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MONTANA THIRTEENTH JUDICIAL DISTRICT COURT
YELLOWSTONE COUNTY

LAUREL CARED, Plaintiff, vs. STATE OF MONTANA, Defendant.	Cause No.: DV-56-2026-0000855-DK Judge: Hon. Ed Zink **PLAINTIFF'S BRIEF IN SUPPORT OF SECOND MOTION FOR TEMPORARY RESTRAINING ORDER & PRELIMINARY INJUNCTION**

INTRODUCTION

This Court entered a preliminary injunction enjoining Defendant State of Montana, by and through Montana Department of Public Health and Human Services ("DPHHS") and Board of Investments ("BOI"), from taking any acts in furtherance of the construction of the forensic mental health facility ("Facility" or "FMHF") proposed for a property near the City of Laurel after the Court found that Defendant's environmental assessment for the Facility did not comply with Montana Environmental Policy Act ("MEPA"). The Court remanded the environmental assessment to Defendant to remedy the deficiencies concerning the Facility's water demand, the

capacity of Laurel's water system to serve the Facility without impacting other users, and the availability of service from the City.

Defendant since has issued a Revised Final Environmental Assessment ("Revised Final EA") that has added more information about these issues but does not cure them. The Revised Final EA instead relies on conditional, incomplete, and future-dependent information to reach categorical conclusions that water is sufficient and municipal service is available. This does not comply with MEPA.

Preliminary relief is again necessary to preserve the status quo while the Court reviews Defendant's revised water analysis. The State has already purchased the property and remains positioned to proceed with permitting, ground-breaking, and other on-site construction activities if the existing injunction is dissolved and a new one is not entered. Allowing that work to proceed while the adequacy of the Revised Final EA remains under review would further commit public resources to the Laurel site and make meaningful judicial relief increasingly difficult. Plaintiff therefore requests that the Court continue to enjoin further implementation of the Facility until its MEPA claims concerning water supply are resolved.

LEGAL STANDARD

This Court previously decided that the stricter preliminary injunction standard in Montana Code Annotated § 75-1-201(5)(c)(iii) applies. Given the Court's ruling, Plaintiff will apply that standard here.

Section 75-1-201(5)(c)(iii) first requires that the "party requesting the relief is more likely than not to prevail on the merits of its complaint given the uncontroverted facts in the record and applicable law[.]" It further requires the party requesting relief to show that, in the absence of a

temporary restraining order, a preliminary injunction, a permanent injunction, vacatur, or other equitable relief, that the:

> (A) party requesting the relief will suffer irreparable harm in the absence of the relief;
>
> (B) issuance of the relief is in the public interest. In determining whether the grant of the relief is in the public interest, a court:
>
> > (I) may not consider the legal nature or character of any party; and
> >
> > (II) shall consider the implications of the relief on the local and state economy and make written findings with respect to both.
>
> (C) relief is as narrowly tailored as the facts allow to address both the alleged noncompliance and the irreparable harm the party asking for the relief will suffer. In tailoring the relief, the court shall ensure, to the extent possible, that the project or as much of the project as possible can go forward while also providing the relief to which the applicant has been determined to be entitled.

Mont. Code Ann. § 75-1-201(5)(c)(iii).

STATEMENT OF FACTS

The Court is familiar with the factual and procedural background of this case from Plaintiff's original Complaint and the parties' prior preliminary injunction briefing. Plaintiff therefore provides only a brief summary of that background and focuses this Statement of Facts on developments following the Court's remand that are relevant to the instant motion.

In June 2025, Governor Greg Gianforte signed House Bill 5, appropriating $26.5 million for the construction of a behavioral health facility and directing BOI and DPHHS to develop a facility and location plan. H.B. 5, 69th Leg., Reg. Sess., ch. 773 (Mont. 2025). DPHHS solicited proposals from Montana communities to host a new facility. MT006223.[1] Only Big Horn County

[1] The news article cited in this brief at MT006223 are attached as Exhibit 1 to this brief, as the original copies were not included by Defendant in the record. Plaintiff can provide copies of the other hyperlinked articles upon request of the Court.

and Custer County submitted applications for the Facility. MT002530, 2553. Neither Yellowstone County nor the City of Laurel submitted applications. At the request of BOI, the City of Laurel sent a letter to BOI explaining why the City did not nominate itself or propose a property on Old Highway 10 just outside the Laurel city limits. MT002581.

On November 28, 2025, DPHHS announced it had selected Laurel for the Facility but did not specify the location. MT006223. On January 13, 2026, BOI executed a buy-sell agreement with Miller Trois LLC to purchase three lots off Old Highway 10 just outside Laurel in Yellowstone County totaling 114 acres for $4.25 million. MT002602. BOI paid $42,500 in earnest, with closing scheduled for July 13, 2026. MT002602. The property is outside of Laurel city limits, it is not annexed into the City and is currently not able to receive city services. MT005942.

Defendant issued a draft environmental assessment on April 20, 2026, and held a public hearing in Laurel on April 22, 2026. MT001815. Defendant issued another environmental assessment on May 18 and held a public hearing in Billings to accept comment on June 2. MT001985.

Defendant issued a Final Environmental Assessment on June 12, 2026. MT000001. Defendant determined the Facility would not have a significant impact on the environment and that it would proceed with siting the Facility on the 114-acre property outside Laurel. MT000036–41. Defendant closed on the property the same day, though this was not publicly reported until June 16.

Plaintiff filed a Complaint challenging Defendant's environmental assessment and final decision under the Montana Environmental Policy Act and the Montana Constitution's right to participate on June 25, 2026. Doc. 1. Plaintiff also filed a motion for a temporary restraining order

and preliminary injunction. Doc. 2. After the motion was fully briefed, the Court held a hearing on the motion. Doc. 24.

On August 26, 2026, the Court granted in part Plaintiff's Motion for a Preliminary Injunction. Doc. 35. The Court concluded that Plaintiff was more likely than not to succeed on its claims that the Final EA inadequately analyzed water demand, water-system pressure and capacity, and the availability of municipal utility service. The Court enjoined Defendant from taking further steps toward construction, including permitting and on-site work, while allowing off-site planning and design to continue. The Court also remanded the Final EA to BOI and DPHHS for further investigation and explanation of the water-supply issues and directed Defendant to ensure that the revised environmental assessment was complete and that the public received a reasonable opportunity to participate in the decision-making process.

On August 31, 2026, Defendant issued a new Draft Environmental Assessment and opened public comment. MT003682. Defendant held a public hearing on September 8, 2026, in Billings, and at the request of Plaintiff, Defendant extended the comment period to September 15, 2026. MT005781–84. Plaintiff and its members submitted comments and attended the hearing. *See* MT004959–5749. The City of Laurel also submitted detailed comments disputing Defendant's conclusions regarding water-system capacity, pressure, and service availability and requesting additional analysis. MT005174. On September 18, 2026, Defendant issued its Revised Final Environmental Assessment ("Revised Final EA"). MT005930.

ARGUMENT

I. Plaintiff is more likely than not to succeed on the merits because the Revised Final EA still does not take the required hard look at the water demand, capacity, and availability issues for the Facility and an EIS is necessary.[2]

[2] Plaintiffs' Amended Complaint identifies other deficiencies with the Revised Final EA that are not raised in this motion, including additional arguments about the Revised Final EA's analysis of

MEPA "provide[s] for the adequate review of state actions in order to ensure" that their "environmental attributes are fully considered by the legislature in enacting laws to fulfill constitutional obligations" and that "the public is informed of the anticipated impacts in Montana of potential state actions." MCA § 75-1-102(1). The statute's focus on pre-decisional review is a central part of its design. "MEPA's procedural mechanisms help bring the Montana Constitution's lofty goals into reality by enabling fully informed and considered decision making, thereby minimizing the risk of irreversible mistakes depriving Montanans of a clean and healthful environment." *Park Cnty. Envtl. Council v. Mont. Dep't of Envtl. Qual.*, 2020 MT 303, ¶70, 402 Mont. 168, 477 P.3d 288.

MEPA therefore requires agencies to prepare an "environmental impact statement" or "EIS" to evaluate the impacts of all "major actions of state government significantly affecting the quality of the human environment." MCA § 75-1-201(1)(b)(iv). When the significance of the impacts is unclear, an agency may prepare a shorter "environmental assessment" to determine the need for an EIS. ARM 17.4.607(2)(c), (3)(a). In an environmental assessment, MEPA requires agencies to analyze, in part, the impacts of their actions on the physical and human environment, including on water resources and the demand for government services. ARM 17.4.609(3)(d), (e).

An agency decision is reviewed under the arbitrary and capricious standard. *Hillcrest Nat. Area Foundation, Inc. v. Mont. DEQ*, 2022 MT 240 ¶9, 411 Mont. 30, 38, 521 P.3d 766, 771. The decision must be well-supported by the record and include a rational connection between the facts found and the choice made. *Id*. While the record may contain inconsistent evidence or evidence

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the system's capacity to serve the Facility without affecting other users, the Facility's impacts on wetlands and groundwater, and the need for Defendant to complete an Environmental Impact Statement. Amended Compl. Plaintiff intends to brief those issues when the merits of the case are fully resolved.

that may support a different result, the decision cannot "appear random, unreasonable or seemingly unmotivated based on the existing record." *Mont. Wildlife Fed'n v. Mont. Bd. Of Oil & Gas Conservation*, 2012 MT 128 ¶25, 365 Mont. 232, 243, 280 P.3d 877, 885.

A. The Revised Final EA still does not provide support for its potable water demand estimate.

In granting preliminary injunctive relief, the Court found Plaintiff likely to succeed on its challenge to Defendant's water demand analysis because Defendant supplied its explanation for its 2,000-gallon-per-day (gpd) estimate at the hearing on the motion rather than in the Final EA. The State explained that 2,000 gpd was a precise estimate derived from the Facility's engineering design, while the substantially higher DEQ methodology was merely theoretical. The Court remanded so that Defendant could include that explanation in a revised environmental assessment subject to public comment.

The Revised Final EA repeats that explanation but still does not disclose the engineering analysis that supposedly supports it. It states that, although the DEQ Circular 4 methodology calculates 4,680 gpd for the 32-bed facility, the Facility's "actual projected potable demand" is approximately 2,000 gpd based on "engineering design." MT005949. Yet, the EA does not provide that engineering design or any other methodology used to reach that demand estimate. MT005949. Defendant's failure to provide any "sort of data, process, or analysis by which [it] arrived at its conclusion" violates MEPA's hard look requirement. *Mont. Env't Info. Ctr. v. Mont. Dep't of Envtl. Qual.*, 2025 MT 3, ¶40, 420 Mont. 150, 561 P.3d 1033; *Native Ecosystems Council v. U.S. Forest Serv.*, 418 F.3d 953, 963 (9th Cir. 2005) (quoting *SEC v. Chenery Corp.*, 332 U.S. 194, 196–97 (1947) ("If the administrative action is to be tested by the basis upon which it purports to rest, that basis must be set forth with such clarity as to be understandable.")).

The record further undermines Defendant's claim that its water demand analysis complies with MEPA. While Defendant attributes the 2,000 gpd estimate to an "engineering design," Defendant's own engineering consultant uses the DEQ Circular 4 estimates of 4,680 gpd for 32 beds and 8,960 gpd for 64 beds in analyzing system capacity. MT004905. The problem, therefore, is not just that the record lacks the data or methodology supporting the 2,000-gpd figure. It is also that the engineering analysis Defendant appears to rely on uses the materially higher demand estimates the Revised Final EA rejects. The Revised Final EA neither discloses nor reconciles that conflict. Accordingly, on this record, Defendant has not articulated a rational connection between the evidence before it and its conclusion that the Facility's actual potable-water demand will be approximately 2,000 gpd. *Hillcrest*, ¶9; *see also Native Ecosystems Council*, 418 F.3d at 963 (agency failed to take a hard look where its environmental analysis presented a definitive conclusion about elk hiding cover that was not supported by the agency's underlying analysis); *cf. Mont. Wildlife Fed'n*, ¶51 (upholding an EA that identified its sources, explained its methodology, and documented the basis for its conclusions).

B. The Revised Final EA does not rationally evaluate whether Laurel's water system has sufficient capacity.

1. The City has not determined that its system can serve the Facility.

The Revised Final EA concludes that Laurel's municipal water system has sufficient capacity to serve the Facility and claims that the City has affirmatively stated that sufficient capacity is available. MT005948. But the City has never made a facility-specific determination that its water system can serve the FMHF. MT005184. To the contrary, when Defendant requested a will-serve letter and confirmation of water capacity in June 2026, the City responded that it could not determine whether sufficient capacity existed. MT004735–4737, 5184. On remand, the City's engineer advised that the City's water-system model remained incomplete. MT005184.

Defendant's continued disregard for the City's affirmative statements that it does not know whether it has the capacity to serve the Facility leaves the Revised Final EA's contrary conclusion without a rational basis in the record.

Instead, Defendant continues to rely on the City's 2025 approval of the Love's Late-Comer's and Development Agreement (the Agreement) as evidence that capacity has already been established. MT005951–5952, 5955. That agreement provides for a water main extension to be built to serve the Love's Travel Center on Old Highway 10 southwest of the proposed FMHF site. *See* MT005982. The Revised EA describes that agreement as "convey[ing] municipal water and sewer service extension authority to the FMHF site." MT005981. However, that agreement only states that the water and sewer improvements were adequate for "the requirements of Love's." MT005982. It does not make a determination specific to the FMHF that the City has the capacity to serve the Facility's demands.

Additionally, the Agreement also does not commit the City to authorizing new connections off the Love's line, like the Facility, as Defendant contends. MT00955. Defendant seems to construe the Agreement's requirement that any new user on the line reimburse Love's for the cost of installing the water line as a binding commitment that the City will agree to all new requested connections. MT005955. However, the plain language of the Agreement only requires the City to seek reimbursement from future users if the City approves a future connection. *See* MT005983 ("the City of Laurel will not grant any person, firm, or corporation who has not contributed to the original cost of [the water main] Improvements a permit or be authorized to tap into or use such Improvements during said period of time without first paying to the City of Laurel the amount required to reimburse Love's…."); MT005982 (describing the same).

Thus, Defendant has not cured the basic defect identified in the first EA: its conclusion that municipal capacity is sufficient still rests on an inference that the City itself has declined to make. The Revised Final EA treats approval of infrastructure designed for a different development as an affirmative City determination that the system can serve the FMHF, even though the City has expressly stated that it cannot yet make that determination. That is not a rational connection between the record and Defendant's conclusion. *Hillcrest*, ¶ 9; *Mont. Wildlife Fed'n*, ¶ 25.

2. The Revised Final EA does not resolve the identified water pressure issues.

Defendant's reliance on the Love's Agreement also does not resolve the separate question of whether there is adequate water pressure to serve the Facility without impacting other users. *See* MT005954. The City approved the Love's Agreement in June 2025. MT005985. Thereafter, Laurel residents started to report that they were experiencing decreased water pressure. *See, e.g.*, MT000715, 717, 4736, 5633. The Revised Final EA categorically dismissed those reports as arising from unrelated portions of the system. Yet, the City's June 29, 2026, response to the will-serve request specifically identified the pressure issues as stemming from the Love's line. MT004736; *see also* MT005307, 5329 (engineering report noting pressure concerns in Laurel neighborhoods north of the Facility property). The Revised Final EA does not reconcile the City's statement with the conclusion that the reported pressure problems are unrelated to the water line that Defendant seeks to use for the Facility.

Defendant's engineering analysis does not resolve those concerns. The Revised Final EA states that residual pressure "at the facility site" exceeds the minimum pressure required during fire-flow events. MT005954. But no pressure test was conducted at the Facility site. Defendant's engineer extrapolated its estimates from tests conducted for the Love's development and expressly

stated that the estimates "should be confirmed by onsite fire hydrant testing," followed by an update to the City's comprehensive water-system model "for final verification." MT004904.

More fundamentally, the State's engineer's analysis does not address the domestic pressure deficiency identified in the 2026 Love's study on which it relies (and which Plaintiff raised on the first preliminary injunction motion). The Love's study separately analyzed whether water pressure met the minimum requirements for both fire flow and domestic service pressure. MT00463. It concluded that the available supply satisfied the fire-flow requirement of 1,000 gpm at 20 psi, but would provide only 26 psi residual pressure at the required 133-gpm domestic flow—below the study's 40-psi target—and therefore required a domestic pump. MT00463. Defendant's engineer included domestic demand in its combined 1,120-gallon-per-minute calculation but only evaluated the resulting pressure against the 20-psi minimum applicable to a fire flow event. MT004904. Neither the engineer nor the Revised Final EA explains whether the system can satisfy the Facility's domestic pressure requirements, which is the same deficiency identified in the Love's study.[3] *Mont. Envtl. Info. Ctr.*, ¶31 (MEPA requires agencies to consider the "relevant data" in reaching its decision)

The result is that Defendant has only estimated that pressure would remain above the minimum required during a fire-flow event; it has not established that the Facility would receive adequate domestic water pressure—or would not cause pressure drops for other users—under ordinary operating conditions. Given the City's own identification of pressure concerns on the Love's line, the absence of onsite testing, and the unresolved domestic pressure deficiency in the

[3] Finally, the Revised Final EA misstates the "estimates" generated by its engineer as between 42 and 42.5 psi, when its engineer's estimates are actually 37.5 psi to 40.5 psi. *Compare* MT005954 and 4904. That discrepancy may not affect the fire-flow analysis, because both estimates exceed the 20-psi minimum, but it could be material to the separate domestic-pressure analysis.

very study on which Defendant relies, the Revised Final EA does not provide a rational basis for its categorical conclusion that water pressure is sufficient to serve the Facility and do so without impacting other users.

C. The Revised Final EA still does not establish that municipal water and sewer service are actually available.

The Revised Final EA also concludes that the Facility will be able to acquire municipal water and sewer service through one of eight non-exhaustive options, including condemning properties in the City to offset water use, paying the City for infrastructure updates, seeking eminent domain of the system's public water supply or unused water rights, and suing the City to comply with the purported requirements of the Love's Agreement. MT005954–55. Defendant's approach presents two MEPA problems.

First, the Revised Final EA does not actually select any of those options nor explain how any of them will practically occur. MEPA's hard-look requirement is not satisfied by approving a project first and deferring the analysis necessary to understand its impacts until later. *See N. Plains Res. Council, Inc. v. Surface Transp. Bd.*, 668 F.3d 1067, 1083–85 (9th Cir. 2011) (where analysis is deferred to after the environmental assessment is complete, the assessment "process cannot serve its larger informational role, and the public is deprived of their opportunity to play a role in the decision-making process."). The Revised Final EA also expressly states that the list is non-exhaustive, so Defendant has left open the possibility that it will pursue water and sewer service through some other undisclosed avenue. MT005954 ("These options include but are not limited to..."). This Court already has faulted Defendant for failing to disclose all the avenues it might use to obtain water service. Doc. 35 at 13–14. The same defect remains here: Defendant still has not fully disclosed how it may obtain the utility service on which the project depends.

Second, Defendant summarily concludes that none of those potential means of obtaining service would materially affect the environment without analyzing their consequences. MEPA regulations require consideration of effects on the human population, including impacts to the local tax base, distribution and density of population and housing, demands for government services, and locally adopted plans and goals. ARM 17.4.609(3)(e). Several of Defendant's own proposed options facially implicate those factors. For example, condemning properties or retiring existing water uses to offset the Facility's demand could affect housing, population distribution, and the tax base; and annexation or construction of municipal infrastructure could alter demands for government services, public expenditures, and local planning. The Revised Final EA does not analyze any of those consequences before declaring that none of the options would have a material impact.

II. Plaintiff and its members will suffer irreparable harm in the absence of a temporary restraining order and preliminary injunction.

As this Court already determined, Plaintiff and its members will suffer irreparable harm absent temporary and preliminary injunctive relief because their ability to obtain meaningful judicial review of Defendant's water analysis will be undermined if Defendant may proceed with on-site construction while that review is pending. Doc. 35 at 18–19.

Additionally, Plaintiff's members have concrete interests in the existing character of their neighborhood and the availability of local water services. Zahn Decl. ¶¶5–23; Hopper Decl. ¶¶8–21. Defendant's decision to proceed with implementation of the Facility will place those interests at immediate risk and threatens to alter the existing character of the area before judicial review can occur. *See Sweet Grass Farms, Ltd. v. Bd. of County Comm'rs*, 2000 MT 147, ¶32, 300 Mont. 66, 2 P.3d 825 (finding irreparable harm where the development of a subdivision in an agricultural

area would reduce the quality of local services and irreparably change the character of the area). The resulting impacts cannot readily be undone.

III. Preliminary injunctive relief is in the public interest.

The public interest analysis likewise favors preliminary relief. This Court already recognized both sides of the public-interest inquiry: there is an acute need for increased forensic mental health capacity in eastern Montana, but there is also a strong public interest in ensuring that state agencies comply with MEPA before committing public resources to a project of this magnitude. Doc. 35 at 19–21. The Court further emphasized that MEPA's procedures exist to ensure informed decisionmaking and minimize the risk of irreversible mistakes, which the Court found applicable where the adequacy of Laurel's water and sewer infrastructure is in dispute. *Id*. (citing *Park Cnty. Envtl. Council*, ¶70).

Those considerations remain materially unchanged. Plaintiff does not dispute the need for additional forensic mental-health services. Defendant still seeks to proceed with construction despite unresolved questions concerning potable water demand, pressure, system capacity, and the means by which municipal water and sewer service will actually be obtained. The public interest is served by resolving those questions before the State commits tens of millions of taxpayer dollars to this project and before construction further limits the practical ability to address deficiencies in the environmental review. Doc. 35 at 20–21.

Regarding the impact on the state and local economy, Defendant's counsel stated at the August 10 hearing that the State will lose about $8,222 per day in costs of delay if relief is granted. Doc. 35 at 21. Defendant did not provide a basis for the figure at the hearing, any filing since, or the current record.

By contrast, allowing construction to proceed before the water issues are resolved could expose the City and its ratepayers to substantially greater costs if the Facility requires or accelerates

municipal water-system improvements. The City's comments identify a roughly $20.8 million package of needed system improvements, with approximately $82,000 per month in debt service and a projected 31% increase in resident rates. MT005197. For a small city and its residents, these potential expenses are significant.

IV. Requested relief is narrowly tailored.

Plaintiff's requested relief is narrowly tailored to Defendant's MEPA violations. Plaintiff is requesting the Court to again enjoin Defendant from taking any acts in furtherance of the construction of the Facility, including any permitting, ground-breaking activities or other on-site work. The Court already has determined this relief is narrowly tailored to unresolved questions regarding water supply to the Facility. Doc. 35 at 21–23. Because the present motion concerns the same unresolved water-supply issues that supported the Court's prior injunction, the same limited relief remains appropriate.

V. The Court should waive any requested bond.

MCA § 75-1-201(5)(d) requires a party seeking injunctive relief to post a bond to pay the costs and damages sustained by any party that may be found to have been wrongfully enjoined or restrained by a court through a subsequent judicial decision in the case. The statute allows the Court to waive the bond if the requesting party shows an inability to pay. *Id.*; *see also People of State of Cal. ex rel. Van De Kamp v. Tahoe Reg'l Plan. Agency*, 766 F.2d 1319, 1325 (9th Cir. 1985), amended, 775 F.2d 998 (imposing no bond under analogous Federal Rule of Civil Procedure 65(c) where the plaintiff showed an inability to pay); *Nat. Res. Def. Council, Inc. v. Morton*, 337 F. Supp. 167, 169 (imposing nominal bond in a NEPA case where "[i]t would be a mistake to treat a revenue loss to the Government the same as pecuniary damage to a private party").

Plaintiff's financial circumstances are materially unchanged. Second Hill Decl. ¶10. Upon request of the Court, Plaintiff will provide an affidavit demonstrating it is not able to pay any bond, as it did with the first request for an injunction.

CONCLUSION

For the above-stated reasons, Plaintiff has shown it satisfies the requirements for a temporary restraining order and preliminary injunction set forth in Mont. Code Ann. § 75-1-201(5)(c)(iii). Accordingly, the Court should enjoin Defendant from taking any acts in furtherance of the construction of the Facility—including any permitting, ground-breaking activities or other on-site work—while the merits of the case are resolved.

Respectfully submitted this 2nd day of October, 2026.

/s/ Elizabeth M. Forster
Forster Law, PLLC

/s/ Timothy M. Bechtold
Bechtold Law Firm, PLLC

Attorneys for Plaintiff

CERTIFICATE OF COMPLIANCE

Pursuant to Local Rule 35, I hereby disclose that I used ChatGPT Pro to edit this brief. I certify that every citation to law and the record has been verified as accurate.

DATED this 2nd day of October, 2026.

/s/ Elizabeth M. Forster
Forster Law, PLLC

Attorney for Plaintiff

EXHIBIT 1

https://helenair.com/news/state-regional/government-politics/article_e3063432-680b-4059-aa94-3ef9bc363ae7.html

TOP STORY SPOTLIGHT

State fails to woo Billings on mental health facility, Miles City and Hardin make bids

Seaborn Larson , Carly Graf
Nov 12, 2025

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A pair of southeastern Montana cities have submitted their proposals to land a sorely needed, state-run mental health facility, while Billings — state officials' first choice — rejected the prospect due to a lack of "confidence" in the project.

Selecting a site for what officials have sometimes termed "Warm Springs East" has proven more difficult than anticipated. The state Legislature this year approved more than $26 million in funding for a new behavioral health facility to expand its capacity beyond what's currently available under the Montana State Hospital. Lawmakers also sent a clear message that the facility be located in eastern Montana to knock down travel times in a region sparse of mental health resources.

The effort that began zoning in on Billings, presumably the state's largest workforce pool, was reeled back and reinvented to request cities in the state's eastern region to submit pitches for the Montana Department of Public Health's upcoming 32-bed facility, where criminal defendants suffering from severe mental illness would be sent to be evaluated and medicated in order to stand in their own

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Big Horn and Custer counties were ultimately the only two jurisdictions to raise their hands for the opportunity, although officials there expressed some soreness at the notion of being considered only after Yellowstone County refused to engage.

“I don’t have a crystal ball, so I can’t predict what the end result is going to be, but I think if you’re going to be sincere…and you’re going to invite communities to put forth interest, I think it’s a little disingenuous to basically say we’re leaning towards Yellowstone County without seeing any proposals,” Custer County Commissioner Jason Strouf said.

Whether the facility lands in eastern Montana, a definition itself that may be subject to debate, is yet to be seen. Last month, one commissioner in Cascade County began asking questions about how to be considered for the new site after learning that Yellowstone County was at odds with the proposal.

The state is set to begin reviewing the proposals following Monday’s deadline. The proposals will soon be posted publicly **online**.

Hardin

Officials see the potential arrival of the state behavioral health facility as a way to breathe life back into the area’s fledgling economy. For decades, the coal industry

was the financial engine of Big Horn County, which includes the Crow and Northern Cheyenne reservations, but as the mines and coal-powered plants have closed, the region has been left with little to fall back on.

Nearly 26% of residents live in poverty. Unemployment outpaces the statewide average, and the number of jobs continues to decrease each year. People are moving out of Big Horn County at a faster rate than just about anywhere else in the state.

Entering Hardin, Montana.

Carly Graf

Rather than use those numbers as reason to overlook Hardin as home for the mental health facility, city and county leadership say there's opportunity to access an eager workforce and energize a community around new industry coming to

town.

“Big Horn County is open for business,” said Lawrence Killsback, economic development director for Big Horn County. “We’re not desperate. We’re looking for a boost.”

In its application, Hardin identified a couple plots of land — an industrial park and a nine-acre spot next to the existing Bureau of Indian Affairs correctional facility — as potential sites for the facility. It also mentioned being able to negotiate purchases from private landowners using county funds.

Given the ongoing challenges to staff the state’s existing mental health hospital, Hardin’s application highlighted local workers that could jump into construction, maintenance and security roles. It emphasized partnerships with nearby tribal colleges as a path to train people for jobs that would be beneficial at the behavioral health facility as well as Hardin’s proximity to Billings as an advantage for attracting licensed health care professionals.

“Billings is our bedroom community,” said George Red Bird III, the county commission’s presiding officer. “From exit to exit it’s 41 miles.”

Sen. Gayle Lammers, R-Hardin, speaks during a floor session of the Montana Senate on Feb. 20 in the state Capitol.

THOM BRIDGE, Independent Record

Hardin also put in a bid for the new state women's prison. Sen. Gayle Lammers, a Republican who represents Big Horn County, said it's time for rural and eastern communities like his to get a chance to show what they can do when given the chance.

"We are always passed up in this area," he said.

Miles City

When Strouf, the Custer County commissioner, first caught wind that lawmakers were planning to earmark funding to build a new state-run behavioral health facility in eastern Montana, he immediately thought Miles City would be a perfect fit.

Downtown Miles City in October.

THOM BRIDGE, Independent Record

Known as the home of the famous Bucking Horse Sale, the headquarters of Stockman Bank and a regional hub for everything from Class C high school sport tournaments to grocery stores, Miles City was, as Strouf saw it, well-situated to attract workers to staff the facility and become a central spot for behavioral health services.

But when state officials demonstrated their preference that the new facility end up in Yellowstone County, the commission was frustrated by what felt like a “pre-baked notion” that tens of millions of dollars earmarked for eastern Montana wouldn’t in fact go there at all.

“This is a matter of pride for us,” Strouf said. “You need to cross the Big Horn River to be considered eastern Montana.”

What ultimately convinced them to move forward with a bid, though, was the response to a community-wide online survey that overwhelmingly suggested Miles City residents were supportive of the idea. Of about 400 responses, nearly 70% said they wanted the county to submit a proposal.

Brett Steffen, a federal employee who has lived in Miles City for three years, didn’t fill out the survey, but he’s excited about the idea.

“I think it would be huge for Miles City,” Steffen said. “It would be long-lasting, and I think Miles City has a lot to offer people who might come in to work there.”

There's a plot of state-owned trust land next to an existing youth correctional facility that city and county officials have cast as the future home of the forensic facility. Officials also point to the way that existing organizations in Miles City such as the Bureau of Land Management and Fort Keogh Livestock Research Station have been able to recruit staff as evidence that the workforce issue wouldn't hamper the project.

"Let's give this a good, earnest, fair shake and let's see how the departments respond," Strouf said. "They have the proposals in front of them now, so, you know, this is kind of where the rubber meets the road. You've said it. You've talked the talk. Now, are you going to walk the walk?"

Billings

Yellowstone County was identified by DPHHS early in the process as the most likely site for the future facility, although local officials quickly dug in against the state, arguing they hadn't been offered an equal voice in the discussion.

At the direction of the Billings City Council, Mayor Bill Cole sent a letter on Nov 5. to DPHHS Director Charlie Brereton and Dan Villa, executive director of the state Board of Investments which has been ordered to take the lead on development of the new facility.

Rather than issuing a proposal for the facility location as other cities had, Cole told the state that the 16-page guidance from DPHHS had not translated to the Billings officials' understanding or confidence in the project.

"Billings understands the need for a forensic mental health facility in eastern Montana and appreciates the dedicated efforts of the governor, state legislators, DPHHS, BOI and others to define the scope and identify a location for such a facility," Cole wrote, noting the local jails are overcrowded with people who should be receiving mental health services at such a state-run facility.

“However,” Cole continued, “although we recognize the need for a forensic facility in eastern Montana as a general matter, Billings is not prepared at this time to submit a formal ‘proposal’ asking that such a facility be located here. This is a state project, not a city project. If the city were to submit an application and actively advocate for it, that would suggest a level of understanding, confidence and commitment that simply does not exist at the present time.”

Neither Cole nor a spokesperson for DPHHS responded to requests on Tuesday for comment.

The Montana Department of Public Health and Human Services in Helena

THOM BRIDGE, Independent Record

Great Falls

The mental health facility as proposed by lawmakers earlier this year was fully

intended for the eastern part of the state; at one point, the bill carrying the facility funding required that it be located east of Big Timber.

Great Falls is widely considered central to the state, but would offer a closer option than Warm Springs to communities along the Hi-Line and many further east.

“I think it would be foolish to not at least have a conversation about it and see if it’s the right fit or not,” Cascade County Commissioner Eric Hinebauch said Tuesday.

Calumet’s Great Falls plant is a major employer in town, and the oil refinery and biofuels facilities together make up Cascade County’s largest taxpayer.

MATT HUDSON, Montana Free Press

Hinebauch learned in September that Billings was generally repellant to the idea of the mental health center without a more complete understanding of what it would entail.

Last month, Hinebauch said he began with a phone call, although he declined to say to whom that call was placed. But through certain channels, he learned that there may be an opportunity for other communities to throw their hat in the ring if the submissions that were due Monday don't meet the state's needs.

"There's a lot of great communities out there that want it, but don't have the infrastructure or population base," Hinebauch told the Montana State News Bureau. "I'm pretty open-minded to opportunities and, you know, our sheriff's always dealing with transports to Warm Springs. If we could somehow cut down on that cost and maybe get a little more services for our needs here ... It's still early and I'm still learning a lot."

Hinebauch is well aware of the stigma that may come with such a facility, and said any next steps would be sitting down with community leaders and the community at large for a discussion on feasibility.

"I'm always looking for economic opportunity in Cascade County and something that fulfills a need we have," he said.

By Seaborn Larson

State Bureau Coordinator

By Carly Graf

State Bureau Health Care Reporter

https://billingsgazette.com/news/local/government-politics/article_13d97e8c-6d39-4e3d-ae01-e1126ae82947.html

ALERT TOP STORY EDITOR'S PICK TOPICAL

Laurel selected to be site of state's new mental health facility

Alex Mitchell

Nov 28, 2025

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The Montana Department of Public Health and Human Services announced Friday that Laurel will be the future site for a 32-bed forensic mental health facility eyed for Eastern Montana.

While **Billings declined to submit a proposal for the mental health facility in October**, surrounding communities did express interest, including **Big Horn County and Custer County**.

Laurel did not immediately submit a proposal because there was no such ideal site within city limits to build the facility, according to a **Nov. 17 letter from Kurt Markegard**, Laurel's chief administrative officer. But there's is a site that could be annexed that city administration considers to be suitable and potentially "remarkably successful."

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Local and county officials previously toured a site near Laurel's airport this

summer. DPPHS did not immediately respond to the site's exact location.

"I applaud the efforts to get community involvement in choosing the location for the facility, but I believe the process did not allow the location I pointed out during the summer tour to be nominated," Markegard wrote in the letter to Montana Board of Investments executive director Dan Villa.

BOI is in charge of overseeing the construction of the facility and with considering potential locations.

In the 2025 legislative session, lawmakers passed a bill to transfer $26.5 million to BOI to build a behavioral health facility in Eastern Montana. The facility would help bolster mental health services currently overwhelmed at the Galen facility under the Montana State Hospital umbrella, where criminal defendants are sent following a court order for their mental fitness to stand in their own defense at trial.

That facility has 53 beds, 48 for men and five for women. The waitlist just to get a bed at Galen, near Deer Lodge, averages at about 100 people, according to a state analysis.

Advocates had considered Yellowstone County alongside Billings as a great location in providing a stable workforce that can be hard to accomplish with the state's mental health facility in Warm Springs.

Yellowstone County leaders largely didn't appreciate being the considered site, praising the state's decision to pause contemplation of future sites in Yellowstone County earlier this summer. Commissioner Mark Morse previously said Yellowstone County already has enough problems it's dealing with to be host to the facility.

While the other proposals expressing interest in being a site came from county leadership, Laurel's came from the city, potentially setting the stage for conflict

between the city and the less-than-receptive county leadership. The property just outside Laurel city limits will need to be annexed.

Still, Laurel's two-page letter noting a willingness to discuss a future forensic facility ended up beating out the 20-page-plus proposals put forth by Custer County and Big Horn County.

"We are grateful to the City of Laurel and its leaders for their interest in partnering with the state on a new behavioral health facility," DPHHS Director Charlie Brereton said. "Laurel provides access to a critical health care workforce and infrastructure necessary to ensure the facility's success. Furthermore, Laurel's geographic location is ideally situated for improving transportation logistics for patients and their families, staff, and law enforcement across central and Eastern Montana."

By Alex Mitchell
Breaking News Reporter

CERTIFICATE OF SERVICE

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