also concerned that project documents appear to allow future expansion beyond the currently advertised capacity. If the facility can be expanded, then the public deserves a complete review of the impacts of that larger facility before any approvals are granted. Decision-makers should not approve a project based on one set of impacts while reserving the option to substantially increase those impacts later. An expansion plan must be shared to all - transparency is key.

The state should conduct a complete evaluation of alternative locations and share the details of that analysis. State-owned land near the airport deserves consideration as well as Hardin (and other communities). If other viable locations exist that would place greater distance between the facility and schools, neighborhoods, and growing residential areas, those options should receive a thorough and transparent review.

This proposal raises concerns about the future of our schools and community. Families choose Laurel because of its schools, quality of life, and safe environment for raising children. Many parents are already discussing whether they would consider out-of-district enrollment, private schools, or relocation if this project proceeds at the proposed location.

The state should include these potential consequences in the formal evaluation before making a final decision:

Reduced school enrollment.
Loss of school funding tied to enrollment.
Effects on property values.
Impacts on future residential growth.
Impacts on the local tax base and long-term economic development.

These are not hypothetical concerns. They represent real decisions that families may make based on the outcome of this project.

I urge decision-makers to:

Reject any approval that relies on incomplete analysis.
Conduct a full and independent environmental review.
Complete a comprehensive assessment of impacts on nearby schools, students, teachers, families and the broad community.
Fully analyze liability, security, and emergency response implications.
Evaluate all alternative sites and include in a transparent analysis.
Analyze the impacts of any future expansion before granting approval.
Ensure that public input meaningfully influences the decision-making process.

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CHILDREN, FAMILIES, HEALTH AND HUMAN SERVICES INTERIM COMMITTEE
69th Montana Legislature

SENATE MEMBERS	HOUSE MEMBERS	COMMITTEE STAFF
John Esp	Melody Cunningham	Milly Allen – Lead Staff
Dennis Lenz	Jodee Etchart	Maddie Krezowski – Legal Staff
Cora Neumann	SJ Howell	Emily McKay – Legal Staff
Mike Yakawich	George Nikolakakos	Jolanda Songer - Secretary
	Melissa Nikolakakos	

MINUTES LOG

March 09, 2026
Day 1 - Capitol Room 152 & Zoom
Helena, Montana

Please note: This document is a Minutes Log and provides annotation of the time elapsed between the beginning of the meeting and the time at which the item was presented or discussed, a motion was made, or a vote was taken. The narrative presented here is provided only as a guide to the audio or video recording of the meeting. The official discussion, motion, or vote is available on the audio or video archive of this meeting. The Legislature does not prepare a transcript of the meeting activities. The time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

Access to an electronic copy of these minutes and the audio or video recording is provided from the Legislative Branch home page at https://leg.mt.gov. From the home page, select the "Committees" drop down menu at the top, then select Administrative or Interim, and the appropriate committee. The written minutes log can be located by expanding the accordion menu for the date of the meeting. Links to the audio/video files can be located by selecting the Video/Audio button on the same page, then the "past/current recordings" button. From there, use the calendar to select the date of the meeting you wish to view/listen to. The written Minutes Log, along with links to the audio and video recordings, is listed by meeting date on the interim committee's web page. Each of the Exhibits is linked and can be viewed by clicking on the Exhibit of interest. All Exhibits are public information and may be printed.
Please contact the Legislative Services Division at 406-444-3064 for more information.

MEMBERS PRESENT:
Rep. Jodee Etchart, Presiding Officer (R)
Rep. SJ Howell, Vice Presiding Officer (D)
Sen. John Esp (R)
Sen. Dennis Lenz (R)
Sen. Cora Neumann (D) – Via Zoom
Rep. Melissa Nikolakakos (R)
Sen. Mike Yakawich (R)

MEMBERS EXCUSED:
Rep. Melody Cunningham (D)
Rep. George Nikolakakos (R)

MEMBERS ABSENT:

STAFF PRESENT:
Milly Allen, Lead Staff
Maddie Krezowski, Legal Staff
Emily McKay, Legal Staff
Jolanda Songer, Secretary

MONTANA LEGISLATIVE SERVICES DIVISION STAFF: JERRY HOWE, EXECUTIVE DIRECTOR • ANGUS MACIVER, DIRECTOR, LEGISLATIVE AUDIT DIVISION • AMY CARLSON, DIRECTOR, LEGISLATIVE FISCAL DIVISION • TODD EVERTS, DIRECTOR, LEGAL SERVICES OFFICE • DALE GOW, CIO, OFFICE OF LEGISLATIVE INFORMATION SERVICES • RACHEL WEISS, RESEARCH DIRECTOR • ANGIE CARTER, FINANCIAL SERVICES MANAGER

10:12:33 Vice Presiding Officer SJ Howell
10:13:06 Rebecca de Camara, DPHHS
10:14:08 Sen. Cora Neumann
10:14:57 Rebecca de Camara, DPHHS
10:16:11 Presiding Officer Jodee Etchart
10:16:28 Rebecca de Camara, DPHHS

Technology Modernization Update
10:17:56 Jessie Counts, Humans Services Executive Director, DPHHS
(See Exhibit 2)
10:20:00 Carrie Albro, Chief Information Officer, DPHHS
(See Exhibit 2)

Montana State Hospital: Continuous Improvement and Recertification Update
10:29:45 Matt Waller, Health Care Facilities Executive Director, DPHHS
(See Exhibit 2)

Committee Questions / Discussion
10:33:42 Sen. Mike Yakawich
10:34:06 Director Charlie Brereton
10:34:24 Meghan Peel, DPHHS
10:38:04 Sen. Cora Neuman
10:38:46 Director Charlie Brereton, DPHHS

Forensic Mental Health Facility Update
10:39:49 Director Charlie Brereton, DPHHS
10:50:25 Dan Villa, Executive Director, Montana Board of Investments
(See Exhibit 2)
EXHIBIT 3
EXHIBIT 4
EXHIBIT 5

Committee Questions / Discussion
10:59:14 Sen. John Esp
EXHIBIT 6
EXHIBIT 7
11:05:08 Rep. Melody Cunningham
11:05:49 Director Charlie Brereton, DPHHS
11:06:29 Presiding Officer Jodee Etchart

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CHILDREN, FAMILIES, HEALTH AND HUMAN SERVICES INTERIM COMMITTEE
69th Montana Legislature

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Cora Neumann	SJ Howell	Emily McKay – Legal Staff
Mike Yakawich	George Nikolakakos	Jolanda Songer - Secretary
	Melissa Nikolakakos	

MINUTES LOG

March 10, 2026
Day 2 - Capitol Room 152 & Zoom
Helena, Montana

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For more information, please contact:
The Legislative Services Division at 406-444-3064 for policy committees;
The Legislative Fiscal Division at 406-444-2986 for fiscal committees; or
The Legislative Audit Division at 406-444-3122 for the Legislative Audit Committee.

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Sen. Mike Yakawich (R)

MEMBERS EXCUSED:
Rep. George Nikolakakos (R)

MEMBERS ABSENT:

STAFF PRESENT:
Milly Allen, Lead Staff
Maddie Krezowski, Legal Staff
Emily McKay, Legal Staff
Jolanda Songer, Secretary

MONTANA LEGISLATIVE BRANCH MANAGEMENT: JERRY HOWE, LEGISLATIVE SERVICES EXECUTIVE DIRECTOR • ANGUS MACIVER, LEGILATIVE AUDITOR • AMY CARLSON, LEGISLATIVE FISCAL ANALYST • TODD EVERTS, LEGAL SERVICES DIRECTOR • DALE GOW, CHEIF INFORMATION OFFICER • RACHEL WEISS, RESEARCH DIRECTOR • ANGIE CARTER, FINANCIAL OFFICE DIRECTOR • KELLY DASILVA HR DIRECTOR

Committee Questions / Discussion

10:54:32 Presiding Officer Jodee Etchart

10:55:06 Jamin Howell, DOJ

SJ 48 - HEALTH IMPACTS OF MARIJUANA USE: RESEARCH SUMMARY

10:57:21 Milly Allen, Lead Staff, Legislative Services Division (LSD)

EXHIBIT 30

(See Exhibit 17)

10:58:30 Presiding Officer Jodee Etchart left the meeting and Vice Presiding Officer SJ Howell assumed the Chair.

Committee Questions / Discussion

11:10:13 Rep. Melody Cunningham

11:10:46 Milly Allen, LSD

(See Exhibit 30 and 17)

11:12:07 Sen. John Esp

11:12:15 Presiding Officer Jodee Etchart rejoined the meeting and assumed the Chair.

Public Comment

11:14:47 Carrie Krepps, Executive Director, Florence Crittenton Family Services & Board Member, Behavioral Health Alliance of Montana

11:17:13 Leanna Troesh, Safe Montana

(See Exhibit 30)

11:21:16 Judith Mortensen, Great Falls

EXHIBIT 31

11:24:35 Ron Paulick, Great Falls

EXHIBIT 32

11:25:09 Kate Cholewa, Montana Cannabis Industry Association

11:27:30 **Recessed**

11:36:32 **Reconvened**

PUBLIC COMMENT ON ANY MATTER WITHIN THE SCOPE OF THE CHILDREN, FAMILIES, HEALTH, AND HUMAN SERVICES INTERIM COMMITTEE THAT IS NOT ON THIS AGENDA

11:37:06 Elizabeth Gilg

11:40:58 Matt Gilg, Yellowstone County

Committee Questions / Discussion

11:44:52 Sen. John Esp

11:48:03 Presiding Officer Jodee Etchart

BUY-SELL AGREEMENT (Land)
(Including Earnest Money Receipt)

This Agreement stipulates the terms of sale of this property. Read carefully before signing. This is a legally binding contract. If not understood, seek competent advice.

Date: 1/13/2026

Montana Board Of Investments
as ☐ joint tenants with rights of survivorship, ☐ tenants in common, ☐ individually, ☐ other _____ (hereafter the "Buyer") agrees to purchase, and the Seller agrees to sell the following described real property (hereafter the "Property") commonly known as NA

in the City of Laurel, County of Yellowstone, Montana, legally described as:
ROSSMOOR SUBD, S08, T02 S, R24 E, Block 1, Lot 3, 28.87 AC,
ROSSMOOR SUBD, S08, T02 S, R24 E, Block 1, Lot 2
ROSSMOOR SUBD, S08, T02 S, R24 E, Block 1, Lot 1

TOGETHER with all interest of Seller in vacated streets and alleys adjacent thereto, all easements and other appurtenances thereto, uncut timber and non-harvested crops and all improvements thereon except: _____.

PERSONAL PROPERTY: The following items of personal property, free of liens and without warranty of condition, are included and shall transfer to the Buyer at Closing: NA _____.

Buyer acknowledges that only the personal property set forth above is to transfer to the Buyer at Closing regardless of any other advertisements or information to the contrary.

PURCHASE PRICE AND TERMS:

$ 4,250,000.00 Purchase Price: Four Million Two Hundred Fifty Thousand (U.S. Dollars)

$ 42,500.00 Earnest Money (credited to Buyer at closing)

$ 4,207,500.00 Balance Due (not including closing costs, prepaids and prorations) payable as follows (check one):

☒ All cash at closing (no financing contingency);
Certification of cash funds provided ☐ with offer **OR** ☐ delivered by Buyer within _____ days of the date all parties have signed this Agreement.

☐ Additional cash down payment at closing in the minimum amount of:
☐ $_____ **OR** ☐ _____% of the Purchase Price

Balance to be financed as indicated below:
☐ Conventional ☐Other Financing ☐ Seller Financing ☐ Assumption ☐ Home Equity
☐ Other
NA

Pre-approval letter from financial institution provided ☐ with offer **OR** ☐ delivered by Buyer within NA days of the date all parties have signed this Agreement.

CLOSING DATE: The date of closing shall be (date) 7/13/2026 (the "Closing Date"). The parties may, by mutual agreement, close the transaction anticipated by this Agreement at any time prior to the date specified. The Buyer and Seller will deposit with the closing agent all instruments and funds necessary to complete the purchase in accordance with this Agreement. If third-party financing is required by the terms of this Agreement (including assumptions, contracts for deed, and lender financing), the Closing Date may be extended without amendment by not more than 15 days to accommodate delays attributable solely to such third-party financing. If the Closing Date,

APPRAISAL CONTINGENCY:

☐ Property must appraise for at least ☐ the Purchase Price **OR** at least ☐ $ _____. If the Property does not appraise for at least the specified amount, this Agreement is terminated and earnest money refunded to the Buyer unless the Buyer elects to proceed with closing this Agreement without regard to appraised value. Written notice of Buyer's election to proceed shall be given to Seller or Seller's Broker/Salesperson within _____ days of Buyer or Buyer's Broker/Salesperson receiving notice of appraised value; **OR**

☐ This Agreement is contingent upon the Property appraising for at least ☐ the Purchase Price **OR** at least ☐ $ _____. Release Date: _____ at 5:00 p.m. (Mountain Time).

TITLE CONTINGENCY: This Agreement is contingent upon Buyer's receipt and approval (to Buyer's satisfaction) of the preliminary title commitment (the "Commitment") issued for the Property. However, Buyer may not object to the standard pre-printed exceptions (general exceptions not unique to the Property). Release Date: 15 days from the earlier of Buyer's or Buyer Broker's/Salesperson's receipt of the Commitment.

Buyer may approve the Commitment subject to the removal of specified exceptions. If Buyer provides Seller written objections to the Commitment prior to the release date above, Seller shall have ten (10) days from receipt of those objections to satisfy said objections or propose to Buyer a plan by which the objections would be satisfied within a time frame satisfactory to Buyer. If within said ten (10) day period Seller has not either satisfied Buyer's objection to the Commitment or proposed to Buyer a plan by which the objections would be satisfied, Buyer shall have three (3) days after expiration of said ten (10) day period to notify Seller whether Buyer desires to (i) terminate this Agreement in which case the earnest money shall be returned to the Buyer or (ii) waive said objections in which case this Agreement shall remain in full force and effect. The two remedies stated above shall be Buyer's sole remedies if Seller and Buyer are unable to resolve Buyer's objections to the Commitment.

Buyer shall have the right to examine any updated or revised Commitment at any time after the expiration of the Release Date set forth above and to object to any new title exceptions created or suffered since the effective date of the original Commitment. If Buyer notifies Seller of any such additional objections prior to the Closing Date, the parties shall have the same rights set forth above and the Closing Date shall be extended by the number of days equal to the number of days set forth after the Release Date, above, plus thirteen (13).

PROPERTY INVESTIGATION: This offer is contingent upon Buyer's independent investigation of the following conditions relating to the Property, including but not limited to; covenants, zoning, access, easements, well depths, septic and sanitation restrictions, surveys or other means of establishing the corners and boundaries, special improvement districts, restrictions affecting use, special building requirements, future assessments, utility hook up and installation costs, environmental hazards, airport affected area, road maintenance obligations or anything else Buyer deems appropriate. Buyer agrees that any investigations or inspections undertaken by Buyer or on his/her behalf shall not damage or destroy the Property, without the prior written consent of Seller. Further, Buyer agrees to return the Property to its original condition and to indemnify Seller from any damage or destruction to the Property caused by the Buyer's investigations or inspections, if Buyer does not purchase the Property.

Unless Buyer delivers written notice(s) of Buyer's disapproval of the Property conditions on or before (Notice Date) 7/1/2026 at 5:00 p.m. (Mountain Time), this inspection contingency shall be of no further force or effect. **If Buyer disapproves** of the Property condition, Buyer shall deliver written notice to the Seller or the Seller's Broker/Salesperson on or before the date specified above, together with a copy of ONLY that portion of the inspection or report upon which the disapproval is based. Buyer shall also state whether Buyer elects to immediately terminate the Agreement or negotiate a resolution of the conditions noted. **If Buyer elects to negotiate** a resolution of the conditions noted, the notice must contain all of Buyer's objections and requested remedies.

On or before the Notice Date set forth above, Buyer may deliver a written notice to the Seller or the Seller's Broker/Salesperson electing to terminate the Agreement and withdrawing any prior notice or notices requesting a resolution of the condition(s) noted, notwithstanding that Buyer may have previously delivered a notice or notices electing to negotiate a resolution of the condition(s) noted, unless said prior notice(s) have been approved and agreed to in writing by the Seller.

If Buyer has provided and not withdrawn a notice electing to negotiate and the parties enter into a written agreement in satisfaction of the condition(s) noted, this contingency shall be of no further force or effect. If the parties cannot come to written agreement in satisfaction of the condition(s) noted or if the Buyer does not withdraw, in writing, his/her disapproval of the condition(s) noted and elect to continue to closing without regard to any and all previously provided inspection notices, on or before (Resolution Date) 7/1/2026 at 5:00 p.m. (Mountain Time), the earnest money shall be returned to the Buyer, and the Agreement then terminated.

This offer is contingent upon

Buyer has the right to terminate the contract for any reason prior to July 1, 2026.

Release Date: 7/1/2026 at 5:00 p.m. (Mountain Time).

This offer is contingent upon

_____

_____

_____

_____

Release Date: _____ at 5:00 p.m. (Mountain Time).

ADDITIONAL PROVISIONS:

Seller will work in good faith, allow access to the property, sign any documents necessary, or give the buyer signing authority to completed phase 1 and 2 environmental, soil testing, water testing, hydrological studies, boundary surveys, biological and ecological surveys, infrastructure and utility assessments, zoning change, annexation, or any other assessments.

Seller will provide any current lease or written agreement on the property. Seller will determine if a crop is currently planted to be harvested in 2026. If there is a crop in the ground at the time of signing the buy/sell the seller will notify the buyer within 3 business days of what the crop is.

CONVEYANCE: The Seller shall convey the real property by warranty deed, free of all liens and encumbrances except those described in the title insurance commitment, as approved by Buyer. The Seller shall convey the personal property by Bill of Sale.

WATER: All water, including surface water or ground water, any legal entitlement to water, including statements of claim, certificates of water rights, permits to appropriate water, exempt existing rights, decreed basins or any ditches, ditch rights, or ditch easements appurtenant to and/or used in connection with the Property are included with the Property, except: _____.

Filing or transfer fees will be paid by ☐ Seller, ☐ Buyer, **OR** ☒ split equally between Buyer and Seller.

Documents for transfer will be prepared by _____.

WATER RIGHT OWNERSHIP UPDATE DISCLOSURE: By Montana law, failure of the parties at closing or transfer of real property to pay the required fee to the Montana Department of Natural Resources and Conservation for updating water right ownership may result in the transferee of the property being subject to a penalty. Additionally, in the case of water rights being exempted, severed, or divided, the failure of the parties to comply with section 85-2-424, MCA, could result in a penalty against the transferee and rejection of the deed for recording.

NATURAL WATER BODIES AND LAND PRESERVATION DISCLOSURE: Buyers of property in the State of Montana should be aware that some properties contain or are adjacent to streams, rivers, wetlands, floodplains and other water bodies. It is the general policy of the State of Montana, under the Montana Natural Streambed and Land Preservation

TETRA TECH

Memo

To:	Cynthia Brantley
Cc:	Cole Moller (CTA); Jeff Rupp (CTA); Sean Tharp (CTA); Nick Jaynes (TT)
From:	Brady Grove – Staff Geotechnical Engineer
Date:	April 8, 2026
Subject:	Laurel Mental Health Facility Geology and Logs Memo

This memorandum has been prepared to provide geologic findings at the project site from the geotechnical investigation for the Laurel Mental Health Facility. Please feel free to share this memo with all interested and involved parties.

GEOTECHNICAL INVESTIGATION FINDINGS

Subsurface Conditions

The geologic setting consists of lean clay with varying amounts of sand from the surface to depths ranging from 14 to 20 feet below ground surface. Underlying the clay is a sand with varying amounts of clay, silt, and gravel encountered at depths ranging from 14 to 20 feet and continuing to the bottom of the boring when encountered. The lean clay material was identified to be part of the Quaternary glacial till while the sand material was identified to be part of the Quaternary alluvial deposits in the Scobey region. Total thickness of the sand material was not observed by Tetra Tech.

SPT N values (uncorrected) recorded in the clay generally ranged from 1 to 14 blows per foot, indicating very soft to stiff soil. The moisture content of split spoon samples ranged from 5 to 25% at the time of testing.

SPT N values (uncorrected) recorded in the clay generally ranged from 6 to over 50 blows per foot, indicating loose to very dense soil. The moisture content of split spoon samples ranged from 18 to 23% at the time of testing.

Lab testing

A series of corrosion tests were performed on samples from various depths within multiple borings across the site. The results of these tests are summarized below:

Table 3. Summary of Corrosion Testing

Sample Location	Sample Depth (ft)	Resistivity (Ω-cm)	pH	Soluble Sulfates (%)
BH-03	5' – 7'	76	7.8	0.89
BH-05	7.5' – 8.5'	82	7.8	0.79
BH-07	2.5' – 4.5'	80	7.9	0.85

Based on the above results and the simplified procedure outlined in AASHTO R27-19 (Standard Practice for Assessment of Corrosion of Steel Piling for Non-Marine Applications), the samples from each boring are considered to exhibit a low possibility of uniform or microcell corrosion for steel piling. The soil samples collected from each boring also exhibit moderate soluble sulfate concentrations. At the levels measured, ACI considers this soil to fall into Exposure Class S2, and the U.S. Bureau of Reclamation (USBR) considers it to have a severe degree of sulfate attack. As a result, Type V cement is acceptable for concrete in contact with these soils from both ACI and USBR.

Swell/Consolidation and Unconfined Compressive Strength (UCS) testing is being preformed at the time of memo creation and is expected to be done by April 17th, 2026.

IN CLOSING

Tetra Tech can provide additional preliminary information before the final Geotechnical Report is complete upon request. All provided information is subject to change depending on lab testing results. An anticipated timeline on completed lab testing has not provided to the project engineers at the time of this memo, but communication between Tetra Tech and Opportunity Bank will be maintained to manage the project schedule. Please contact me at brady.grove@tetratech.com, (208) 713-5368, Nick Jaynes at nick.jaynes@tetratech.com, (406) 565-0317, or Marco Fellin at marco.fellin@tetratech.com, (406) 241-4410 if you have any questions.

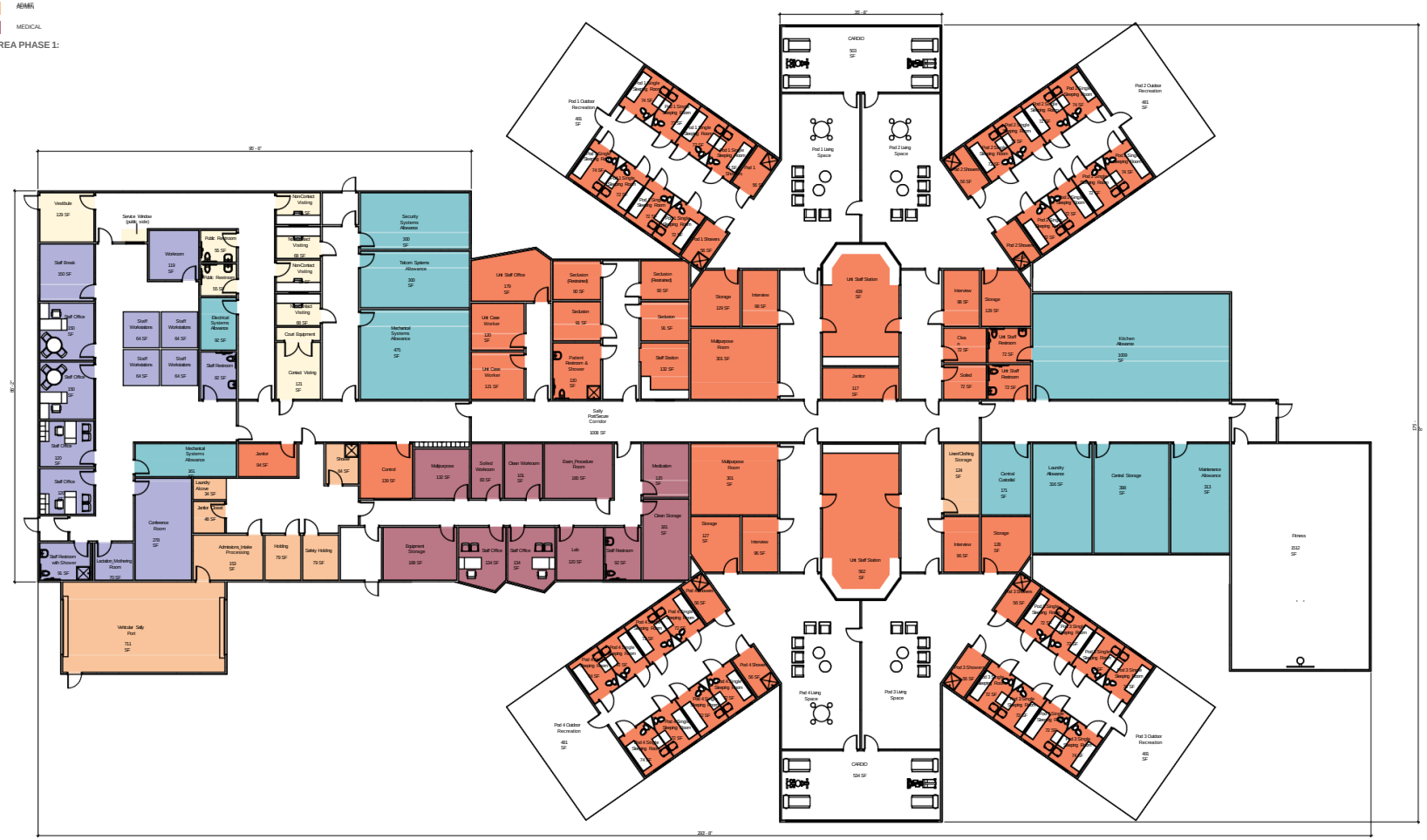
Attachments: Tetra Tech Boring Log Key

Exploratory Boring Logs (BH-01 through BH-10)

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HOUSING
STAFF
PUBLIC
BUILDING SUPPORT
ADMIN
MEDICAL

TOTAL AREA PHASE 1:
32,803 SF



Cushing Terrell.

DLRGROUP

OVERALL FLOOR PLAN - PHASE 1

MT002413

HOUSE BILL NO. 5

INTRODUCED BY J. FITZPATRICK

BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING MONEY FOR MAJOR REPAIR AND CAPITAL DEVELOPMENT PROJECTS FOR THE BIENNIUM ENDING JUNE 30, 2027; PROVIDING FOR OTHER MATTERS RELATING TO THE APPROPRIATIONS; PROVIDING FOR A TRANSFER OF FUNDS FROM THE GENERAL FUND TO THE CAPITAL DEVELOPMENTS LONG-RANGE BUILDING PROGRAM ACCOUNT AND A TRANSFER OF FUNDS FROM THE GENERAL FUND TO A STATE SPECIAL REVENUE FUND; PROVIDING FOR A MODIFICATION TO THE LONG-RANGE BUILDING PROGRAM; INCREASING CERTAIN VALUE THRESHOLDS FROM $150,000 TO $300,000; ESTABLISHING REPORTING REQUIREMENTS; AMENDING SECTIONS 17-7-201, 17-7-202, 17-7-210, AND 17-7-223, MCA; AMENDING SECTION 14(1), CHAPTER 762, LAWS OF 2023, AND SECTION 3, CHAPTER 763, LAWS OF 2023; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Definitions.** For the purposes of [sections 1 through 10], unless otherwise stated, the following definitions apply:

(1) "Authority only" means approval provided by the legislature to expend money that does not require an appropriation, including grants, donations, auxiliary funds, proprietary funds, nonstate funds, and university funds.

(2) "Capital development" has the same meaning as provided in 17-7-201(2).

(3) "Capital project" means the planning, design, renovation, construction, alteration, replacement, furnishing, repair, improvement, site, utility, or land acquisition project provided for in [sections 1 through 10].

(4) "LRBP capital development" means the long-range building program capital developments account in the capital projects fund type provided for in 17-7-209.

Behavioral Health Facility Investment
Project Manager Contract
Contract BOI SH-DM-1-2026

THIS AGREEMENT is made and entered into as though it began January 1st, 2026, by and between D&M Development, LLC, "Independent Contractor", and the Montana Board of Investments, "BOI". In the collective, Independent Contractor and BOI are referred to as the "Parties." It replaces all parts of "Preliminary and other Architecture/Engineering for the Investment Project for Leasable Building - Manager Contract - BOI STATE HOSPITAL Phase I-2025" other than the already completed and paid for phase one portion.

BOI has optioned land in Laurel known to both parties as ("Subject Property").

Independent Contractor has agreed to design, manage, construct, sell, and supervise this investment by the management of the construction on the Subject Property under the terms of this contract and the current version of the building management contract as amended.

Section 1. Appointment of Independent Contractor

The BOI appoints and retains the Independent Contractor as its sole and exclusive manager and supervisor for oversight of the investment and construction of a behavioral health hospital to be built on the Subject Property, upon the conditions, for the term, and at the compensation set forth in this contract.

Section 2. Term of Contract

The term of this Project Management Agreement shall be for a period running from January 1, 2026, through December 31, 2029, unless terminated prior to by the mutual written agreement of the parties. At BOI's sole discretion, this agreement may be renewed for an additional one (1) year period. Notice of termination must be in writing at least 30 days prior to the end of the most current period.

Section 3. Acceptance of Responsibilities and Duties of an Independent Contractor

Independent Contractor hereby accepts project management and supervision of construction on the Subject Property and agrees to perform the following:

a. Ensure that the General Contractor ("GC") and, through them, all subcontractors and suppliers comply with all necessary federal, state, and local laws for securing all governmental permits, authorizations, approvals, inspections, construction of, and certifications for the Subject Property.

b. Oversee the purchase of supplies to ensure those purchases comply with Exhibit A (Plans) and Exhibit B (Budget).

c. To the extent that Independent Contractor and the GC enter a contract(s) (General

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Contract), it will not override or modify this contract, but copies of such will be provided to BOI.

d. Ensure that the GC is following all laws related to the GC's management of employees and subcontractors, as agreed to in the GC Contract.

e. At the time of acceptance of the completion of a unit or pad, as defined in the GC Contract, work with the GC to ensure the completion of the portion of the build, including any inspections and completions of punch lists. This includes all reasonable insurances required to protect the investment property during construction.

f. Communicate regularly with the BOI representative regarding construction progress, issues, discussions with the GC, and completions.

g. If the Independent Contractor has employees, fully comply with all applicable laws and regulations having to do with Workers' Compensation, Social Security, Unemployment Insurance, hours of labor, prevailing wages, working conditions, and other employer-employee related subjects.

h. This agreement is not one of agency by the Independent Contractor for BOI, but one with the Independent Contractor engaged independently in the business of managing projects on his own behalf as an independent contractor.

i. Independent Contractor shall, at its own expense, install and maintain for the benefit of the BOI, proper and suitable records and books of account in which Independent Contractor shall properly record documents connected with the project management of the Subject Property. All records shall always be open to the inspection and audit of any officer or duly accredited and authorized representative of BOI, during reasonable business hours. Upon termination of this Agreement, all such records shall be delivered to BOI by the Independent Contractor.

j. Independent Contractor acknowledges that they will negotiate and implement the GC Contract for the Subject Property to ensure compliance with the project management of the construction for the Subject Property.

k. Once structures become available for occupancy, the Independent Contractor will notify the BOI so that proper insurance can be placed on the structure by the BOI prior to the construction insurance lapsing.

l. This project will have substantial completion, not to include commissioning or regulatory approval, 26 months after foundations are in place, which is currently scheduled for April 1, 2027. For each month or part of a month after the allotted 26 months that it is not at substantial completion, BOI will reduce the total amount paid to the Independent Contractor by $124,051.20 per month.

m. The finished project must be consistent with the Exhibit A Plans, including conformity with all approved specifications, applicable building codes, permit requirements, and manufacturer installation instructions. Independent Contactor owes a fiduciary duty to the BOI when supervising this project to ensure the quality of the workmanship of the General Contractor.

Section 4. Compensation

Compensation will be paid to the Independent Contractor who will be responsible for all payments to other parties for this project, including the GC.

This includes payments to Cushing Terrell for all remaining engineering, architecture, support documents, geo, and other services, up to $4,028,940. These services include, but are not limited to, those under the original contracts phase II, III, and IV, summarized as:

a. Phase II: initially builds designs, engineering, and approvals to meet the requirements and drawings provided by DPHHS, including estimating the cost of the finished project, so that it is ready to be put out for bid.

b. Phase III: any additional design, engineering, and approvals needed after the exact site of the proposed building is known that will impact building and landscaping on the site, and that are required before construction begins.

c. Phase IV: other architecture and engineering work needed to have the building ready for tenants to move in.

No Management Fees will be charged on this amount. Independent Contractor will forward the bills for this portion of the contract to BOI. They will be paid by BOI to the Independent Contractor 30 days after we receive the invoice.

The remainder is for construction and the management fee. The Construction cost may not exceed $42,565,260. The Management fee is based on 4% of the Construction Cost and is a flat fee of $1,702,610.40. Prior to the start of construction, the Independent Contractor has the right to terminate the contract and will not be entitled to any management fee.

Quarterly payments starting on December 31, 2026, as follows:

December 31, 2026	$ 4,426,787.04
March 31, 2027	$ 4,426,787.04
June 30, 2027	$ 4,426,787.04
September 30, 2027	$ 4,426,787.04
December 31, 2027	$ 4,426,787.04
March 31, 2028	$ 4,426,787.04
June 30, 2028	$ 4,426,787.04
September 30, 2028	$ 4,426,787.04
December 31, 2028	$ 4,426,787.04
March 31, 2029	$ 4,426,787.04
Total for Construction and Management	$44,267,870.40
Passthrough Payments to Cushing Terrell	$ 4,028,940.00

Under no circumstances will the BOI under this contract owe more than the $48,296,810.40 minus any late charges.

Section 5. Insurance

Independent Contractor will be responsible for making sure all commercially reasonable insurances are maintained on the property during construction and until such time as the BOI

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has proper notice to place insurance on units that are available for occupancy.

Section 6. Indemnification

Independent Contractor agrees to indemnify the BOI, its officials, agents, and employees, while acting within the scope of their duties as such, harmless from and against allclaims, demands, and causes of action, including the cost of defense, arising in favor of the Independent Contractor's employees or third parties on account of bodily or personal injuries, death, or damage to property arising out of negligent maintenance, or acts/omissions of the Independent Contractor and/or its agents, employees, subcontractors, or its representatives under this agreement.

Section 7. Contractor Insurance

The Independent Contractor shall maintain for the duration of the Contract, at its cost,insurance coverage against claims for injuries to persons or damages to property, including contractual liability which may arise from work performed by the Independent Contractor, his agents, representatives, employees, or assigns under the contract.

The Independent Contractor's insurance coverage shall be primary coverage with respect to the BOI. Any insurance maintained by the BOI shall be in excess of the Independent Contractor's insurance and shall not contribute with it. The Independent Contractor's insurance shall cover such claims as may be caused by any act, omission, or negligence of the Independent Contractor orits officers, agents, representatives, assigns, or servants.

Independent Contractor shall maintain Workers' compensation insurance as required by the State of Montana. The Independent Contractor will always comply with applicable worker's compensation, occupational disease, and occupational health and safety laws, statutes, and regulations to the full extent applicable. All certificates, indicating compliance with the required coverage, must be filed with the BOI within ten (10) working days after execution of this Agreement. The certificates and/or endorsements shall evidence that coverage is provided for the duration of the Contract.

Section 8. Termination

Notwithstanding other provisions of the Project Management Agreement, the Agreements herein contained shall be terminated, and the obligations of the parties hereto shall thereupon cease, except as to any obligations or liabilities arising or occurring prior to termination, and an accounting to be made by Independent Contractor to BOI upon the occurrence of any of the following circumstances or events:

a. Destruction or condemnation of the Subject Property.

b. Upon the agreement of BOI and Independent Contractor expressed in writing

c. For cause after thirty (30) days' notice and failure of Independent Contractor to cure a default within 30-day period or to diligently commence to cure such default if it reasonably shall take longer than 30-days to cure such default; or

d. Notice to not proceed is provided by BOI prior to July 17, 2026.

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Section 9. Limitation of Liability

BOI's liability shall be limited to its interest in the Subject Property and shall not exceed the compensation agreed to in Section 4.

Section 10. Consents and Approvals

In any instance under this Project Management Agreement in which the consent or approval of BOI to any proposed action is required, Independent Contractor must secure BOI's consent or approval.

Section 11. Waiver of Subrogation

BOI and Independent Contractor hereby waive their respective rights of recovery against each other for any loss insured or insurable against under fire, extended coverage, or all risk insurance policies, and shall cause their respective insurers to waive their rights of subrogation.

Section 12. Notices

Notices to Designate Persons hereunder shall be valid if mailed by registered or certified mail, postage prepaid, or by overnight express mail, addressed as follows:

If to BOI:

Peg MacEwen
Montana Board of Investments
2401 Colonial Drive, 3rd Floor
Helena, MT 59601

If to Independent Contractor:

Mark Esponda
D&M Development, LLC 3424 E
U.S. Highway 12
Helena, MT 59601

or to such other address, with respect to either party, as such party shall notify the other party hereto in writing, as above provided.

Section 13. Assignment

Independent Contractor shall be prohibited from assigning its interest in this Project Management Agreement without the written consent of BOI. BOI may assign its interest in this Project Management Agreement to any purchaser of the building(s) or real estate.

Section 14. Venue

In the event of litigation concerning this contract, venue shall be the First Judicial District in the County of Lewis and Clark, Montana, and the Contract shall be interpreted according to the laws of the State of Montana.

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Section 15. Entire Agreement and Modification

This contract, consisting of this document, constitutes the entire agreement between the parties and may be modified only by a written document signed by both parties. Exhibits A and B are illustrative and are not part of the agreement between the parties. If new versions that more reflect the project are updated, they should be numbered sequentially (A.1, A 2, A 3...). For them to have any material effect on the contract, a separate signed agreement by both parties specifying the exact change(s) is required.

Section 16. Signatures

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

Independent Contractor: D&M, LLC

By: _____ Date: _____
Mark Esponda, Vice President

BOI: MONTANA BOARD OF INVESTMENTS

By: _____ Date: _____
DAN VILLA, Executive Director

Approved as to Legal Content:

By: _____ Date: _____
Cort Jensen, Chief Legal Counsel

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Exhibit A



MT003347

Exhibit B

	Expense
Building Construction/Site Prep	$ 42,565,260.00
DM	$ 1,702,610.40
CT	$ 4,028,940.00
TOTAL	$ 48,296,810.40

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E. Administrative Business

1. Loan Committee Report *(02:31)*

Due to scheduling conflicts, the Loan Committee meeting was rescheduled for Thursday, April 30th, at 10 a.m.

F. Comments from Pension Board Members *(03:20)*

Members Peterson and Trost briefed the Board.

G. Comments from Legislative Liaisons *(06:10)*

Representative Larry Brewster briefed the Board.

Tab 2 EXECUTIVE DIRECTOR REPORTS *(06:32)*

A. Member Requests from Prior Meeting

Executive Director Villa briefed the Board.

B. Monthly Snapshot

Executive Director Villa briefed the Board.

C. Benchmarks Used by the Board

Executive Director Villa and Chief Investment Officer Jon Putnam briefed the Board.

D. Contract Approval Request *(10:54)*

Executive Director Villa briefed the Board and answered questions.

Chair Meredith called for a motion to approve the construction contract for the Behavioral Health Facility investment, pending receipt of a notice to proceed by the Department of Public Health and Human Services (DPHHS).

Member Barry moved to approve. Member Trost seconded the motion.

Public comments were heard. Senator John Esp, Natalie Smitham, and Director Osmundson provided proponent comments. Amber Zahn, Laura Kirschenmann, Elizabeth Gilg, Gloria Allwin, Jennifer Lorenz, and Shelley White provided opponent comments.

Members Kober and Younkin abstained from voting.

The motion passed with the remaining members voting in favor.

Tab 3 DOMESTIC EQUITY ASSET REVIEW *(01:04:48)*

Jason Brent and Steve Strong briefed the Board and answered questions.

Tab 4 RVK ANNUAL CAPITAL MARKET ASSUMPTIONS *(01:31:17)*

Jim Voytko briefed the Board and answered questions.

RECAP OF STAFF TO-DO LIST AND ADJOURNMENT *(02:19:45)*

Chair Meredith adjourned the meeting at 11:53 a.m.

MONTANA BOARD OF INVESTMENTS

APPROVE: _____
Jeff Meredith, Board Chair

ATTEST: _____
Dan Villa, Executive Director

DATE: 5/20/26

The Board of Investments makes reasonable accommodations for any known disability that may interfere with a person's ability to participate in public meetings. Persons needing an accommodation must notify the Board (call 444-0001 or write to P.O. Box 200126, Helena, Montana 59620) no later than three days prior to the meeting to allow adequate time to make needed arrangements.

Public Notice of Draft Revised Final Environmental Assessment, Public Comment Period, and Public Hearing

Department of Public Health and Human Services and Montana Board of Investments | Draft Revised Final Environmental Assessment for the Property Acquisition, Construction, and Operation of a Forensic Mental Health Facility Located in Yellowstone County, Montana | Comments Accepted from 8:00 a.m. on September 1, 2026 until 5PM on September 15, 2026

Public Hearing from 1:00 p.m. to 3:00 p.m. on September 8, 2026 at Billings Hotel and Convention Center, 1223 Mullowney Lane, Billings, Montana.

The Montana Department of Public Health and Human Services (DPHHS), in cooperation with the Montana Board of Investments (BOI), have prepared a Draft Revised Final Environmental Assessment (Draft Revised Final EA) in accordance with the Montana Environmental Policy Act (MEPA), Mont. Code Ann. § 75-1-101, *et seq.*, for the proposed construction and operation of a Forensic Mental Health Facility located near Laurel, Montana. Comments on the Draft Revised Final EA for the proposed Forensic Mental Health Facility are being accepted from 8:00 a.m. on September 1, 2026 until 5PM on September 15, 2026, and a public hearing on the Draft Revised Final EA for the proposed Facility will occur from 1:00 p.m. to 3:00 p.m. on September 8, 2026 at Billings Hotel and Convention Center, 1223 Mullowney Lane, Billings, Montana.

Project Description:

The proposed action involves the acquisition of property for the construction and operation of a 32-bed (potentially expanding to 64-bed) Forensic Mental Health Facility located in Yellowstone County, Montana. The Forensic Mental Health Facility will serve individuals involved in the criminal justice system who require mental health evaluation or inpatient restoration of competency, alleviating an acute strain on Montana's forensic psychiatric system and providing essential mental health care.

Project Location:

The Forensic Mental Health Facility would be located on an approximately 114-acre parcel located in Yellowstone County west of Laurel, Montana along Old U.S. Highway 10, at Section 8, Township 2 South, Range 24 East.

Public Hearing:

A public hearing to receive oral and written comments on the Draft Revised Final EA for the proposed Forensic Mental Health Facility will be held as follows:

Date: September 8, 2026

Time: 1:00 p.m. to 3:00 p.m.

Location: Billings Hotel and Convention Center, 1223 Mullowney Lane, Billings, Montana

Purpose of Public Hearing:

The purpose of the public hearing is to provide members of the public an opportunity to comment on the Draft Revised Final EA for the proposed Forensic Mental Health Facility, including the potential environmental impacts of the proposed action and alternatives considered. Under MEPA, § 75-1-101, *et seq.*, Montana agencies are required to prepare environmental review for state actions that may have an

impact on the Montana environment. The proposed action—acquiring property for and constructing and operating the Forensic Mental Health Facility—is considered to be a state action that may have an impact on the Montana environment.

Public Comment:

The public comment period opens: September 1, 2026, at 8:00 a.m.

The public comment period ends: September 15, 2026, at 5:00 p.m.

Send/Submit Comments To:

Forensic Mental Health Facility, 111 North Sanders, 2nd Floor, Helena, MT 59601

Or electronically to: FMHF_Comment@mt.gov

Associated Materials:

The Draft Revised Final EA may be obtained at: hb5.mt.gov

Or by sending a request to: FMHF_Comment@mt.gov

Additionally, the Draft Revised Final EA as well as other information about the Forensic Mental Health Facility can be found at: hb5.mt.gov

EXECUTIVE SUMMARY

This Environmental Assessment (EA) has been prepared by the Montana Department of Public Health and Human Services (DPHHS) in cooperation with the Montana Board of Investments (BOI) pursuant to the Montana Environmental Policy Act (MEPA), Montana Code Annotated (MCA) Title 75, Chapter 1, and the Administrative Rules of Montana (ARM), 17.4.601 et seq.

The EA evaluates the environmental, social, public health, and economic consequences of the Proposed Action—the construction and operation of a 32-bed (potentially expanding to 64-bed) forensic mental health facility on an approximately 114-acre property in Yellowstone County west of Laurel, Montana, selected after evaluation of alternative sites — against the No Action Alternative of not proceeding with the facility. DPHHS has assessed the Proposed Action by identifying the Proposed Action, its need, and the affected environment, and evaluating the direct, secondary, and cumulative impacts to relevant environmental resources, and by considering the site-specific characteristics of the project area, applicable regulatory requirements, and the effectiveness of mitigation measures in reducing any impacts.

Based on the analysis presented herein, DPHHS finds that the Proposed Action would result in positive impacts to the Montana human environment, including material improvements to public health, constitutional due process, regional economic vitality, geographic equity in the provision of and access to health services, and public safety — while causing no significant adverse impacts to the physical, or other components of the human, environment. The Proposed Action would result in no material alteration to land, air, water or biological resources, and any alteration would be of limited geographic extent or duration or could be mitigated below any material alteration. Wetlands and aquatic features identified on the parcel would be avoided or subject to additional permitting and review. The facility would connect to existing municipal water and wastewater infrastructure with confirmed capacity, and stormwater, dust, and erosion impacts would be addressed through standard permitting and best management practices.

No material growth-inducing or growth-inhibiting aspects, including cumulative impacts, are anticipated to occur. The Proposed Action is a compatible land use and consistent with applicable growth policy goals of greater economic opportunity. The evaluation of alternative sites has demonstrated that the selected site reasonably satisfies, and exceeds, the State's operational, infrastructure, and workforce criteria relative to other locations considered. While local community opposition, reflected in public comment, was expressed to the forensic mental health facility's location, it did not demonstrate any change to the site's satisfaction, and exceedance, of the site selection criteria.

No particularly unique, fragile, or important environmental resource or value was identified, though the Proposed Action would increase the availability of, and alleviate

the lack of capacity for, forensic psychiatric evaluation and restoration services, which is a critical need. The Proposed Action contemplates the full buildout of the facility, and would not set precedent for, or commit the Department to, any future actions with significant impacts. The Proposed Action does not conflict with local, State, or federal laws, requirements, or formal plans.

The No Action Alternative is found to perpetuate and intensify existing adverse impacts to Montana's behavioral health system, its forensic patients, and its county detention infrastructure. While the No Action Alternative would avoid the minor environmental issues associated with, in particular, the facility's construction, any variation in effects are minimal and of short duration.

AGENCY DETERMINATION

The Department of Public Health and Human Services approves and selects as the appropriate alternative the Proposed Action, subject to the mitigation measures and conditions identified in this Environmental Assessment. The Proposed Action meets the purpose and need, satisfies and exceeds the site selection criteria, has minimal physical environmental impacts, and has positive human environmental impacts. The Proposed Action does not result in any significant impacts to the environment, including to the physical or human environment. The Department of Public Health and Human Services determines that preparation of an Environmental Impact Statement is not required.

1. PURPOSE AND NEED

1.1 STATUTORY AUTHORITY AND PROJECT BACKGROUND

In the 2025 legislative session, the Montana Legislature passed House Bill 5 (HB 5), a long-range building program bill that transferred $26.5 million to the BOI for the construction of a behavioral health facility. Governor Greg Gianforte signed HB 5 into law on June 19, 2025. The statute required DPHHS and BOI to jointly develop a plan for the facility's type and location, subject to approval by the Director of the Office of Budget and Program Planning (OBPP).

Pursuant to HB 5, DPHHS and BOI developed a joint plan. On Nov. 28, 2025, following OBPP approval of the joint plan and analysis of alternative sites, DPHHS Director Charlie Brereton announced that a location in Yellowstone County near Laurel had been selected as the proposed facility site. BOI subsequently executed a buy-sell agreement for a 114-acre parcel located west of Laurel along Old U.S. Highway 10, between 8th Avenue and Golf Course Road. The parcel and facility would be owned by BOI as a State investment asset, with DPHHS serving as operator under a lease arrangement consistent with each agency's statutory mission.

Phase 2 (contingent on future appropriation): Construction and operation of an additional 32 forensic beds on the same parcel, increasing total facility capacity to 64 forensic beds. The additional beds will serve the same forensic population, will be designed to the same security and clinical standards, and will be operated under the same DPHHS lease and operational program as the Phase 1 facility. Phase 2 will not be constructed unless and until the Legislature appropriates additional funding for that purpose.

Both phases are analyzed in this EA. Where this document refers to the "32-bed" facility, that reference describes Phase 1 of the Proposed Action; references to the long-range facility, full buildout, or the 64-bed configuration describe the cumulative scope of Phase 1 plus Phase 2. Where impacts are inherently scaled with bed count — water and sanitary sewer demand, staffing complement, traffic, and capital cost — the relevant section identifies both the Phase 1 figure and the full-buildout figure.

The two-phase scope is disclosed in the DPHHS HB 5 Proposed Construction Plan submitted to OBPP (which states the facility will be designed with scalability in mind for future use) and has also been described to the Laurel City Council and the Yellowstone County Commission and is reflected in the conceptual design package prepared by DLR Group and Cushing Terrell on the State's behalf.

Key project components include:

- **32-bed inpatient forensic mental health facility** designed to medium- to low-security standards with modular pods convertible to civil commitment use.
- **Programmatic areas** including evaluation suites, restoration treatment units, gender-separated housing pods, administrative offices, and clinical support spaces.
- **Site infrastructure,** including water, wastewater, electrical service, stormwater management, access roads, and surface parking.
- **Security infrastructure** appropriate for a forensic patient population, including perimeter fencing, secure entries, and camera systems.
- **Landscaping and open space** consistent with a secure, treatment environment and compatible with the surrounding land use context.

Upon completion, DPHHS will operate the FMHF as lessee, with BOI retaining ownership as a State investment asset consistent with its statutory mission.

2.2 SITE DESCRIPTION

The proposed site is a 114-acre parcel of generally flat, vacant agricultural land located on the western edge of Laurel's urban boundary. The site is situated approximately 700 feet from Interstate 90 and borders Old U.S. Highway 10, providing direct access to the interstate transportation corridor and efficient traffic circulation options. The parcel is

bordered by commercial developments to the south and southeast, agricultural land to the west, and residential land to the north and east. The Laurel Golf Course is to the east, and Wood's Softball Complex is across Old Highway 10 to the South. The new Love's Travel Stops & Country Stores, Inc. (Love's) truck stop location is nearby.

Because the property currently lies just outside the Laurel city limits, BOI has contacted both the City of Laurel and Yellowstone County to have the property zoning designated for governmental use. Although the property must be zoned for government use, no zoning regulations or growth policy is contrary to the siting of a forensic mental health facility. BOI plans to consent to annexation if the City of Laurel desires it.

The nearest school is approximately .5 miles from the proposed construction location of FMHF. Commenters have expressed concern about the FMHF's location in relation to the school, generally comparing the FMHF to a prison. (Commenters have presented no data demonstrating that siting a forensic mental health facility within any given proximity to a school causes adverse impacts or effects to the human environment.) Although both forensic mental health facilities and prisons are secure facilities, a forensic mental health facility is not a prison and is very different from a prison. Montana law does not preclude siting a forensic mental health facility in Yellowstone County west of Laurel, including as it may relate to any school.

A forensic mental health facility is a secured facility providing psychiatric care to individuals needing mental health care or evaluation. It is not a prison or private correctional facility. It is part of the behavioral health system, operated under DPHHS authority and licensed as a secured, nonhospital component of a mental health center, whose primary purpose is to provide psychiatric evaluation, treatment, and custody for individuals whose criminal cases turn on their mental illness, fitness to proceed, or special forensic sentencing status.

Pursuant to Administrative Rule of Montana 37.106.1902 (10), a forensic mental health facility means a 24-hour, seven-day-a-week, secured nonhospital-based forensic psychiatric treatment for criminal justice involved adults who are committed by a court of competent jurisdiction for the purpose of psychiatric treatment or evaluation. Pursuant to Montana Code Annotated Section 53-21-102 (11), a "mental health facility" or "facility" means the state hospital, the Montana mental health nursing care center, or a hospital, a behavioral health inpatient facility, a community facility, a category D assisted living facility, a community program, an appropriate course of inpatient treatment, a mental health center, a residential treatment facility, or a residential treatment center licensed or certified by the department that provides treatment to children or adults with a mental disorder.

Forensic mental health facilities are organized around clinical care rather than custody. They must maintain enough clinical and support staff on duty around the clock to meet treatment needs, respond to crises, and sustain a safe therapeutic environment, which results in more direct care staff per patient than is typical per inmate in a prison unit.

The workforce in a forensic mental health facility is largely composed of physicians, psychiatric technicians, nurses, and other clinically oriented staff whose work centers on observation, therapeutic engagement, de-escalation, and supporting individualized treatment plans for people with serious mental illness. Security practices in a forensic mental health facility are designed to protect staff and patients and prevent elopement, but they are embedded within a treatment-focused environment where clinical assessments, recovery-oriented interventions, and therapeutic goals drive daily operations rather than a primarily custodial or punitive mission.

A prison, by contrast, is part of the correctional system and exists to securely confine people who have been criminally convicted and sentenced to the Department of Corrections. Its core legal purpose is punishment, custody, training, and general rehabilitation, with mental health services provided as one of several institutional programs rather than as the primary mission. *See* Mont. Code. Ann. § 53-30-101 (1). Prisons are staffed primarily by Correctional Officers, who are law enforcement professionals focused on maintaining order, enforcing rules, and providing security in a custodial, punishment-oriented setting. Their training emphasizes use of force standards, emergency response, perimeter and movement control, and managing large inmate populations. As a result, a relatively small number of officers may supervise many incarcerated people across large housing units or recreation yards, with staffing geared toward broad security coverage and institutional control.

Prison placement is driven by a standard criminal sentence under the criminal code, whereas placement in a forensic mental health facility is driven by court orders under the mental illness and mental defect provisions of Montana law. In many cases, patients in a forensic mental health facility have not been found guilty of a crime but are being evaluated to determine whether they are mentally fit to stand trial or are being treated to become fit to stand trial. Some may ultimately be found “guilty but mentally ill” (GBMI), meaning the court concludes they committed the offense but had a significant mental disorder at the time, and their sentence must account for both punishment and treatment. Others may be found “not guilty but mentally ill” (NGBMI) or a similar status under Montana law, meaning the court recognizes that their criminal responsibility is altered by mental illness and focuses on treatment and supervision rather than punishment.

Forensic mental health facilities differ significantly from prisons. These differences include differences in core mission, staffing, and day-to-day operations. Siting considerations applicable to prisons are not applicable to forensic mental health facilities.

Montana Code Annotated Section 53-30-607 imposes a one-mile setback between a *private correctional facility* and the nearest public school. That statute does not apply to a forensic mental health facility. Section 53-30-607 is titled “Licensure limitations — siting of private correctional facilities” and, by its plain terms, restricts only what the

Department of Corrections may license. "Department" is defined at Montana Code Annotated Section 53-30-602(1) as "the department of corrections provided for in 2-15-2301," and "private correctional facility" is defined at Montana Code Annotated Section 53-30-602(2)(a) as "a correctional facility that is either privately operated or privately owned and operated." The FMHF is neither: it is publicly owned by the BOI under HB 5 (2025) §17, publicly operated by DPHHS under HB 5 § 21, and is a forensic mental health facility, not a correctional facility.

The Legislature, moreover, has expressly recognized that the two categories are distinct: Montana Code Annotated § 53-21-102 (10) provides that "[a] correctional institution or facility or jail is not a mental health facility within the meaning of this part." The FMHF is governed by Title 53, Chapter 21, not by Title 53, Chapter 30, Part 6. No Montana statute imposes a fixed setback distance between a DPHHS forensic mental health facility and a school; the site's security design is therefore evaluated under the standards applicable to forensic hospitals (perimeter fencing, secure entries, controlled patient movement, and sallyport intake, rather than under the Department of Corrections private-prison siting rule). Both environments are secure. There are locked doors, controlled movement, searches, and rules designed to prevent escape and keep staff, residents, and communities safe. Each uses structured schedules, formal disciplinary processes, and incident reporting to manage behavior and respond to safety concerns. Both settings also have to balance individual rights with public safety, follow constitutional standards for conditions of confinement, and provide basic services such as food, shelter, medical care, and access to the courts.

But a forensic mental health facility is very different from a prison. This distinction is recognized both in law and in their core missions. Montana law permits the siting of the forensic mental health facility in Yellowstone County west of Laurel, including as it may relate to any school.

2.3 ALTERNATIVES

Proposed Action – Construct and Operate the FMHF on Parcel Near Laurel in Yellowstone County
As described in Section 2.1 above.

Alternative Sites Considered Prior to Selection
Numerous alternative sites were evaluated for the location of the FMHF. Site visits took place in Summer 2025 throughout Yellowstone County to assess locations suitable for the FMHF's design requirements. Additional site visits were conducted in Fall 2025 in Custer County (Miles City) and Bighorn County (Hardin) with participation from local officials, BOI, and DPHHS representatives.

There were a variety of factors used in the site selection process, including:

- Accessibility, Transportation, and Logistics
- Site Configuration and Suitability
- Utilities, Public Services, and Infrastructure
- Fiduciary Considerations
- Permanent Workforce Availability

Based on a comprehensive evaluation of all proposed locations, the Yellowstone County west of Laurel site most clearly satisfied the State's selection criteria and demonstrated superior long-term viability for a new FMHF. The site was chosen over other locations due to its strong alignment with the aforementioned factors. The alternative sites identified and considered during the site-selection process are identified in Appendix E.

Accessibility, Transportation, and Logistics – The site offers direct and reliable access for patients, staff, emergency medical services (EMS), and law enforcement, with convenient proximity to major transportation routes and regional population centers. This level of accessibility supports timely transfers, facilitates staff commuting, and enhances coordination with community partners throughout eastern Montana. The site also facilitates geographic equity in the provision of mental health services.

Site Configuration and Suitability – The property provides an appropriately sized and configured lot to support secure forensic facility operations and construction needs. The site's topography, layout, and access meet the needs of the specialized security, privacy, and safety requirements of a new FMHF.

Utilities, Public Services, and Infrastructure – The location has access to reliable water, sewer, electrical power, and telecommunications infrastructure, established emergency vehicle routes, and access to emergency medical services, fire, and police. These existing systems reduce development risk, support continuity of operations, and help ensure that emergency response and public safety services can be provided efficiently and effectively.

Fiduciary Considerations – The site supports responsible stewardship of public funds by balancing upfront project costs with long-term maintenance and operational efficiency. The availability of existing infrastructure, the suitability of the lot for potential phased development, and the potential to minimize costly retrofits or off-site improvements all contribute to lower lifecycle costs for the State.

Permanent Workforce Availability – This facility will rely on a specialized behavioral health workforce, including psychiatric nurses, psychiatric technicians, psychiatrists, psychologists, social workers, and other key clinical and support roles. The Laurel location was selected in part because of its proximity to the largest health system and health care workforce hub in Montana, improving the feasibility of recruiting, training, and retaining qualified permanent staff. Workforce challenges in behavioral health are

pronounced nationally and in Montana. The State is actively investing in solutions through efforts such as the BHSFG Initiative and the Rural Health Transformation Program (RHTP). These initiatives, among others, are expanding education, training, certification, and career advancement opportunities in critical behavioral health fields, and the Laurel site is positioned to benefit from and contribute to those ongoing efforts.

Commenters have expressed opposition to the FMHF's immediate location, particularly as to how it may interrelate with proximal residences, businesses, or schools. Although the Commenters concerns have been heard and considered, Commenters arguments and data have not materially changed the criteria evaluation described above, or demonstrated the need for additional, unconsidered criteria, or demonstrated that an alternative location would better satisfy the criteria.

The evaluation of alternative sites, applying the factors identified above, demonstrates that the selected parcel reasonably satisfied, and exceeded, the State's operational, infrastructure, and workforce criteria relative to other locations considered. The Yellowstone County site near Laurel was selected because it best satisfies the State's siting criteria—offering superior access to major transportation routes and regional population centers, access to mental health care providers, compatible site configuration, and immediate connection to existing utilities and public infrastructure—while reducing development risk and lifecycle costs. It also uniquely supports long-term operational viability by providing access to Montana's largest health care workforce, improving recruitment and retention and the provision of forensic mental health services, relative to other locations considered.

No Action Alternative – Decline to Build the Facility

Under the No Action Alternative, BOI would not acquire the Laurel parcel, and the facility would not receive the $26.5 million appropriated in HB 5, which would revert to the Long-Range Building Program account. No new forensic psychiatric capacity would be added in Montana through this mechanism in the foreseeable future. The existing forensic system, centered entirely at the Galen facility in western Montana, would continue to operate at or above capacity, with a growing, constitutionally problematic waitlist, and continued geographic inequity in the provision of forensic mental health services. The Proposed Action and the No Action Alternative have comparable and limited environmental impacts, in that the Proposed Action results in only minor, localized, and mitigable construction and operational effects, while the No Action Alternative avoids those physical disturbances. Accordingly, the primary distinction between the alternatives lies not in the physical environmental effects, but in the Proposed Action's ability to avoid the worsening human-environmental conditions and lost economic opportunity associated with inaction.

3. AFFECTED ENVIRONMENT

The analysis area for this EA is private property under an option to buy agreement with BOI, and potentially impacted surrounding areas, including residences, businesses, schools, transportation corridors, and utility service areas. Additional information on the physical environment is available in Appendix B.

3.1 PHYSICAL ENVIRONMENT

Soils and Geology

As shown in the geotechnical analysis attached as Appendix B, the geologic setting consists of lean clay with varying amounts of sand from the surface to depths ranging from 14 to 20 feet below ground surface. Underlying the clay is a sand with varying amounts of clay, silt, and gravel encountered at depths ranging from 14 to 20 feet and continuing to the bottom of the boring when encountered. The lean clay material was identified to be part of the Quaternary glacial till while the sand material was identified to be part of the Quaternary alluvial deposits in the Scobey region.

Standard Penetration Test (SPT) N values (uncorrected) recorded in the clay generally ranged from 1 to 14 blows per foot, indicating very soft to stiff soil. The moisture content of split spoon samples ranged from 5 to 25% at the time of testing.

SPT N values (uncorrected) recorded in the clay generally ranged from 6 to over 50 blows per foot, indicating loose to very dense soil. The moisture content of split spoon samples ranged from 18 to 23% at the time of testing.

The proposed site consists of agricultural soils typical of the Yellowstone River valley, characterized by generally well-drained loam and clay-loam soils used for dryland and irrigated agricultural production. No unique geological features or unstable soils have been identified in available site records.

Floodplain and Wetlands

Six wetlands totaling 17.31 acres and five bed-and-bank features totaling 1.84 acres were delineated during the February 2026 aquatic resource delineation.

Wetland-3, Wetland-5, and Wetland-6 may be considered jurisdictional due to their connection to seasonal wetlands, Bed and Bank (BB-1), which is likely to convey naturally sourced water for more than three months per year. BB-1 connects to a network of irrigation ditches that eventually outflow to the Yellowstone River, a Waters of the United States (WOTUS). Wetland-2 and Wetland-4 are likely non-jurisdictional features since they do not connect to another WOTUS. More research and field investigation will need to be performed to provide a preliminary jurisdictional determination for Wetland-1, as it is difficult to determine if it connects to another WOTUS somewhere off the property.

The Department of Natural Resources and Conservation (DNRC) regulates the waters of the State, which includes the City of Laurel's water rights. DNRC recently completed a required 10-year review of water reservations, including the City of Laurel's reservations. Although the City did not report water use in its initial response to DNRC's questionnaire, Laurel's Director of Public Works subsequently reported that the City used approximately 4,296.4 acre-feet in 2025, or approximately 1,399,988,077 gallons. The City of Laurel has, at a minimum, access to 7,151 acre-feet from the Yellowstone River, or 2,330,163,565 gallons. This leaves an excess of 930,175,488 gallons available to serve the facility. The City's water rights and the communications from the DNRC outlining the rights are found in Appendix I.

DPHHS and BOI also conducted their own engineering analysis, relying on professional engineers, of the water and sewer infrastructure.

The facility's projected water and sewer demand remains the actual projected demand based on facility design (projected potable demand for the 32-bed FMHF is approximately 2,000 gallons per day: 1,000 for employee and patient needs and 1,000 for kitchen and laundry services; at 64 beds, the facility would use 2,600 gallons per day potable water). However, it was inquired as to whether adequate capacity would also exist for a theoretical facility using water at a rate calculated solely based on Montana DEQ Circular 4 (application of Circular 4, though various approaches can be taken which all yield similar results, projects use of 4,680 gallons per day (gpd) for Phase I (32 beds times 115 gpd plus 100 employees' times 10 gpd); Phase II would add an additional 4,280 gpd (32 beds time 115 gpd plus 60 employees time 10 gpd); for a total of approximately 8,960 gpd for a theoretical facility). The engineers have on multiple occasions confirmed that adequate water and sewer capacity exists for the facility, and that adequate capacity exists whether evaluated against the facility's actual use as designed or against a theoretical facility's use. Engineering analysis is included in Appendix 1.

Even assuming the increased water usage from calculations based on a theoretical facility's use, capacity is more than adequate, and the facility presents no material impact to the City's water capacity. Based on DNRC's recently completed 10-year review of existing water reservations, including the City of Laurel's reservations, the City has a net surplus water capacity available of 2,854.6 acre-feet (930,175,406 gallons) per year or a net surplus water capacity available of approximately 2,548,426 gallons per day. The current water intake has an estimated capacity of 20 million gallons per day. Assuming the max projected usage of a 64-bed theoretical facility's maximum usage of 8,960 gallons per day, a theoretical facility would still only represent 0.0448%

of the total intake capacity of the system (as designed, the 64-bed facility would only represent 0.013% of the total intake capacity of the system).

This orders of magnitude more than sufficient capacity would be delivered by newly constructed infrastructure, approved by the City of Laurel and that anticipates new users, and the facility would tap this infrastructure with successively smaller connections sized to address peak instantaneous facility demand. The City of Laurel water system has capacity to serve the domestic and fire flow requirements of the proposed facility.

With respect to water pressure, physical test data collected upstream and downstream of the facility site indicates that the system maintains residual pressures above the required minimums during fire flow events. Residual pressure at the facility site is estimated to be approximately 42 to 42.5 psi during the required fire flow demand of 1,000 gallons per minute, which exceeds the minimum 20 psi required during fire flow events. Pressures have not been shown to drop below 40 psi in the area of town around the facility. The current pressure zone is maintained by the City of Laurel's 4-million-gallon water tank, meaning the facility as designed at 32-beds represents only 0.05% of the total tank capacity, and no booster pumps are used. Maximum anticipated drop in the City storage from all use is 10 feet, and rarely does it even drop that low.

BOI and DPHHS are aware of public concerns regarding water pressure in the area of the proposed facility, but there is no technical information suggesting that servicing the forensic mental health facility with water and sewer would result in extra-facility capacity or pressure impacts. And upon further analysis, comments provided represent properties that are not in the same pressure system as the proposed facility, are not served by the same water line as the proposed facility, or are county residents receiving public water supply services from unrelated infrastructure.

Water and sewer capacity and water pressure are sufficient to service the forensic mental health facility, and the facility would not materially impact water and sewer capacity or water pressure.

The availability of this water and sewer of sufficient capacity, pressure, and infrastructure has become an issue. The State has various options to ensure that adequate public services, including water and sewer, are provided to the facility, which is acutely needed to provide forensic mental health care. These options include but are not limited to:

(1) City of Laurel agrees to provide water and sewer services to the facility without annexing the property into the City, which the City is doing with other customers;
(2) Consent to annexation if the City desires it;

(3) Provide mitigation funding to the City of Laurel for conservation measures or infrastructure upgrades in the amount of the facility's expected use as a condition of connection and/or annexation;
(4) Purchase and decommission properties in the City that consume water in the amounts of the facility's expected use to offset actual capacity constraints;
(5) Compel the City to comply with the provisions of 7-13-4346, MCA, which requires the City provide services to the facility via the Rossmoor Subdivision (the location of the proposed facility), given that the boundary of the subdivision is within 501 to 1,000 feet of a component of the municipal system;
(6) Seek judicial relief and enforcement of the Love's Late-Comer Agreement as a benefited third party wherein the City of Laurel has already agreed to provide water supply to the Rossmoor Subdivision and to reimburse Love's for the cost of the installation of the main line along Highway 10;
(7) Challenge the validity of the annexation moratorium; or
(8) Seek judicial relief and exercise the State's rights under Title 70, Chapter 30, eminent domain, to procure adequate water through either the existing public water supply or by seeking reallocation of the approximately 2,855-acre feet of unused water rights of the City.

None of these options of securing water and sewer have any material impact on the environment. Capacity and pressure are sufficient, and are not materially impacted, regardless of the means of securing water and sewer services.

The preferred option is that the City of Laurel agrees to provide water and sewer services to the forensic mental health facility without annexing the property into the City, as the City is currently doing with other customers. This preference is in response to public comments. The City, however, has not expressed interest in this option.

With respect to annexation, annexation is not necessary for the facility to obtain public services. Rather, it is an option to potentially arrive at a situation mutually benefiting both the City of Laurel and the forensic mental health facility. Accordingly, BOI, as the real estate developer for the Proposed Action, will consent to annexation if the City desires it.

On January 20, 2026, verbal and written comments were provided to the Laurel City Council by the BOI Executive Director. The City Council was informed that the State had signed a buy-sell agreement for the proposed facility location. The City was also informed that the State would make a formal request to begin the annexation process for the property. Through the annexation process, means of alleviating any impacts, real

or perceived, potentially caused by the facility could be addressed, and, for example, mitigation funding provided to the City for conservation measures or infrastructure updates in an amount of the facility's expected use as a condition of connection or annexation.

In response, steps were taken by the City to address its annexation process, which ultimately resulted in an indefinite, in time, application, purpose, and validity, moratorium on annexation applications. DPHHS and BOI have monitored this process, including concerns raised regarding water capacity and pressure, and have not identified any technical information that would question the sufficiency of water or sewer capacity or water pressure to the proposed facility. *See* Appendix I, *Additional Investigation and Explanation as to Water Supply Issues, including Infrastructure Capacity and Water Availability to Service the Proposed Facility*.

On June 16, 2026, DPHHS and BOI, through the engineering firm Cushing Terrell, requested a will-serve letter and the ability to perform a fire flow pressure test on the public water supply on the hydrant adjacent to the facility's proposed location (such testing would confirm the estimations of sufficient water capacity and pressure). The City denied both the will-serve request and the ability to perform the pressure tests in a letter from the City Public Works Director dated June 29, 2026.

DPHHS and BOI again consulted with the Montana Department of Environmental Quality, which regulates public water supply systems. DEQ ensured DPHHS and BOI that they were basing their capacity decisions on the most recent City of Laurel filings with DEQ, which filings demonstrated adequate capacity and approval of use, that DEQ approved connections to the water and sewer infrastructure in the area of the facility based on the City's filings, and that the City had not informed DEQ of any condition that would change these determinations.

On June 23, 2026, the Laurel City Council considered and approved a Conditional Use Permit for Love's Travel Stops and Country Stores for a 24-unit recreational vehicle parking area. The water services would be provided by the same water line that would service the facility. When concerns were raised at this meeting regarding public water and infrastructure capacity, the City Planner said "[t]he problem is not water, but pressure," and made clear reference was to the pressure on the private line, not the main line. Like the Love's RV Park, to address any private line pressure concerns, the facility plans to include a domestic booster pump.

At its August 4, 2026, meeting, the Laurel City Council discussed a new 10-year agreement with the CHS Refinery, which includes a new requirement for minimum water purchase requirements for the City's largest user of the public water supply. No concerns regarding the City's water or sewer infrastructure or capacity or water pressure were raised. The relevant Laurel Public Works Committee brief is included in Appendix I.

Securing public services through a mutually beneficial relationship with the City of Laurel, by which annexation into the City is one means, is the preferred option for securing water and sewer for the forensic mental health facility. Should this option not be viable, DPHHS and BOI will progress to other options until water and sewer services are secured for a facility critical to addressing the State's acute need for forensic mental health care.

The State's final and permitted facility design parameters confirm that the demand placed on the city's system by the Proposed Action is modest relative to the capacity being delivered under R25-39: the facility's domestic water service will tap the Loves-financed main with a four-inch (4") connection, reducing to a three-inch (3") service entering the building, sized for a peak instantaneous demand of approximately 120 gallons per minute at full long-range buildout of 64 beds (Phase 1 plus Phase 2, as described in Section 2.1).

Sanitary sewer service to the facility will be conveyed by a six-inch (6") lateral discharging to the Loves-financed sanitary sewer main. These service sizes are consistent with standard institutional health care service connections and are below the design capacity of the mains being constructed under R25-39.

Fire, police, and emergency medical services. The proposed facility would very rarely draw on Laurel's volunteer-stipend fire department and single-ambulance emergency medical service, or on the city's police department. This health care facility will be staffed at all times with on-site safety personnel and patient-care staff trained and equipped to respond to clinical, behavioral, and life-safety events, and the building will be designed with secure entries, controlled patient movement, perimeter fencing, sallyport intake, and fire detection and suppression systems meeting the standards applicable to a hospital occupancy, and on-site security supervision. The proposed facility is designed and will be operated so as not to impose additional demands on those local services. Additional detail can be found in Section 4.4.1.

The State, through the BOI as titleholder under HB 5 (2025) §17 and DPHHS as operator under HB 5 §21, will not seek annexation of the parcel into the City of Laurel for the purpose of obtaining fire, police, or ambulance services; the State will, however, consent to annexation if the City requests it, consistent with the position already stated in Section 2.2 of this EA.

For the limited circumstances in which a patient requires emergency medical care that cannot be safely managed on-site, DPHHS will pursue inter-facility transfer agreements with hospital systems and independent emergency medical service providers in Billings (located approximately 12 miles east of the site via Interstate 90) for transport and treatment, rather than relying on the City of Laurel's ambulance or hospital resources.

Accordingly, the Proposed Action does not impose meaningful new operating demands on Laurel's fire department, police department, or emergency medical services.

Proximate Residences, Business, and Schools

Commenters have expressed opposition to the FMHF's immediate location, particularly as to how it may interrelate with proximal residences, businesses, or schools. As addressed in Section 2.3, Commenters' arguments and data have not materially changed the site selection criteria evaluation described above or demonstrated that an alternative location would better satisfy the criteria. Additionally, property value and tax revenue issues are addressed in Sections 4.1.1, 4.1.2--, and schools are addressed in Section 2.2 and 4.1.1. Commenters did not provide any data or studies demonstrating any effect on proximate businesses. As demonstrated in Section 4.1.1, the FMHF is expected to have a positive economic impact.

4. ENVIRONMENTAL CONSEQUENCES

4.1 PROPOSED ACTION – IMPACTS ASSESSMENT

4.1.1 Positive Impacts on the Human Environment

Public Health — Behavioral Health Service Access

The construction of the 32-bed facility is projected to increase DPHHS's annual forensic care delivery capacity to 197 patients, increasing the availability of, and alleviating the lack of capacity for, forensic psychiatric evaluation and restoration services, which is a critical need.

This expansion directly addresses a documented and worsening public health emergency. Individuals on the current 87-person waitlist are being held in county jails without adequate psychiatric care, leading to clinical deterioration, increased suicide risk, and prolonged institutionalization. Access to timely forensic psychiatric services is foundational to both individual health outcomes and community public safety.

The 197-patient annual delivery capacity figure reflects Phase 1 (32 beds). Upon completion of Phase 2 (an additional 32 forensic beds, contingent on future legislative appropriation, as described in Section 2.1), the facility's annual forensic care delivery

- A 24/7 central command station that operates facility access control and manages patient and staff movements
- 24/7 interior and exterior live video monitoring

No firearms are on-site, and staff are trained in de-escalation and safe behavioral management techniques.

Total EMS calls for the Galen facility are minimal and are as follows, based on information provided by DPHHS. There have been four total fire department calls from 2020 to present, none of which required fire department response (fire alarms only). There have been 21 EMS calls, most in FY 2025, due to ongoing construction of the Main Hospital and increased medical acuity of patients being transferred to Galen. The Department does not anticipate that this would be the patient population served in the Yellowstone County Facility.

Reduction of County Jail Strain
County jails across Montana report severe operational strain from housing forensic patients who require psychiatric care but cannot access treatment due to the waitlist. Jail staff reports that these individuals deteriorate while held in facilities not equipped to treat mental illness. The proposed facility, by reducing the forensic waitlist and absorbing patients from eastern counties, will relieve overcrowding in county jails, reduce per-diem costs to county governments, and allow jail staff to focus on their core public safety function.

Long-Term Systemic Resilience
The facility's modular design — built to forensic standards but capable of conversion to civil commitment use — provides long-term flexibility that maximizes the return on State capital investment and avoids costly future retrofits.

4.1.2 Physical Environmental Impacts

Short-Term Construction Impacts
Ground-disturbing activities will produce temporary, localized impacts, including fugitive dust, equipment exhaust emissions, construction noise, and disturbance of agricultural soils within the project footprint. These impacts are typical of commercial and institutional construction projects. They will be managed through standard best management practices, including dust suppression, erosion and sediment controls, and construction traffic management plans. All applicable State air quality, stormwater, and construction permits will be obtained before commencement of earth-disturbing activities.

Long-Term Operational Impacts



Peer-reviewed literature has examined this question repeatedly over four decades using multiple-regression and difference-in-differences methods that control for the fact that such facilities are generally sited in already lower-value areas.

Galster, Tatian, and Pettit (2004), studying 11 supportive-housing developments in Denver, found that property values within 2,000 feet of the facilities rose approximately 3.5% relative to the pre-siting trend after the facilities opened.

The NYU Furman Center's analysis of roughly 7,500 supportive-housing units in New York City found no statistically significant negative impact on properties within 500 feet and steady relative price growth after opening.

Horn, Joshi, and Maclean (2021), studying substance-use-disorder treatment centers in Seattle, found that naïve models produced a 3.4–4.6% reduction, but that, after correcting for the endogeneity of facility siting using a spatial difference-in-differences model, "no evidence that [such centers] affect property values" remained.

Earlier studies of mental health centers and group homes (Dear 1977; Ryan and Coyne 1985; Wagner 1989) reached similar conclusions.

Property-value diminishment claims are not supported by the available empirical evidence and do not establish an adverse socioeconomic impact. The FMHF, moreover, would be developed with full perimeter landscaping and architectural treatments consistent with the surrounding residential and commercial context, and with setbacks designed to minimize visual intrusion on adjacent properties.

Assertions that siting the facility on the Laurel parcel forgoes an estimated $350,000 to $400,000 per year in property tax revenue that would otherwise be generated by private residential or commercial development of the 114-acre site are not supported by data and are speculative in assuming that such residential or commercial development would provide this revenue (Commenters assume a scale of residential and commercial development exceeding that of the FMHF, which the Commenters maintain cannot adequately be serviced by existing utilities), occur. As demonstrated in Section 4.4.1, the FMHF would generate positive socioeconomic impacts, including those with a nexus to the human environment.

Additionally, psychiatric facilities are commonly located in residential neighborhoods throughout Montana. Appendix C shows maps of the Billings Clinic Behavioral Health and DPHHS Grasslands psychiatric facilities with concentric circles extending for a one-mile radius. In both instances, facilities are near residential and other public facilities, are in growing areas, and, generally, have above-average commercial and financial value.

Property owned by the State of Montana and used for a governmental purpose is generally exempt from local property taxation under Article VIII, Section 5 of the Montana Constitution and Title 15, Chapter 6, Part 2, MCA, irrespective of the specific site selected; any foregone-tax figure therefore reflects not a unique consequence of the Yellowstone County parcel, but the general statutory framework governing State-owned facilities.

The Phase 1 (32-bed) construction phase represents a BOI contractual commitment of up to $48,296,810.40 under BOI Investment Project Manager Contract SH-DM-1-2026, funded by the $26.5 million HB 5 (2025) appropriation supplemented by $28.5 million from the BHSFG fund. Phase 2 construction, if appropriated by a future Legislature, would represent a further capital investment of comparable magnitude on the same parcel. Ongoing operations of the facility will sustain permanent positions in psychiatry, nursing, social work, psychology, security, maintenance, and administration — payroll, procurement, and indirect economic activity that accrues to the Yellowstone County regional economy and to local sales- and income-tax-paying businesses.

Municipal water, sanitary sewer, and road systems could adequately service the FMHF. As addressed in Section 3.2, the City of Laurel's execution of the Love's Latecomer Agreement (Resolution R25-39, June 10, 2025) and its acceptance of municipal water and sewer extensions to this corridor demonstrate that infrastructure capacity to serve development in this area is being delivered. Additionally, water and sewer services are financed by user fees, not property taxes.

The City of Laurel has further received substantial state financial assistance for construction, operation, and maintenance of its water and wastewater systems. The chart below from the Legislative Services Division, which was verified by the Office of Budget and Program Planning, shows in excess of $23 million in state financial assistance to the City of Laurel.

Biennium	Program Type/Legislation	Amount	Infrastructure Focus	Status
2025	State-Local Infrastructure Partnership Act (HB 355)	$488,448	7th Ave and 6th Ave Sewer Main Line Replacements	Approved