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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 **AMENDED COMPLAINT**

Plaintiff files this Amended Complaint pursuant to Montana Rule of Civil Procedure 15(a)(2) with the consent of counsel for Defendant.

1. This case challenges Defendant State of Montana's decision—through the Department of Public Health and Human Services ("DPHHS") and Board of Investments ("BOI")—to proceed with construction of a new forensic mental health facility on a 114-acre property just outside Laurel based on an environmental assessment that remains incomplete, internally inconsistent, and unsupported.

2. This Court preliminarily found that Defendant's first environmental assessment for the facility did not adequately address water demand, water-system capacity and pressure, and the availability of municipal utility services.

3. Defendant's Revised Final Environmental Assessment continues to make definitive findings about water demand, system capacity, pressure, and utility availability that rely on incomplete engineering information, conditional estimates, and future approvals or actions that have not occurred and that Defendant did not evaluate for their environmental impacts.

4. It also leaves unresolved other material environmental issues, including the feasibility of proposed groundwater wells, the applicability of federal wetlands permitting requirements, and site-specific effects on the human environment.

5. Defendant further failed to meaningfully reconsider alternative locations in light of the additional environmental and infrastructure information developed during the remand process.

6. Defendant deferred resolution of these material issues until after the completion of its review under the Montana Environmental Policy Act ("MEPA") and of the public's opportunity to participate.

7. Despite these unresolved issues, Defendant again issued a finding of no significant impact and declined to prepare an environmental impact statement.

8. Plaintiff therefore seeks a declaration that the Revised Final EA and resulting decision violate MEPA, vacatur of the Revised Final EA and its finding of no significant impact, an order requiring Defendant to prepare an environmental impact statement, and appropriate injunctive relief.

JURISDICTION AND VENUE

9. Plaintiff brings this action pursuant to the Uniform Declaratory Judgments Act, MCA §§ 27-8-201, 202, the Injunctive Relief Act, MCA § 27-19-102, and MEPA, MCA § 75-1-101, *et seq*.

10. Venue is proper in this District because the proposed project that Plaintiff challenges would be constructed in Yellowstone County. MCA §§ 25-2-126(1), 75-1-108.

PARTIES

11. Plaintiff Laurel CARED is a non-profit based in Laurel, Montana. It was formed in 2026 by a collective of Laurel community members in response to Defendant's announcement that it was going to locate the FMHF just outside Laurel in Yellowstone County. Laurel CARED's mission is to empower Laurel community members with the information, resources, and tools to advocate for responsible economic development that protects Laurel neighborhoods, schools, agricultural heritage, and future. Laurel CARED advocates on any issue where: A government decision significantly affects residents' safety, quality of life, or economic future; the process lacks transparency, public participation, or proper democratic procedure; the community has a meaningful avenue to influence the outcome. Laurel CARED and its members have intensive, long-standing interests in ensuring the health and vitality of the Laurel community and surrounding area. Laurel CARED members live, work, run businesses, and send their kids to the schools in the area that will be adversely impacted by Defendant's approval of the proposed forensic mental health facility. Laurel CARED brings this action on its own behalf and on behalf of its adversely affected members.

12. The legal violations alleged in this complaint cause direct injury to Laurel CARED members' health, recreational, property, and aesthetic interests because the challenged decision

authorizes construction of a 32-to-64-bed forensic mental health facility that would strain local water supply and government services on which they depend, present safety hazards to their families and children attending Laurel Elementary School, interfere with the current social composition of the area, and limit Laurel's growth. Additionally, the challenged decision injures Laurel CARED and its members' procedural interests because it was not based on the requisite analysis and disclosure that MEPA requires. These are actual and concrete injuries caused by Defendant's failure to comply with MEPA that would be redressed by the relief requested in this complaint. Laurel CARED exhausted its administrative remedies by submitting written and oral comments on both versions of the draft EA and thus has no other adequate remedy at law.

13. Defendant State of Montana is a government entity subject to suit for injuries to persons. Mont. Const. art. II, § 18. The State of Montana, through its departments, boards, officers, employees, and agents, including the Department of Public Health and Human Services and the Montana Board of Investments, participated in and approved the actions challenged in this Complaint.

LEGAL BACKGROUND

I. MEPA

14. MEPA is intended to provide for adequate assessment of the relationship between humans and their environment, disclose proposed actions, avoid or minimize environmental impacts, and promote human health and welfare. MCA § 75-1-102(2).

15. MEPA further seeks to provide an adequate review of state actions to ensure that "the public is informed of the anticipated impacts in Montana of proposed actions." MCA § 75-1-102(1)(b).

16. The policies and goals of MEPA "are intended to provide a public forum in which to analyze and disclose potential significant impacts on Montana's environment from proposed actions." MCA § 75-1-109(2)(a).

17. MEPA requires state agencies to consider, in part, the direct, cumulative, and secondary impacts of their actions on the physical environment and on the human population in the area to be affected by the proposed action. ARM 17.4.609(3)(d), (e).

18. The agency's analysis of the impacts on the physical environment can include impacts on water quality, quantity, and distribution; aesthetics; and demands on environmental resources of land, water, air, and energy. ARM 17.4.609(3)(d).

19. The agency's analysis of the effects on the human population in the area can include social structures and mores, local tax base and tax revenues, distribution and density of population and housing, demands for government services, locally adopted environmental plans and goals, and other appropriate social and economic circumstances. *Id*. 17.4.609(3)(e).

20. In evaluating these impacts under MEPA, "[t]he agency must examine the relevant data and articulate a satisfactory explanation for its action, including a rational connection between the facts found and the choice made." *Mont. Wildlife Fed'n*, ¶ 43 (quoting *Clark Fork Coal. v. Mont. Dep't of Env't Quality*, 2008 MT 407, ¶ 47, 347 Mont. 197, 197 P.3d 482).

21. MEPA requires agencies to "study, develop, and describe appropriate alternatives to recommend courses of action in any proposal that involves unresolved conflicts concerning alternative uses of available resources." MCA § 75-1-201; ARM 17.4.609(3)(f). An alternative analysis is defined as an "evaluation of different parameters, mitigation measures, or control measures that would accomplish the same objectives as those included in the proposed action by the applicant." MCA § 75-1-220(1).

22. Defendant must prepare an environmental impact statement ("EIS") if the proposed project will "significantly affect[] the quality of the human environment." ARM 17.4.607(1). Defendant may proceed with the proposed project without preparing an EIS only if it rationally determines through preparation of an environmental assessment ("EA") that the project's impacts will not be significant, *see id*. 17.4.607(1)(b), or that otherwise significant impacts can be mitigated below the level of significance, *id*. 17.4.607(4) ("For an EA to suffice in this instance, the agency must determine that all of the impacts of the proposed action have been accurately identified, that they will be mitigated below the level of significance, and that no significant impact is likely to occur.").

23. "One of the purposes of an EA is to 'assist in the evaluation of reasonable alternatives' … and an EA must contain 'analysis of reasonable alternatives to a proposed action whenever alternatives are reasonably available and prudent to consider.'" *Park Cty. Envtl. Council v. Mont. Dep't of Envtl. Qual.*, 2020 MT 303, ¶ 47, 402 Mont. 168, 477 P.3d 288 (citing ARM 17.4.607(2)(b), 17.4.609(3)(f)).

24. Another purpose of an EA is to "ensure the fullest appropriate opportunity for public review and comment on proposed actions, including alternatives and planned mitigation, where the residual impacts do not warrant the preparation of an EIS." ARM 17.4.607(2)(d); MCA § 75-1-109(1)(a).

II. SITE SELECTION OF THE FORENSIC MENTAL HEALTH FACILITY

25. 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.

26. In late July 2025, BOI, state legislators, and local officials toured five potential sites in the Billings and Laurel areas for the Forensic Mental Health Facility ("FMHF" or "Facility"). During the visits, Laurel City Administrator Kurt Markegard identified property along Old Highway 10 west of Laurel as a potential site.

27. On August 20, after intense local opposition, BOI Executive Director Dan Villa announced that BOI was pausing the project because of questions concerning BOI's authority to construct the Facility and the non-viability of the toured sites.

28. Markegard called Villa that day for an update on the project progress, and they discussed the Old Highway 10 site.

29. On August 22, Markegard emailed Villa, DPHHS Director Charles Brereton, and Director of Budget and Program Planning Ryan Osmundson additional details about the site. Among other things, Markegard advised that the property potentially could use water and sewer infrastructure being extended along Old Highway 10 for the nearby Love's Travel Center development.

30. On September 10, 2025, Governor Gianforte resumed site selection for the Facility. In his announcement, he emphasized that "public participation should play a critical role," and that decisions must be "made in the open, allowing Montanans to have a voice in how their hard-earned tax dollars are spent."

31. On October 6, 2025, DPHHS sent a letter to BOI about site selection and facility type and purpose. DPHHS stated that though it was still interested in site opportunities in Yellowstone County, "it is important that all Eastern Montana communities equipped with adequate infrastructure and a potential workforce are afforded the opportunity to submit proposals for hosting our new facility."

32. On October 7, 2025, DPHHS announced that it would be soliciting proposals from Montana communities to host a new 32-bed forensic mental health facility. The deadline for applications was November 10, 2025, at 5 p.m.

33. By the deadline, only Big Horn County and Custer County had submitted applications for the Facility. Neither Yellowstone County nor the City of Laurel submitted applications.

34. After the solicitation deadline had passed, Villa asked Markegard and then-Laurel Mayor Dave Waggoner to provide BOI information supporting the suitability of the Old Highway 10 property. Villa texted Markegard, "I'll buy the beer if you send it this afternoon?" referring to the letter.

35. Markegard sent Villa a letter on November 17, 2025, to "explain why the City of Laurel did not nominate itself" for the Facility. Markegard then explained that the Old Highway 10 location would "make building the facility remarkably successful" because it has access to existing or forthcoming utility services. However, the land is outside city limits and would require the City of Laurel to approve annexation to connect to any city services. Markegard then explained that, for annexation, city staff usually has a pre-application meeting with the land owners or potential land owners to discuss annexation requirements. He then wrote, "In the past, buy/sell agreements could [sic] be made until the public process has taken place and a favorable vote for annexation is complete by Laurel's City Council." Markegard ends the letter stating that though he "applauds the efforts to get community involvement in choosing the location for the facility," he "believe[s] the process did not allow the location [he] pointed out to [Villa] during the summer tour to be nominated."

36. On November 26, 2025, DPHHS and BOI submitted a plan to the State Budget Director to construct a 32-bed forensic mental health facility in Laurel, with BOI overseeing construction and owning the land, and DPHHS leasing the Facility from BOI.

37. On November 28, 2025, DPHHS announced it had selected Laurel for the Facility but did not specify the location.

38. On December 9, 2025, DPHHS and BOI representatives spoke to Laurel City Council and reportedly ensured that the Council would hear first about any buy-sell agreement, and that BOI would follow local regulatory processes.

39. On January 13, 2026, BOI executed a buy-sell agreement with Miller Trois LLC to purchase three lots off Old Highway 10 just outside the Laurel city limits in Yellowstone County totaling 114 acres for $4.25 million. BOI paid $42,500 in earnest, with the remaining balance due at closing. The closing date was listed as July 13, 2026. The agreement specified that BOI had the right to terminate the agreement for any reason without penalty prior to July 1, 2026.

40. Defendant notified Laurel city officials about the buy-sell agreement on January 20, 2026.

41. This property is located within a 0.5-mile radius of residences and just over a half-mile from the Laurel Elementary School.

42. The property was identified in the Laurel Growth Policy as a priority area for development, including for residential development and to provide for an adequate supply of affordable housing.

43. As the property is outside of Laurel city limits, it is not annexed into the City and is currently not able to receive city services.

44. On January 27, 2026, the Laurel City Council held a meeting where dozens of local residents expressed their concerns for safety, property values, and strain on local resources, as well as their confusion about how Laurel was selected in the first place through "backdoor deals" that excluded the public.

45. That same day, the Laurel Public Schools Board of Trustees and Superintendent Matthew Torix announced their "unified opposition" to the Facility because of its proximity to the elementary school and requested the state apply the one-mile correctional facility buffer to the FMHF. State officials had not contacted the Board about how the FMHF would impact the student body of Laurel schools.

46. On March 3, 2026, the Laurel City Council sent a letter to Governor Gianforte, Villa, and Brereton describing how state officials had failed to meaningfully engage with the Laurel City Council and Laurel residents, and how promises by state officials for local engagement "appear to be misleading if not complete falsehoods." Laurel City Council never received a response to this letter.

47. On March 24, 2026, Villa requested a zoning change for the site during a Yellowstone County Commission meeting. During the public comment section of the meeting, Villa announced an April 22, 2026 public meeting in Laurel.

48. The Yellowstone County Commission scheduled a zoning change public hearing for April 2, 2026, then canceled it because BOI needed to own the land before requesting a zoning change.

49. On April 6, 2026, Laurel City Councilmember Jodi Mackay sent another letter to Governor Gianforte criticizing the Governor's representation that Villa had "presented" three times to City Council about the Facility. Council Member Mackay stated Villa had only used the

public comment portion of Council meetings to "drop tidbits of information on a massive, controversial project."

50. On April 20, 2026, Laurel CARED sent BOI a formal demand to continue the April 22 hearing in Laurel because the agenda and supporting materials were not publicly available. Sometime after 4 p.m. that day, Defendant added the meeting notice, meeting agenda, and a Draft Environmental Assessment to a hyperlink on the HB 5 website in a box with the hearing date, time, and location without clearly identifying that the materials were hyperlinked there. The notice stated that written comments submitted before 10 a.m. on April 22 would be considered.

51. The Draft EA contained incomplete sections, including the section on water resources, which the Draft EA described as a "placeholder" section while water resources were being confirmed.

52. On April 22, 2026, Defendant held public hearings in Laurel at 10 a.m. and 4 p.m. Plaintiff and its members testified. Defendant extended the written comment window to May 6. Plaintiff and its members submitted written comments.

53. On May 18, 2026, Defendant published a document entitled "State of Montana Final Environmental Assessment: 32-Bed Forensic Mental Health Facility" to the HB 5 website.

54. This document stated, for the first time, that Defendant intended the Facility to expand to 64 beds during a second phase of the project.

55. Defendant held a public hearing on June 2 in Billings, where Plaintiff's members and other community members provided comment.

56. On June 12, 2026, Defendant issued its Final Environmental Assessment, which determined that 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.

57. Defendant, through BOI, closed on the property on June 12, though this was not publicly reported until June 16.

III. PROCEDURAL HISTORY

58. Plaintiff filed a Complaint challenging the Final EA on June 25, 2026. Plaintiff alleged that Defendant failed to take the requisite "hard look" at the environmental effects of the Facility and the siting decision under MEPA, failed to provide adequate public participation under MEPA, and violated Plaintiff's right to participate under Montana Constitution Article II, § 8. Plaintiff further alleged that Defendant's finding of no significant impact was unsupported and an EIS was necessary.

59. The same day, Plaintiff filed a Motion for a Temporary Restraining Order and Preliminary Injunction.

60. Plaintiff's motion challenged, in part, the Final EA's discussion of water pressure, demand/capacity, and availability at the location as incomplete and inadequate.

61. On August 26, 2026, the Court granted in part Plaintiff's Motion for a Preliminary Injunction. The Court held that Plaintiff was more likely than not to succeed on its claims that the Final EA did not adequately assess water pressure, capacity, and availability.

62. The Court enjoined Defendant from taking any acts in furtherance of the construction of the Facility, including any permitting, ground-breaking activities, or other on-site work, but allowed off-site planning and design to continue.

63. The Court remanded the Final EA to BOI and DPHHS for additional investigation and explanation on the water supply issues. The Court ordered the State to ensure that the revised final environmental assessment is complete, and the public is afforded a reasonable opportunity to participate in the State's decision-making process.

64. On August 31, 2026, Defendant issued a new Draft Environmental Assessment. Defendant opened public comment until September 8, 2026, and hosted a public hearing on September 8, 2026, in Billings. At the request of Plaintiff, Defendant extended the comment period to September 15, 2026.

65. Plaintiff and its members submitted comments and attended the hearing.

66. The City of Laurel also submitted detailed comments disputing Defendant's conclusions regarding water-system capacity, pressure, and service availability and requesting additional analysis.

67. On September 18, 2026, Defendant issued its Revised Final Environmental Assessment ("Revised Final EA").

IV. THE FINAL ENVIRONMENTAL ASSESSMENT

Water Demand

68. The Revised Final EA states that the Department of Environmental Quality Circular 4 (DEQ Circular 4) daily potable water demand calculation estimates a mental health hospital with 32 beds and 100 employees to use 4,680 gallons per day. A facility with 64 beds and an additional 60 employees would use 8,960 gallons per day.

69. However, the Revised Final EA rejects the DEQ Circular 4 estimates and instead claims an "engineering design" calculated the "actual projected potable demand" as approximately 2,000 gallons per day for the 32-bed facility. The Revised Final EA claims that doubling the bed capacity and adding an additional 60 employees would only increase daily demand by 600 gallons.

70. The Revised Final EA does not disclose the calculations, assumptions, or underlying engineering analysis that produces the asserted "actual" demand estimates.

71. To the contrary, Defendant's own engineer uses the DEQ Circular 4 calculations for a mental health hospital.

System Capacity

72. The Revised Final EA concludes that the City of Laurel's water system has sufficient capacity and pressure to serve the Facility and that the Facility will not materially affect the City's water system.

73. The Revised Final EA claims the City has affirmatively stated that sufficient capacity is available to provide water supply to the Facility.

74. The City has never made a facility-specific determination that its water system has sufficient capacity to serve the Facility.

75. To the contrary, on June 29, 2026, the City stated it could not determine whether it had the capacity for the Facility.

76. On September 3, 2026, the engineering firm conducting a review of the City's water system stated that the water model study commissioned by the City was not complete.

77. The Revised Final EA claims the City confirmed capacity when it adopted the Love's Late-Comer's and Development Agreement through Resolution R25-39 on June 10, 2025. 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.

78. The Revised EA describes that agreement as "convey[ing] municipal water and sewer service extension authority to the FMHF site."

79. However, that agreement only states that the water and sewer improvements were adequate for "the requirements of Love's." It does not make a facility-specific determination that the improvements have capacity to serve the FMHF.

80. Additionally, since the City of Laurel approved that agreement, city residents have reported problems with insufficient water pressure.

81. The State categorically dismissed those reports as arising from unrelated portions of the system without a parcel-specific or system-model analysis supporting that conclusion.

82. The Revised Final EA also claims that estimates generated by the State's hired engineer demonstrate water pressure is sufficient.

83. The State's engineer estimated water pressure for the FMHF based on tests conducted in 2024 and early 2026 for the Love's Travel Center. The State's engineer qualified that its estimate "should be confirmed by onsite fire hydrant testing" and that confirmed pressure should inform an update to the City's comprehensive model "for final verification."

84. The Revised Final EA converts this conditional estimate into a definitive finding of sufficient water pressure.

85. The Revised Final EA states that estimated pressure at the site is 42 to 42.5 psi, while the State's engineer's disclosed calculations estimate 37.5 to 40.5 psi under the stated concurrent design condition. The Revised Final EA does not explain the discrepancy.

86. The Revised Final EA states that a domestic pump would ensure adequate pressure.

87. The record does not contain any design or cost estimate for the pump.

88. The Revised Final EA further relies on the City's water-intake capacity in concluding that sufficient water is available.

89. However, the City advised Defendant that its newer Yellowstone River intake was unavailable more than 90% of the time between May and August 2026, which restricted the flow of water to the city's water treatment plant. The intake completely clogged and was unusable on September 30, 2026.

90. The Revised Final EA does not address whether and how these intake issues impact its evaluation of the capacity of the City's water system to serve the FMHF and the impacts of adding the FMHF on the system.

91. The Revised Final EA also relies on average daily water-demand figures derived from DEQ Circular 4 in evaluating whether Laurel's municipal water system has sufficient capacity to serve the Facility.

92. DEQ Circular 4 does not concern public water system capacity.

93. DEQ Circular 1 requires additional engineering analysis for large nonresidential demands and an assessment of whether a public water system can meet those demands under maximum-day, pressure, storage, and fire-flow conditions.

94. The City of Laurel requested Defendant conduct a public water system analysis using DEQ Circular 1.

95. The Revised Final EA does not provide the requested DEQ Circular 1 analysis, respond substantively to the City's request, or explain how the DEQ Circular 4 demand figures establish the capacity of Laurel's public water system.

96. The City's 2023 Water System Preliminary Engineering Report identifies reliance on a single storage tank without redundant storage capacity. The City's engineers warned that failure of that tank could result in complete loss of water supply for several months.

97. The Revised Final EA does not address this identified system-reliability limitation in concluding that the City's water system can reliably serve the Facility.

98. Appendix K in the Revised Final EA claims the engineering analysis affirms the demand and capacity determinations. That analysis is comprised of a single paragraph statement

from the State's engineer dated September 17, 2026, that nothing the City or other commenters said would "cause a revision" to its estimates.

Availability of Water Service

99. The Revised Final EA concludes that municipal water and sewer service are available to serve the Facility.

100. The proposed Facility is located outside the City of Laurel and does not presently have City authorization to connect to Laurel's municipal water and sewer systems.

101. The City has not issued a will-serve letter, approved a Facility-specific connection, allocated water or sewer capacity to the Facility, or otherwise committed to provide municipal utility service.

102. The Revised Final EA identifies eight potential, non-exhaustive avenues for obtaining water and sewer service:

a. Receive City consent for service;

b. Consent to annexation "if the City desires it";

c. Pay the City for infrastructure updates or other conservation measures;

d. Condemn properties to offset the FMHF's use;

e. Sue the City to comply with statutory requirements for subdivision service;

f. Sue the City to enforce the Love's Late-Comer's Agreement;

g. Sue the City to challenge its annexation moratorium;

h. Sue to exercise eminent domain over the existing public water supply or seek reallocation of the City's "unused water rights."

103. The Revised Final EA does not provide an exhaustive list of options, select an option from the existing list, or provide an analysis of the design, cost, environmental effects, or feasibility of the listed potential options.

104. Each listed option involves materially different governmental actions and potential effects on the human environment.

105. Among other things, the identified options could involve construction or modification of municipal infrastructure, expenditures of public funds, acquisition or retirement of existing properties or water uses, changes in municipal boundaries and services, impacts to existing utility customers, and effects on future development and growth.

106. The Revised Final EA does not analyze those potential effects or compare the consequences of the different means of obtaining service.

107. Instead, it summarily concludes that "[n]one of these options of securing water and sewer have any material impact on the environment."

Other Water Issues

108. The Revised Final EA states that it will install on-site groundwater wells to source non-potable water for irrigation, pursuant to a permit from the Montana Department of Natural Resources and Conservation. The Revised Final EA estimates its irrigation demand will be about 7,000 gallons per day during the growing season.

109. The Revised Final EA does not contain or describe any project-specific groundwater analysis or consultation with DNRC concerning whether the proposed wells can feasibly supply that demand.

110. The Revised Final EA describes six wetlands totaling 17.31 acres and five bed-and-bank features totaling 1.84 acres that were delineated in February 2026.

111. These features may be governed by the Clean Water Act if they are considered "jurisdictional." If the Clean Water Act applies, the statute will limit Defendant's ability to discharge pollutants and fill materials into them and require Defendant to obtain permits from the U.S. Army Corps of Engineers.

112. The Revised Final EA's analysis of whether these wetlands are jurisdictional is incomplete.

113. Accordingly, Defendant proceeded with a final decision on the FMHF without making any determination on whether federal permitting constraints apply.

114. Because federal permitting requirements may materially constrain the Facility's design, location, and construction activities, Defendant could not rationally assess impacts without first evaluating the extent to which the Clean Water Act applies.

Human Environment

115. The proposed FMHF is a secure forensic mental health facility located just outside the City of Laurel. The Revised Final EA states that the Facility will have "tighter security than traditional locked psychiatric units," including sally port doors, a "robust, high-security perimeter fence," and continuous monitoring of patient movements.

116. The proposed Facility is located approximately one-quarter mile from rural residences and approximately one-half mile from Laurel Elementary School.

117. The City of Laurel's Growth Policy identifies the area surrounding the proposed Facility as an important area for future residential and mixed-use growth and expansion of the City's tax base.

118. Because the Facility will be owned by the State and used for a governmental purpose, the property will generally be exempt from local property taxation.

119. The Revised Final EA nevertheless concludes that the Facility is consistent with Laurel's anticipated westward growth and will have positive socioeconomic impacts.

120. In reaching those conclusions, the Revised Final EA relies in part on studies of supportive housing, substance-use treatment centers, mental-health centers, and group homes when evaluating potential effects on surrounding property values. Those facilities do not share the heightened security features that Defendant itself identifies as distinguishing the FMHF from a traditional locked psychiatric facility.

121. The Revised Final EA also relies on emergency-response experience at the Montana State Hospital campus in Galen while acknowledging differences between the Galen population and the population the FMHF will serve. The Revised Final EA does not identify comparable data addressing law-enforcement responses, escapes or attempted escapes, or other security-related incidents at a comparable forensic mental health facility.

122. The Revised Final EA evaluates traffic impacts using a traffic-impact study prepared for the nearby Love's Travel Center rather than a project-specific study of the FMHF. It does not explain how that study accounts for the Facility's distinct traffic patterns, including employee shift changes, patient transports, visitors, deliveries, and emergency trips.

123. The Revised Final EA therefore does not adequately connect the evidence on which it relies to the site-specific human-environment impacts of locating this secure forensic facility near residences, a school, and an area designated for future residential and mixed-use growth.

Alternatives

124. The Revised Final EA considers the proposed Laurel site, alternative sites considered before selection, and the No Action Alternative.

125. Big Horn County and Custer County submitted complete applications proposing alternative locations for the Facility; neither Yellowstone County nor the City of Laurel submitted an application.

126. Defendant nevertheless selected the Laurel site and continues to state that it best satisfies the State's siting criteria.

127. Appendix E identifies brief reasons for rejecting the Big Horn County and Custer County sites, including distance from patient concentration, workforce availability, land acquisition, and State Land Board processes.

128. The Revised Final EA does not comparatively analyze the environmental consequences of locating the Facility at those alternative sites against the now-identified environmental and infrastructure issues associated with the Laurel site.

129. In particular, the Revised Final EA does not reevaluate whether the alternative sites may avoid or reduce the unresolved water-service, municipal-infrastructure, and related human-environment impacts associated with the Laurel site.

130. Defendant therefore did not meaningfully reconsider reasonable alternative locations in light of the materially expanded information developed during the remand process.

COUNT I

Inadequacy of the Revised Final EA
Violation of MEPA, MCA § 75-1-201, ARM 17.4.609

131. Plaintiff re-alleges and incorporates all previous paragraphs.

132. MEPA requires Defendant to take a hard look at the direct, secondary, and cumulative impacts of the proposed action on the physical and human environment and to articulate a rational connection between the facts found and the conclusions reached.

133. The Revised Final EA violates these requirements because it does not rationally evaluate the Facility's water demand, the capacity and pressure of Laurel's municipal water system, the actual availability of municipal water and sewer service, or the impacts associated with the various means Defendant identifies for obtaining those services.

134. The Revised Final EA further fails to adequately evaluate the feasibility and impacts of the proposed irrigation wells and unresolved federal permitting constraints associated with wetlands on the property.

135. The Revised Final EA also fails to rationally evaluate site-specific impacts on the human environment, including impacts associated with locating a secure forensic mental health facility near residences, an elementary school, and an area identified for future residential and mixed-use growth.

136. Defendant further failed to meaningfully reconsider reasonable alternative locations in light of the additional environmental and infrastructure information developed during the remand process.

137. These deficiencies individually and collectively demonstrate that Defendant failed to adequately disclose and rationally evaluate the environmental impacts of constructing and operating the FMHF at the selected site, in violation of MEPA.

138. MEPA requires agencies to "study, develop, and describe appropriate alternatives" when reasonably available and prudent to consider.

139. Defendant solicited proposals for the Facility and received complete applications from Big Horn County and Custer County, but ultimately selected the Laurel site, which had not been submitted through that process.

140. On remand, Defendant developed substantial additional information concerning water-system capacity, water-service availability, infrastructure constraints, and other site-specific impacts associated with the Laurel location.

141. The Revised Final EA did not meaningfully reconsider whether the Big Horn County or Custer County sites could avoid or reduce those newly identified impacts.

142. Instead, Defendant continued to rely on the same abbreviated reasons previously given for rejecting those locations without comparatively analyzing them in light of the materially expanded record concerning the selected Laurel site.

143. Defendant therefore failed to meaningfully evaluate reasonable alternatives as required by MEPA.

COUNT II

Failure to Produce an EIS
Violation of MEPA, MCA § 75-1-201; ARM 17.4.607, 17.4.608

144. Plaintiff re-alleges and incorporates all previous paragraphs.

145. MEPA requires preparation of an environmental impact statement when a proposed action will significantly affect the quality of the human environment. ARM 17.4.607(1).

146. Defendant may proceed on the basis of an environmental assessment only if it rationally determines that the proposed action will not have significant environmental impacts. Where mitigation is relied upon to avoid preparation of an EIS, Defendant must accurately identify the impacts and determine that they will be mitigated below the level of significance. ARM 17.4.607(4).

147. The Revised Final EA nevertheless leaves unresolved substantial questions concerning the Facility's water demand, municipal-system capacity and pressure, availability of water and sewer service, impacts associated with obtaining those services, groundwater supply, wetlands permitting, and site-specific effects on the human environment.

148. Many of those impacts depend on future studies, approvals, engineering verification, permitting decisions, or selection among materially different courses of action that have not yet occurred.

149. Despite these unresolved impacts and uncertainties, Defendant issued a finding of no significant impact and concluded that preparation of an EIS was unnecessary.

150. Defendant therefore lacked a rational basis to conclude that the proposed Facility would not significantly affect the quality of the human environment and violated MEPA by issuing a finding of no significant impact rather than preparing an EIS.

COUNT III

Inadequacy of Public Participation
Violation of MEPA, MCA § 75-1-102, 109; ARM 17.4.607(2)(d)

151. Plaintiff re-alleges and incorporates all previous paragraphs.

152. MEPA requires environmental review to inform the public of the anticipated impacts of proposed state actions and to provide the fullest appropriate opportunity for public review and comment.

153. Meaningful public participation requires disclosure of the information and analysis necessary for the public to understand and comment on the environmental consequences of the proposed action before the agency makes its final decision.

154. The Revised Final EA leaves material issues unresolved, including the Facility's actual water demand, the capacity and pressure of Laurel's water system, the means by which municipal water and sewer service will be obtained, the feasibility and impacts of proposed irrigation wells, and whether wetlands on the property will trigger federal permitting requirements.

155. Defendant instead defers resolution of those issues to later engineering analysis, permitting, negotiations, litigation, or other future governmental action.

156. Those deferred determinations may materially affect the Facility's design, utility infrastructure, cost, location, mitigation measures, and impacts on the physical and human environment.

157. Any future proceedings identified by Defendant as options to secure water services do not guarantee the public an opportunity to participate in Defendant's MEPA analysis of those impacts before construction of the Facility proceeds.

158. Because Defendant completed the MEPA process without resolving and disclosing those material issues, the public has not had an opportunity to review and comment on the information, analyses, and decisions that will ultimately determine those impacts.

159. Defendant therefore failed to provide the meaningful public review and comment required by MEPA.

PRAYER FOR RELIEF

WHEREFORE, the Plaintiff, Laurel CARED, respectfully requests the Court:

1. Declare that Defendant violated MEPA and MEPA's implementing regulations by failing to rationally evaluate the direct, secondary, and cumulative effects of its authorization of the Facility;

2. Declare unlawful and set aside Defendant's Revised Final EA and Findings and Conclusions for the Facility;

3. Order Defendant to prepare an EIS for the facility;

4. Enjoin Defendant from constructing the Facility or taking any other actions in furtherance of the Facility until Defendant complies with MEPA;

5. Grant Plaintiff such additional relief as the Court may deem just and proper.

DATED 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 SERVICE

I, Elizabeth Marie Forster, hereby certify that I have served true and accurate copies of the foregoing Complaint - Amended Complaint to the following on 10-02-2026:

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Electronically Signed By: Elizabeth Marie Forster
Dated: 10-02-2026