

Hello Fellow Missoula County Citizens:

I am honored to stand before you today to deliver the State of Missoula County Address. The Missoula Chamber requested this year's address be geared in the direction of answering the primary question of: "What is Local Government Doing to Meet the New Opportunities Ahead?" Since the Chamber is hosting this event, I feel an obligation to honor their request. On the other hand, as an elected official with a sworn duty to serve all of the citizens of Missoula County, I am concerned that there is a large amount of more detailed information many other citizens would like to know more about. In order to satisfy the needs of everyone with my allotted time of 20 minutes, I have decided to present you with an abbreviated version of the State of the County Address and make a more extensive report available on-line or by contacting our office.

"What is Local Government Doing to Meet the New Opportunities Ahead?"

It might be helpful to begin with making sure everyone understands the role of County government. What is local government, what our limitations are, and why? Or the one most common question we are asked is: "Just what is it County Commissioners do?" The short answer is: "We are responsible for protecting the health, welfare and safety of the citizens who reside in our County jurisdiction. As a County, we are your local branch of the State of Montana Government. And, we are responsible to abide by and enforce the laws of the State of Montana while providing public services that promote the health, welfare and safety of its citizens." As a County entity, we are not self-governing like the City of Missoula. Essentially, what this means is that we only have the power to take action in areas expressly granted to us by State and Federal laws.

In addition to conducting routine public business, the Commissioners examine various new opportunities on a fairly regular basis and then we evaluate them to determine if they fit within the parameters of what we are allowed to do within the confines of the laws that we must follow. We don't have a crystal ball for predicting what those new opportunities will be. However, some of what we do know is that by law, we are responsible to review and update our County's Growth Policy (Plan) every ten years,

and make whatever updates are mandated to us from new or changing laws from either the State or Federal Government. Some of the most recognizable updates occur in the form of modifying things like our subdivision regulations, air and water quality regulations, our local transportation plan, fire regulations, building codes, etc. ... all of these fall within the parameters of protecting the Health, Welfare and Safety of our citizens. Economic development per se is not something that, in the literal sense, falls within our mandated role, though we obviously realize how important a stable economy is and the role economic development plays in our growth policies and various land use plans. This is why we get involved to the degree that we do to help facilitate productive communication and collaboration with various agencies and economic development groups while maintaining our first priority of providing the public services that are required and expected of us. For example, we support organizations such as the Bitterroot Economic Development District which maintains the Comprehensive Economic Development Strategy for Missoula, Mineral and Ravalli Counties. We also support the Missoula Area Economic Development Corporation (MAEDC) and the Montana Community Development Corporation (MCDC).

Part of conducting routine County business means we attend numerous regularly scheduled meetings with various County departments and public agencies for the purpose of communicating and collaborating effectively. These meetings help everyone stay better informed on the status of a variety of on-going projects - what, if any, new challenges we have; how we can overcome those challenges; identify common interests; and discuss any legal or financial limitations. We look at what opportunities may be on the horizon that might help us achieve our goals and how we might be able to work together for the people we serve.

Weekly:

As an example, on a weekly basis we meet with the Director of the Office of Planning and Grants (OPG), the OPG Rural Initiatives staff, and OPG Planners.

Monthly:

On a monthly basis we meet with the County Senior Staff (Department Heads from Building Maintenance, Human Resource, Information Services, County Auditor, Chief Financial Officer, Treasurer, and Public Works), District and Justice Court Departments, the Sheriff, County Public Services Department Heads (Library, Extension Office/Weed District, Fair Manager, Historical Museum, Health Department) the Mayor of Missoula and the Montana Department of Transportation.

Quarterly:

On a quarterly basis we hold group meetings with the Land Managers (FWP, DNRC, BLM, Plum Creek, U.S. Forest Service) and the City Council regarding our jointly managed Office of Planning and Grants.

New Additions:

As of the end of last year we met with the Confederated Salish Kootenai Tribes and all agreed that it would be beneficial for us to meet at least twice a year. We also established a local approach for meeting quarterly with other County Commissioners and economic development groups in Western Montana (Ravalli, Mineral, Sanders, Lake, Flathead and Lincoln Counties).

Meeting Growing Needs - Health - Partnership Health Center:

About 16 years ago with County support, Partnership Health Center (PHC) began to serve the low-income and the underserved people in our community with affordable health care services. Missoula County has continued to be a critical link in the advancement of this health center. The highlight in 2009 was the acquisition of the Creamery Building. This new facility is over 24,000 square feet, which more than doubles the size of their first facility and provides the potential to serve double the amount of patients they are serving now. Currently, they serve approximately 12,000 patients annually; however, according to the Montana Primary Care Association, there were approximately 29,000 residents in Missoula County in the past year who did not receive basic primary care due to the barriers experienced by our target population.

PHC is receiving approximately 200 requests per week from new patients looking to access care.

Renovation of space in the Creamery Building and expansion of services will continue to be their main focus in the year to come. I think everyone will agree this is a positive step forward to being able to meet some important needs of the citizens of Missoula County in the months and years ahead of us.

Meeting Growing Needs - Health & Safety - Public Works Department:

Over the last 10 years, Missoula County Public Works Department has been renovating its aging fleet of equipment. Most recently it replaced its entire grader fleet, which averaged about 30 years old, with new graders. The purchase includes a guaranteed buyback at the end of 5 years. On average, it will cost Missoula County \$10K per machine a year to have these graders full-time. If we were to rent one, it would be the equivalent of a two week rental. We continue to replace older equipment with newer equipment and try to find the best bang for the buck.

Four major construction projects were completed this past year collectively costing \$11,320,000. The first project was the Wye Area Sewer Project. It will hook up a significant number of homes to sewer services in an area where people's wells were experiencing high levels of ground water contamination from septic systems. The second project was replacing the public water system for the Lewis & Clark Subdivision. The third was the construction of the Lolo RSID UV Disinfection project and the fourth completed construction project is the Roman Creek Road bike/ped trail. They are also in the process of completing the construction of the Grant Creek Flood Control Project at a cost of \$5 Million.

Other important projects in their hopper are securing the final funding for the reconstruction of Upper Miller Creek Road, improvements to Big Flat Road, and the construction of a pathway on Mullan Road. They are also nearing the completion for the design of a Highway 12 pathway with a construction date scheduled for later in 2010.

A few other highlights worth mentioning about Public Works are:

1. The Public Works Department is in the process of establishing office hours in Seeley Lake and they began managing the Seeley Lake Refuse District.
2. The Montana Rural Water Association, a consortium of about 1,500 member operators, selected Tami Quinn as Operator of the Year.
3. Tim Elsea received an award from the Montana Chapter of the American Consulting Engineers Council for the Bonner Pedestrian Bridge (AKA "Black Bridge") as the project of the year for structural innovation. It is well deserved. The award was presented at this year's Joint Engineer's Conference in Helena.

All of these people and projects make significant positive contributions to keeping our environment and our citizens healthy and safe for many years to come.

Meeting Growing Needs - Missoula County Goes Green:

Last year we put out the word that we wanted a representative from each department to attend a meeting to see if there was enough interest in establishing a "County Green Team." The response was overwhelming and the wealth of ideas and suggestions that poured out of the brainstorming sessions right from the beginning has been very beneficial. With some expert tutelage from Larry Farnes, our Facilities Manager, and his crew, the County replaced 400 watt metal halide light fixtures with high output T-5 fixtures reducing the energy usage from 40,000 watts to 20,000 watts in the Detention Center. This amounted to a 50% savings in energy. In the cells and catwalk areas at the Detention Center, we are using 28 watt T-8 lamps in place of the 32 watt T-8 lamps. This is a savings of 12%. They are in the planning stage to do a similar lighting project at the Road Department shops. Currently we are testing a lighting replacement project in Justice Court using the 28 watt lamps. This may lead to using the 28 watt lamps throughout the County in office areas. The cost of the lamps is offset by a Northwestern Energy rebate.

Meeting Growing Needs - Safety - Sheriff's Department:

The Sheriff's Department has also been busy working on projects that will improve County services into the future. The first one is the consolidation of certain County services into a single building in Seeley Lake. This building provides an office for our two deputy sheriffs that will be suitable for interviewing victims and witnesses, etc. They are also in the final stages of securing an Intoxilyzer unit for the Seeley Lake office that will allow a full range of DUI testing and processing. That was the good news. Unfortunately, some high priority challenges for the department still remain. The medical marijuana "caregiver" situation needs to be brought under control. It has become a big business and is almost totally unregulated. The Department is also involved with an interagency effort that is working on alcohol abuse issues that focus on DUI's and underage consumption and internet crimes against children, primarily child pornography.

Meeting Growing Needs - Safety – Missoula Rural Fire Department:

The Missoula Rural Fire District has had a very busy and successful year which will contribute significantly to their ability to serve our County. Last year, the Missoula Rural Fire Department responded to 2,000 calls for service. These calls included fire related incidents, various types of rescue calls, vehicle extrication, medical aid and public assistance. The highlights from this department include training 30 new volunteer fire fighters who are now serving the residents throughout the County through mutual aid agreements. A brand new water tender was placed into service in December. They sponsored the first ever Board of Trustees meeting for all the fire Districts in the southern part of the County. Every board member from Clinton, East Missoula, Florence, Frenchtown, Greenough/Potomac, Missoula Rural, and the City of Missoula was at that meeting. They will be hosting the second annual meeting on February 20th. They are waiting to hear the status of a fire station grant they applied for as part of the stimulus package through the FEMA Fire Act Grant program.

There is so much more these two departments have accomplished and continues to work on, I hope you will find their accomplishments as reassuring as I do. They serve us well and continue to find opportunities to provide excellent service to our County and meet our growing needs.

Meeting Growing Needs - Western Montana Fair Grounds:

It is no secret that the management and governance of the fair and the fairgrounds are at a unique crossroads and has attracted a lot of unfortunate and negative attention lately. Managing the fair and governing the fair are two different things. The process for governing the fair and the fairgrounds continues to evolve. After the County Commissioners assumed direct responsibility for the fair several years ago, we requested the County Auditor review a variety of the fair's processes and procedures. As a result, we have been able to tighten a few things up, and we will continue to look for other ways to improve business processes. Missoula County has been researching a workable physical concept for the fair and the fairgrounds for the last year or so. To date, this concept has been developed with the input of many, many stakeholders and users of the fair and its grounds. This concept for the fairgrounds is the first step in solving the larger operational and structural challenges of the fair, namely financial sustainability and large scale improvements to the buildings and the grounds in the middle of our city.

Our consultants, Crandall & Arambula, will be back in town this spring to attend one of our public hearings on the preferred alternative that has been developed. However, before acceptance or implementation of this concept can be started, we intend to look closely at re-establishing the management and the governance of the Fair. As someone who has always enjoyed attending the Fair and the Rodeo, as well as being a former 4-H and FFA mom, and Petting Zoo Manager, this issue is near and dear to my heart and I am always happy to discuss it with anyone.

On another interesting note, the County Commissioners have always said that we would support a private entity stepping forward to provide horse racing. Now, for all of you horse racing fans, you will be happy to know we are in the final stages of negotiating a contract to bring back horse racing for two days at the 2010 Western Montana Fair.

Meeting Growing Needs – Economic Development - Missoula Development Park:

Thanks to Barb Martens, the Missoula Development Park (MDP) completed numerous infrastructure improvements and continues to spark new interests from businesses wanting to locate there. Some major infrastructure improvements were completed this year (using local contractors), making the MDP an even more desirable place for business to locate. The County received a \$1,250,000 grant from the Economic Development Administration which paid for roads, sewer, water, a park and utilities within the MDP Technology District. A sidewalk and trail network were completed throughout the MDP. Three County parks were landscaped, including eight park structures and various picnic tables and benches built using Blackfoot River sinker logs. A reinforced grass parking lot with 81 parking spaces was constructed at the Mount Jumbo West Little League ball fields. Street lights were installed at all intersections on Expressway within the MDP. If you have not been out to the Missoula Development Park lately, you might want to go take a new look at it, because I think you will agree that it is not your ordinary development park and it is ripe for welcoming new opportunities.

Meeting Growing Needs - County Space Needs Plan:

After the bond election for the Emergency Operations Center failed in 2008, the County has been working diligently on a new back up plan and we have some exciting news to report. As many of you may have noticed, our neighbors to the east, Garlington, Lohn and Robinson, have started construction on their new building downtown. Their need to expand opened up a wonderful, and more importantly, affordable opportunity for our County. We have an agreement in principle for a lease/purchase option on the GLR building. This move will open up space in the Courthouse for more of our high public traffic departments like the Treasurer's Office, allow the Courts to expand into more space that they need, and accommodates the needs of most departments for the next

20 years. It also allows for a much needed expansion of the Emergency Operations Center and 9-1-1 Services and will provide the Sheriff's Office with adequate space for approximately 10 years.

Perhaps the best news for taxpayers is that because of long-term planning, Federal assistance for emergency operations facilities, and disciplined budgeting for our capital improvement program over the last several years, the County will be able to cover the majority of the costs of the new facilities plan. We are working diligently to pay for this plan out of current resources. Most importantly, this new plan for the County allows a phased-in approach to solving a host of space needs and operational problems. This means the County can chip away at the problem incrementally over several years, instead of needing a cash infusion all at once. There is a possibility that the County could need to ask for a small bond measure, but that would not happen for five or six years after the economy has had time to recover. The bond measure would be significantly less than the \$16 million the County requested two years ago.

We are very excited with this solution and what this opportunity accomplishes. It is a way of saving money and providing better service to taxpayers, and keeps us located downtown.

Meeting Growing Needs - Document Management - All Departments:

A major on-going project that we began at the end of last year is the County's Document Management Study. Due to the enormous amount of documents that flow through numerous departments on any given day, storage and retrieval is becoming problematic, both for us and for the public's request for instant and easy access to information. The County budgeted for help in this specialized area and was finally in a position to hire a consultant firm to assist us in evaluating our work flow. This study has been a huge eye-opener to all departments, showing us how much paper is being used, the duplication of documents and where things are stored. Several departments have already been able to reap the rewards of this study by streamlining their storage process.

One such example is how the Surveyor's Office and the Clerk and Recorder's Office now scan documents pertaining to a particular project. It gives both departments the ability to view the entire project as a complete electronic package instead of each department having to make sure they have a complete paper copy. This improvement also allows others who may need this information later to obtain it electronically.

Another new electronic process is available in the Clerk of District Court Office. In certain instances, attorneys and parties may file documents by facsimile provided they submit the original document to the court within five business days. Because statute allows for these filings to be made by facsimile or other electronic means, on January 1, 2009, the Clerk of Court's Office began accepting these filings by e-mail. So now when these documents are received electronically, they are able to save them directly into their case management system rather than printing them off, which reduces the amount of paper used to process these types of filings.

We expect this study to have far-reaching results in helping the County save money, save time and help us take a giant leap forward in the fast moving world of technology. This process will serve as the basis for our information technology strategic plan. It will help us identify the appropriate software for making more processes web-enabled and providing easier access to information electronically.

Meeting Growing Needs – The Fiscal Year Ahead:

We are all very concerned about the state of the economy in Missoula County. Recent closures and slowdowns are hitting the economy hard, especially in the rural areas. The latest closure at Smurfit-Stone Container will have a lasting effect. This facility acted as the anchor of the timber products industry in the region. We are actively working with local economic development organizations to try and mitigate the effects of these closures and look for opportunities to bring new businesses to the Missoula area. We are also working to support new infrastructure investment that will provide the needed tools for businesses to grow, such as bringing sewer to the Seeley Lake community. I commend Randy Gordon, the manager of the Seeley Sewer District and

their Board, for their tireless efforts in bringing a seemingly impossible project into the realm of possibility.

Missoula County government is not immune to the effects of the recent recession. The slowdown in real estate and financial markets has had a major impact in certain areas of our budget. Investment earnings are less than half what they were just a couple of years ago. Additionally, development related revenues have declined in the Office of Planning and Grants, Building Codes, the Health Department, Surveyor and the Clerk and the Recorder's Office. We have already made changes to our budget to address the decline in these types of revenues. For Fiscal Year 2010, we reduced 5.5 full-time positions in these areas and have made adjustments for another 2.5 FTE's since the budget year started. Thankfully, we have been able to make most of these adjustments through attrition and reassignment.

However, we don't anticipate things for County government to get better in Fiscal Year 2011. We are anticipating that property tax revenues may decline as the tax base retracts. This is due to two factors, the first being the slow-down in new construction. For County governments, new growth in tax revenue is mainly from the expansion of tax base through new construction, called newly taxable property. We anticipate that 2011 will see a decrease in newly taxable property compared to recent years. Also, a major portion of the tax base is from what the Department of Revenue calls "centrally-assessed" properties, which are the major industrial companies such as Northwestern Energy and Smurfit-Stone Container. The taxable value of these companies is based on the underlying value and profitability of the company. If this value continues to decrease, as is likely for Smurfit, we could see a decline in tax revenues. Additionally, other factors such as the State budget, expected increases in health insurance rates, and continued low interest rates, will put continued pressure on our budget.

The good news is that we are in, and continue to be in, a good financial position to weather this recession. We are committed to keeping strong cash reserves and ensuring that our ongoing revenues are sufficient to fund our ongoing expenses. We expect that we will be able to live within our means without significant effects to the

services we provide. We will certainly have to make difficult decisions over the next couple of budget years, but we believe we are well positioned to make them.

Another glimmer of welcome news came in September of last year when the Commissioners declared Missoula County an economic recovery zone under the Federal "American Recovery and Reinvestment Act of 2009." What this means for us in simple terms is local government gains the ability to issue taxable bonds where the Federal Government will pay 45% of the interest. Private business gains the ability to borrow money at a tax exempt rate which is likely around 2% less than their commercial borrowing rate, if they meet the criteria. We have already reallocated a portion of these bonds to the City of Missoula and we recently had a meeting with a local bank who is actively helping a list of local individuals to use some of the remaining portions of this financing tool.

In Conclusion:

I want to assure you that your County Government is working hard, effectively, and efficiently on activities that contribute to your quality of life. Our budget is in good condition even in the middle of this severe economic downturn. County Department Heads have made many rigorous efforts to make the most of what they have to work with and continue to look for more ways to save money without cutting services. When our local economy entered into the recession last year, beginning first with the Building Trades Industry, I think we all realized that it was just the beginning for us. Then, before the New Year arrived, and Smurfit announced their closure, we knew we would be facing a far-reaching economic storm. Many people set the wheels in motion to prepare for the large devastating blow. Missoula County is in a good position in a variety of areas to benefit from new opportunities and we have a lot of good people and organizations working with us to help restore our economy. You may think this is easier for me to say than it is for you to hear right now, but I want to assure you better times are ahead. I say this because I know who we are and what we are made of. We are Montanans, we are Missoulians, we are neighbors, and we know how to rise above it and weather a bad storm. We have the know-how and the motivation to get the job done. By working together collectively and constructively we will do just that!