JOURNAL OF INFORMAL SPECIAL JOINT WORK SESSION OF THE GREAT FALLS CITY COMMISSION AND CASCADE COUNTY BOARD OF COMMISSIONERS CIVIC CENTER, GIBSON ROOM 212 DECEMBER 12, 2018

CALL TO ORDER: 9:30 a.m.

City Commission members present: Bill Bronson, Tracy Houck, Mary Sheehy Moe and Owen Robinson. Also present were City Manager Greg Doyon, Deputy City Manager Chuck Anderson, Assistant City Attorney Joe Cik and Deputy City Clerk Darcy Dea

Cascade County Board of Commissioners present: Jane Weber and Jim Larson.

Legislators present: Brad Hamlet, HD 23; Tom Jacobson, HD 21 & SD 11; Casey Schreiner, HD 26; Ed Buttrey, SD 11& HD 21; Brian Hoven, SD 13; Ross Fitzgerald, HD 17; Jasmine Krotkov, HD 25; Wendy McKamey, HD 19; Joshua Kassmier, HD 27; and Carlie Boland, SD 12.

Handouts provided: Legislative Priorities for the City of Great Falls, 2019 Montana Legislative Session; and, 2019 Montana Legislation, 66th Legislative Session, Affecting the Cascade County Region.

1. Welcome and Introduction

City Commissioner Bill Bronson and County Commissioner Jane Weber welcomed everyone.

2. Public Comment

Sara Converse, Sweetgrass Development Executive Director, extended an invitation to the Capital building in Helena, MT for Economic Development Day on January 23, 2019.

3. Presentation and Discussion of 2019 Legislative Priorities of the City and County Commissions

Commissioner Bronson discussed the following priorities for the City of Great Falls:

- **Local Government Finance.** We support legislation boosting financial stability for local governments like the City of Great Falls and will oppose attempts to decrease city revenues or transfer costs to local government.
- **Tax Increment Financing [TIF].** Tax increment financing has made it possible to develop a rail-supported industrial park, clean up and re-develop West Bank, and revitalize the Downtown. We are committed to protecting and strengthening TIF as an essential economic development tool for our community.

- **Gasoline Tax Reforms.** The City's share of new gas tax revenue, stemming from the adoption of HB 473 in 2017, has made it possible for Great Falls to cap its street assessments on residential and business property owners. We strongly support this legislation and will oppose any effort to divert these revenues to other programs.

Commissioner Moe discussed the following priorities for the City of Great Falls:

- **Public Safety.** Advances in expectations for police and fire/rescue personnel, heightened awareness of the demands and impacts of these careers, and increased local demand for public safety services strain the City's resources to meet public and personnel needs. We urge the 2019 Montana legislature to make a concerted effort to provide resources that will alleviate this strain.

- **Landlord/Tenant Laws.** During the 2017 session, legislation was introduced with the intent of requiring police departments to become the enforcers of landlord-tenant laws. We oppose any attempts to bring forward similar legislation in 2019.

- **Unfunded Mandates for Law Enforcement.** We oppose efforts to impose duties on local law enforcement that add to their burdens without providing appropriate funding streams.

- **Affordable Housing.** Our community's economic development and quality of life are increasingly hampered by the lack of affordable housing options. We support legislation that will establish an affordable housing loan program and/or provide funding for infrastructure costs associated with affordable housing projects, workforce housing tax credits, and similar initiatives.

Commissioner Bronson expressed appreciation to Representative Jacobson for his efforts with TIF's on the Revenue Transportation Committee.

Commissioners Weber and Larson continued discussion on the following 2019 Montana Legislation affecting Cascade County:

- **Reciprocity**

The two primary issues for local government regarding the military are encroachment near the base and the quality of life for the airmen and their families. The encroachment issue can be handled by existing local government authority but the quality of life issues require legislative assistance. In particular, the Pentagon and the Air Force have identified the lack of professional reciprocity for Air Force family members to be a significant issue that they would like us to address. The basic premise is that Air force spouses/partners who hold professional certifications such as nursing, physical therapist as well as CPA's, attorneys and others are unable to transfer their credentials between states. As a result, there are many professionals in the Great Falls area who are unable to practice in their existing professional field. Since many of the Air Force personnel rotate on a twenty-four month cycle, it is not cost effective for them to recertify in each new state into which they are relocated.

The result is a decrease in location satisfaction for the spouses/partners which in turn translates to a reduced job satisfaction for the military member. It also keeps a number of badly needed professionals out of our workforce. The Montana Defense Alliance has been working with the Governor's office to craft a bill that will allow an expedited path for Montana credentialing of these military spouses/partners who already hold credentials in other states.

Brad Livingston, 2704 Big Ranch Road, commented that there is an opportunity for the community to embrace military families not only as future residents, but also as individuals who want to work in the workforce.

Senator Buttrey commented that allowing an expedited path for Montana credentialing of military spouses who currently hold credentials in other states is valuable, and that the issue will be re-addressed at the legislature.

Representative Hamlet expressed concern with regard to qualified military members relocating out of state to recertify their credentials.

Commissioner Houck commented that the lack of professional reciprocity not only impacts the military, but rural areas as well.

Representative Jacobson commented that the Montana standards for certification requirements for Montana residents have been set based on what is appropriate for the State.

Senator Boland commented that professionals who relocate and meet Montana standards for recertifying, have a better chance of getting the certificate.

- **MACo Resolution 2018-3 to Allow Inflation on Mill Levies**

Cascade County supports legislation providing counties with greater ability to increase mills to keep pace with inflation. During the 2001 Legislature, MCA 15-10-420(I)(a) was amended to allow government entities to impose a levy sufficient to generate the amount of property taxes assessed the previous year, plus one-half the average rate of inflation for the prior three years. This methodology has yielded an average inflation adjustment of approximately 1.09% since 2001. This adjustment has not kept pace with the inflation rates facing counties when establishing COLAs for their employees, rising expenses for employee benefits, and the rising costs of goods and services. Instead, MACo proposes removal of the "one-half" language, allowing a mill increase at a state-calculated rate of inflation averaged over the prior three years.

- **Election Proposals**

Cascade County supports the following proposals by the Montana Association of Clerk and Recorders:

- Polling place hours allowing counties the ***option*** to open a polling place at noon if the polling place has less than 400 voters after subtracting out those on the absentee list. Currently, election officials are allowed to open a polling place at noon if the polling

place has less than 400 ***total*** voters. However, with absentee voting on the increase, some polling places have very few voters coming to the polls. November 2018 voter counts at our remote polling places was as follows:

Polling Place Location	No. of Absentee Ballots	No. of Voters at the Polls
Vaughn	351	83
Sun River	734	171
Ulm	285	87
Belt/Monarch	773	194
Centerville	551	142
Cascade	817	235

This option would be a great tool for managing polling places rather than closing or consolidating them.

- Early preparation would allow election offices the option of opening and preparing ballots on the Thursday/Friday before the election and begin running them through the tabulators on the Monday before the election. All the current security measures for early preparation would apply, meaning counts could NOT be pulled prior to the close of elections at 8:00 p.m. on election night. The tabulators prevent an early count from occurring, as the audit log would reveal the time and person who pulled a count prior to the close of an election. Reporting voter results to the Secretary of State is a multi-step process and counts could NOT be pulled/reported prior to the 8:00 p.m. close on election night. This process would be optional for counties, but as was demonstrated in the November 2018 election, would really help large counties to complete the election count earlier than the Wednesday afternoon or Thursday morning after the election.

Senator Buttrey and Representative McKamey expressed concern that errors with the tabulation machine could affect the outcome of the election results, and that the election would have to be re-run.

Senator Buttrey reported that a proposal for all mail ballots is forthcoming.

- **MACo Policy #16 from the Health & Human Services Committee: Reauthorization of Medicaid Expansion**

Cascade County supports the reauthorization of Medicaid Expansion in Montana. The HELP ACT, which extended health care coverage to Montana residents, expires in July 2019. More than 96,000 Montanans have enrolled in Medicaid expansion, keeping Montana's uninsured rate at approximately one-half the rate before Medicaid expansion began in 2016. Bureau of Business and Economic Research (BBER) studies concluded Medicaid expansion introduced between $350-$400 million of new spending into Montana's economy each year from jobs and associated medical business. BBER further reported that Medicaid expansion improves outcomes for Montanans by reducing crime, improving health and lowering debt. In 2016 and 2017, Montanans taking advantage of Medicaid expansion received more than $800 million in health care (those are

federal funds that would not have been spent in Montana otherwise). These beneficiaries resulted in fewer unpaid hospital bills, helping rural hospitals and hospitals with a high number of Medicaid eligible patients. And, Medicaid expansion saved Montana counties $10.5 million in health care for inmates by covering care at Medicaid rates any illness or injury which required hospitalization beyond a 24-hour period. Medicaid expansion has also helped stabilize the revenues for the Cascade County Community Health Care Center, as more patients have health benefits and seek preventative medical at this clinic, rather than crisis care in a hospital emergency room.

- **Removal of $250,000 Threshold Cap for RSIDs in INTERCAP Program**

The State of Montana Board of Investments oversees the INTERCAP Loan Program providing low interest loans to Montana local governments, state agencies and universities for a variety of purposes. INTERCAP is a variable rate loan program, hence the dollar amount is limited by statute as a variable rate bond purchased under a private negotiated sale to MBOI INTERCAP. Counties normally seek INTERCAP loans for construction projects and/or major equipment purchases; however, the use of INTERCAP loan funds is also applicable for Special or Rural Improvement District (SID and RID) projects. The RID statues define the repayment structure under MBOI INTERCAP on RID bonds. City or county funds must secure the SID/RID with a pledge to levy for and maintain their revolving fund for the maximum amount permitted by law. All local government SID/RIDs and the balance in the revolving fund are subject to review as part of the loan process. The maximum loan limit is $500,000 and MCA 7-12-2171(b) requires loans exceeding $250,000 to have underwriter opinions that the bonds are not marketable through competitive bond sale (two opinions are required). For a period, INTERCAP was able to purchase RID bonds up to $500,000 with at least two non-marketability opinions from underwriters. At that time those opinions were easy to acquire since RID bonds of that size were difficult to market in competitive sales and the cost to market the bonds outweighed the value. Since the 2008 market crisis underwriters are not comfortable providing non-marketability opinions, as they might be viewed as a financial advisor with fiduciary responsibility in the transaction under new Securities and Exchange Commission (SEC) regulations. Although the MCA states "$500,000 or less," the amount is realistically stifled at $250,000. These restrictions place an inordinate limitation on counties needing to finance major RID projects. In Cascade County, one proposed RID project (Fox Farm Road/Dune Drive) had an estimated cost of $4+ million. Because counties must front the engineering, easement purchase, and construction costs and repayment occurs via a 15-20 year term assessment from the residents within the SID/RID, this loan limitation is unrealistic for large road projects. Cascade County would suggest removing this restriction in the INTERCAP Loan program, allowing RSIDs to the same level ($2 million) without a vote of the people or and underwriter opinion.

Senator Buttrey received clarification that the County has self-sustaining INTERCAP funds through taxes.

Commissioner Weber explained that the Montana Board of Investments INTERCAP loan program is considering the removal of language from the original legislation that would allow a $2 million limit on INTERCAP loans for RSID's. Commissioner Weber further explained that the Montana Board of Investments has the opportunity to deny loans.

Representative Krotkov commented that the original language that limited the INTERCAP loans for RSIDs to $250,000 stems back to the 2008 market crash.

- **MACo Policy #1 from Justice & Public Safety: Detention Costs & Extension of Pre-trial Services Detention Costs in County Jails**

The Cascade County jail suffers from several issues including overcrowding, aging infrastructure and its use as a holding facility for prisoners with mental health and chemical dependency issues. Additionally, maintaining the jail is a financial struggle which has been made worse by actions of the 2017 legislature (HB-2 and HB-650). To balance the state's budget, the legislature placed requirements on the Department of Corrections that directly transferred costs from the state to the county jail. These actions have manifested themselves primarily in four ways:

a) The legislature capped the daily per diem which the DOC can reimburse counties to a rate that is less than the calculated cost of incarceration. This cap affects us on all pretrial inmates that have been arrested by state agencies but are not yet adjudicated and on individuals that have been committed to Warm Springs but are awaiting a bed.

b) The increasing delay between conviction and sentencing increases the county costs because the DOC does not pay for incarceration until after sentencing is complete.

c) When a paroled inmate commits a new offense, it should trigger the revocation of their probation and a return to prison. However, the DOC no longer revokes their parole, instead they hold them in jail under the new charges so that county must pay for the incarceration. This also places convicted criminals into the general pre-adjudication jail population with citizens who are presumed innocent.

d) The Cascade County Regional Detention is both a jail and a portion of the State Prison system. We have a contract with the state to hold MSP inmates in a secure environment. The contract lays out a system of calculations to determine the reimbursement rate that the county receives for housing these prisoners. The legislature unilaterally capped the rate the DOC can reimburse us in direct violation of the contracted formula.

The combination of these legislative changes coupled with the ever-increasing time between the conviction/ sentencing of prisoners creates a financial burden on the county taxpayers that should correctly be a state expense.

LC 100 – Modify Pretrial Diversion Program Language (Justice Interim Committee)

Cascade County supports a request from the Office of Court Administrator and the County Attorney's Association for one-time-only funding to maintain the current level of service in its Pretrial Diversion Program. This pilot program utilizes an evidence-based detention risk assessment and provides recommendations for managing defendants who are released and awaiting trial. Five pilot counties (Lewis and Clarke, Butte Silver Bow, Lake Missoula and Yellowstone) are using the Arnold Foundation, Public Safety Assessment (PSA) tool, adapted for Montana, to analyze each defendant's current and prior criminal conduct and failure to appear in court. This assessment information, coupled with knowledge about the individual's propensity or history of violence, provides a judge with information about whether a defendant can be successful in their community while awaiting trial. Cascade County would benefit by having access to the use of the PSA tool to implement a pretrial diversion program in the county. The commissioners will need to invest resources to finance the personnel to oversee a monitoring program for those

defendants assigned to pretrial diversion. The OCA believes since this has been a pilot program, an additional two years of funding would be needed to continue the program and measure its success.

Commissioner Weber explained that violent offenders who use the PSA tool are typically not eligible for the Pretrial Diversion Program. Commissioner Weber further explained that the purpose of the program is to stop early offenders the first time, in order to prevent a criminal pattern.

Commissioner Moe commented that the Pretrial Diversion Program is considering including citizens with substance abuse, and that those citizens are participating in the 24/7 Sobriety Program.

Senator Buttrey received clarification that users of the Pretrial Diversion Program would be responsible for paying for the PSA, as well as the 24/7 Sobriety Program.

- **Mental Health Crisis and Regional Jails**

Mental health issues touch families across Montana; and Montanans with mental health issues are often unnecessarily housed in regional jails during times of crisis. Many of these individuals have committed misdemeanors, minor offenses like disturbing the peace or petty theft caused by delusionary episodes. Due to a reduction in community services and reductions in payments to providers, many regional jails have become the proxy facility for housing Montanans in mental health crises. Diverting these individuals to appropriate mental health facilities is a priority but is not easily accomplished. With the limited number of beds at Warm Springs and the absence of a mental health crisis center in Great Falls, the regional jail becomes the alternative facility for residents suffering with mental health issues. This is far from an ideal situation. Due to its limited capacity, Warm Springs prioritizes vacancies for patients who have received a psychological assessment and been assigned by the court to the state facility. Those individuals who are not in crisis but have committed minor crimes are often kept in the regional jail until a mental health evaluation can be done by the state and an opening is available at Warm Springs. Some are detained in the regional jail for long periods until these arrangements are available; in the Cascade County facility one offender has been waiting over 850 days for an opening at Warm Springs.

Cascade County sees the need to create a crisis bed facility, but funding for the development and sustained management of such a facility is not achievable given the relatively flat tax base. Cascade County currently sets aside $1/resident (approx. $82,000) to supplement the Center for Mental Health's budget in providing crisis management training for first-responders and a Crisis Intervention Team (CIT) to evaluate an individual's situation and divert them from a conviction and unnecessary incarceration. Every attempt is made to prevent incarceration, which can exacerbate mental health issues and escalate a mental health crisis. The County will continue to seek long-term resolutions for our citizens suffering with mental health issues.

- **An Act Transferring Juvenile Parole Supervision from DOC to Youth Court**

DOC is seeking legislation to transfer their responsibility for supervising juveniles released from a juvenile correctional facility to the local juvenile probation offices and originating court jurisdiction where the youth offended. DOC believes they cannot not maintain a statewide presence of trained and dedicated staff to handle juveniles when the number of youth on parole is very small. Because Juvenile Probation has the expertise and knowledge, and officers in each of the 22 judicial districts (providing coverage for the entire state), DOC wishes to transfer their responsibility to Juvenile Probation in the local jurisdictions. DOC believes transferring supervision to Juvenile Probation will improve service to youth and their communities and be more cost effective for the state. As represented in the Governor's budget, page D-54, this legislation shifts the burden of services and its attendant expense to local government, as cost savings to the DOC would be re-absorbed into the state operation rather than distributed to the local level. This legislation illustrates the "shift of burden" philosophy which is opposed by both the county and city.

More specifically, this legislation seeks to:

- transfer juvenile parole supervision from the Department of Corrections to the Youth Court
- change the term "parole" to "conditional release" and define the term "conditional release"
- provide that establishment of a youth placement committee be permissive rather than mandatory
- provide a procedure within the youth court for conducting a conditional release revocation hearing

Additional issues to be considered:

- additional workload and costs for services and placements provided by Juvenile Probation
- costs previously paid by the DOC (transportation and detention) will shift to the counties

Tim Callahan, Cascade County Chief Probation Officer, commented that the largest cost for the Office of Court Administration (OCA) would be the supervision of juveniles.

- **Appraisal of Centrally Assessed Properties**

The largest dollar value of the tax protests happening each year in Cascade County come from those properties handled by the Central Assessment office in Helena. The properties that they assess include industrial properties, those which cross county lines such as telecommunications system and pipelines and properties that are a portion of a larger system like the electric generation facilities located in Montana. These appraisals tend to be the most complex and the largest dollar amounts in the state.

Under the current system, disagreements over the valuation take extended periods of time to resolve through negotiated settlements or by large dollar tax protests. The disruption to local government operations and property values is significant. A different system is needed to handle tax protests that result from the centrally assessed property. If the taxable valuation of the property in dispute was not changed in the Orion property tax system until agreement was reached between the taxpayer and the Department of Revenue, the local government would be insulated from the disruption of the protests. The burden of holding the protested taxes would be on the state and once settlement reached, the state could then make the local government entities whole from the

funds that were paid under protest. This would also protect the taxpayers from the artificial increase in the maximum amount of allowable levied taxes that occurs with these protested assessment amounts.

By way of example let say an oil refinery does a significant upgrade that DOR believes adds $50 million to the property's taxable value but the refinery believes that it should have only added $10 million. Currently, $50 million of value would be added to the county's aggregate taxable value as newly taxable property. The county would levy taxes on the additional $50 million value but be required to hold in protest the taxes on the disputed additional $40 million value. Once the protest is settled, the county would refund with interest to the refinery the difference between the original taxes levied and the settled amount due.

However, under the current system, the taxable value of the county has already been increased by $50 million and an artificially large amount of taxes has been billed. Since the amount of taxes that a jurisdiction can levy each year is based on the amount billed in the prior year the maximum amount of taxes that can be levied in subsequent years have been artificially increased. This adjustment occurs at the same time the refinery's tax bill has been lowered to reflect the settled amount, so the rest of the property tax payers are required to make up the difference.

- **DNRC Projects in Cascade County** – the following is provided for information

Cottonwood No. 2 Ditches

Cascade County received a planning grant from DNRC to investigate and design a ditch repair to prevent acid mine drainage from the Cottonwood No. 2 Mine from damaging people's homes and property in Stockett. The DEQ Abandoned Mine Lands (AML) Program has applied for a DNRC Reclamation and Development Grant (RDGP) to partially fund the ditch reconstruction. The DEQ AML Program requested $300K and would match that money with $200K of AML grant funds. The ditches, constructed in the early 1990's have failed and need complete reconstruction to capture the acid mine drainage and divert it from homes and private property. The RDGP (DNRC) ranked the Cottonwood No. 2 project number 8 in their list. Funding cutoff is likely at the project ranked number 7. The DEQ with Cascade County will present the project during the hearing for the RDGP (HB 7 and HB 14) to the Long-Range Planning Committee in January 2019.

Commissioner Weber explained that the DNRC projects were provided to the legislators for informational purposes.

Reauthorization of the Abandoned Mine Land Fee

The fee that funds the Abandoned Mine Lands (AML) Programs across the nation is set to expire in 2021. Fees are assessed on coal mined in a state on a per ton basis. Funds are returned to the States and Tribes through federal grants overseen by the Office of Surface Mining Reclamation and Enforcement (OSMRE). The AML Program is dedicated to protecting human health and the environment from the hazards left by abandoned mines. Abandoned mines are, by definition, those who pre-date modern mining regulations that require reclamation. Abandoned mines present a safety risk, degrade the environment and stifle economic opportunities preventing beneficial uses and precluding redevelopment of properties. If the fee is not reauthorized, the Montana AML

Program would not have the funding needed to continue reclamation work in the state. On average, Montana receives $4 million in grants per year to reclaim abandoned mines, with a small overhead, those funds (94%) go directly into good paying engineering and construction jobs and services. Without the AML Program there would be no program left to fund emergencies associated with abandoned mines such as subsidence (hazardous openings), landslides and mine fires.

Reauthorization of the AML Program will likely be debated in Congress beginning in the House Natural Resources as soon as this January. With over $10 billion left in unfunded mine hazards remaining in the United States, there is still a great need for AML funding and AML programs.

4. Questions from Legislators

Representative Jacobson encouraged the Commissioners to be advocates for the completion of the Black Eagle Water and Sewer Project.

Commissioner Houck discussed the City Manager providing the City Commission with a ranking of how legislators voted at the end of the last legislative session. She further noted that communication between the legislators and commissioners during the legislative session is key.

City Manager Greg Doyon clarified that it wasn't a "ranking." He took publicly available information that showed how legislators voted on bills affecting local government.

After further discussion regarding fiscal impacts and changing dynamics during a session, it was suggested that City and County Commissioners follow respective bills and have more dialogue with the legislators during the session.

Referring to the gas tax allocation, Representative Hamlet commented that the off- road portion of the gas tax has been met with resistance by recreationalist.

Commissioner Bronson responded that he was unaware of any potential litigation with regard to the gas tax.

Representative Hamlet commented that the City and County need to decide how to respond to a bill with regard to fire preparation funding.

5. Conclusion and invitation to meet again mid-legislative session

The next joint meeting with legislators will be in March, 2019, during transmittal week. Appreciation was expressed to the legislators for their work and time.

ADJOURN

There being no further discussion, Commissioner Bronson adjourned the informal special joint work session of December 12, 2018, at 11:10 a.m.