

MINUTES OF THE MEETING
LOCAL GOVERNMENT COMMITTEE
MONTANA STATE SENATE

January 18, 1983

The second meeting of the Local Government Committee was called to order by Chairman George McCallum on January 18, 1983 at 1:05 p.m. in Room 405, State Capitol Building.

ROLL CALL: Roll was called with everyone present, several Senators appearing late because of other commitments.

CONSIDERATION OF SENATE BILL NO. 77: Sen. Richard Manning, Senate District #18, sponsor of the bill, explained what the bill was intended to do. This bill was also introduced last session and was killed in the House committee. This bill would give the people of the counties with this population the chance to choose from a better slate of candidates so they would have the best people in office. Even though they may all be rural or all urban, as long as they do a good job and represent everyone in the county there should be no problem.

There were no further proponents.

OPPONENTS: Ann Mulroney, League of Women Voters, opposed the bill as she felt it would or could lead to unbalanced representation. Her written testimony is attached. (Exhibit #1).

It was brought out by one of the members that if this bill is passed it would be possible for all commissioners to be elected from the same area and could even feasibly be from the same block.

There were no further opponents.

DISCUSSION OF SENATE BILL NO. 77: Sen. Conover asked if they are going to be elected at large, why is it necessary to have districts? If there are districts, only the people that live in the district should be able to vote for that particular candidate.

Sen. Manning closed the presentation on SB 77 saying that this would allow the rural populace to get involved in the candidacies. The present commission and the former commission in Great Falls both support this bill.

CONSIDERATION OF SENATE BILL NO. 89: Sen. Dorothy Eck, Senate District #39, sponsor of the bill, appeared before the committee. This same thing was passed last year for the cities and perhaps it was an oversight that it did not extend to the counties. This would make it possible for the rural improvement districts to assess an additional 5% of the total amount of the rural improvement district which would give them a little extra money. This bill would just apply to new improvement districts. The money could either be repaid to the current owner of the property or it could go into the general fund. The county clerks have suggested that the money could be kept in the maintenance and operation fund of that district. She felt the bill was alright as it is presented but would agree to an amendment stating that after the bonds are paid off any money left

would go to the maintenance fund.

PROPONENTS: Bill Romine, representing the Clerks and Recorders, supported Sen. Eck's bill. He stated that there is a bill in the House, HB 126, which is very similar. He agreed with Sen. Eck that an amendment could be made on page 3 but even without this, supported the bill. Testimony attached. (Exhibit #2).

Mike Stephens, Montana Association of Counties, supported the bill, in that it would give the counties the responsibility of managing their own funds. He would not have any trouble with an amendment as suggested by Sen. Eck. The feeling was that other people should not be penalized for delinquencies.

There were no opponents.

DISCUSSION OF SENATE BILL NO. 89: Sen. Crippen asked Sen. Eck if there were other counties besides Gallatin that are having trouble. She replied that she did not have statements that they are having to make these extra levies but had been told that in the larger counties where they are experiencing development they are having trouble. Sen. Crippen asked Mr. Rehberg if Billings had any problem to which Mr. Rehberg replied that the city manager was in favor of this last session just in case this did occur.

Sen. Hammond asked if this was 5% of the bond issue and Sen. Eck said that the 5% is not mandatory. In counties that are not experiencing development they would not be assessing the 5%.

Mr. Rehberg stated that the city of Helena is turning the money back to the payment of the SID. Chairman McCallum asked if an SID is in default then the whole city picks up the tab, to which the answer was yes.

Bill Verwolf, Finance Director for the City of Helena, stated his willingness to answer any questions that the committee might have.

Sen. Crippen stated that there are alternate forms for providing cash in the revolving account that can be used to take care of any SID. Some of the bonding companies are requiring letters of credit and personal guarantees. He felt that the money should go back to the property as it is the property that bears the burden and felt that the property is entitled to it.

Sen. Marbut asked if, in passing this bill, would we be in step or out of step with other states. Sen. Eck felt that by this bill we are protecting the taxpayer where the developer is not making his SID payments.

The hearing on SB 89 was closed.

CONSIDERATION OF SENATE BILL NO. 18: Sen. J.D. Lynch, Senate District #44, stated that this bill was mainly to help the town of Walkerville. They want to buy some equipment so they can repair the streets in Walkerville. This would give more flexibility to

small communities to repair or purchase equipment. He said he would be amenable to an amendment that would limit the amount to a small percentage but felt that these small communities do need help.

PROPOSERS: Bernard Harrington, Alderman, Walkerville, said they had a payloader broken down and it sat idle because they did not have the \$850 to repair it. Even if they were given a percentage of the balance at the end of the year it would help them repair their equipment.

Mr. Verwolf, Finance Director of the City of Helena, supported the bill. It would enable the cities to purchase small items of equipment, i.e. tampers and batch plants that are pulled behind trucks to repair potholes, etc.. They are not allowed, at this time, to buy this kind of equipment or repair it. They would definitely like to be able to repair this equipment when it breaks down even if it has to be purchased with other monies.

Mike Stephens, Montana Association of Counties, supported the bill, as many funds are depleted and it would give some flexibility when they run out of funds.

Alec Hansen, Montana League of Cities and Towns, supported the bill, feeling that the important thing is flexibility.

There were no further proponents.

OPPOSERS: Chad Smith, Montana Land Improvement Contractors Association, opposed the bill in that it would allow the counties to use this money in the purchase of equipment for construction and repair of highways. The land improvement contractors see this as competition with them and felt that competitive bidding is always the best way to get the job done. They felt that their equipment would not be sitting around idle. Mr. Smith stated that this is not a new idea - it has been presented before. The committee's decision should be to leave this to the private contractors and the bidding process. He did not agree with the amendment on page 4, line 15 striking subsection (7). Mr. Smith introduced a number of land improvement contractors who were opposed to the bill. The following people introduced themselves and voiced their concurrence with Mr. Smith's statements.

Richard Delaney, Grass Range
Archie Johnson, Great Falls
Spencer Jarrett, Miles City
Ted Pyle, Miles City
Oliver Eckart, Miles City
Reid Willey, Hardin
Stanford Dugdale

John Thompson, Forsyth
Ed Alberts, Fort Benton
Robert Salvesson, Hardin
Rex Schaffer, Broadus
Ken Kramer, Shepherd
Paul Foster
Hugh Brindley, Winnett, President

Bill Olson, Montana Contractor's Association, said he realized what Sen. Lynch was trying to do for Walkerville as far as the small amount of money they have to work with. Testimony attached. (Exhibit #3).

In closing, Sen. Lynch stated his appreciation for the comments from both the proponents and opponents. He hoped that the Committee would find a way to work out this bill and he did not have any objections if it was amended to eliminate the word "construction" and limit it to the very smallest communities and perhaps limit the percentage amount. He felt the problems could be worked out without hurting anyone.

DISCUSSION OF SENATE BILL NO. 18: Chairman McCallum asked if Butte-Silver Bow had self-governing powers. Sen. Lynch replied that Walkerville, a town of about 850 population, did not go for the consolidation with Butte-Silver Bow and are a separate entity.

Mr. Olson stated that even if this bill was amended just for the repair of machinery he still had some reservations because in large counties you are still talking about a "bunch of money".

Mr. Harrington felt that as far as the independent contractors feeling it was competition, no small town in the state can set up a construction company. If they don't have the money to repair the trucks and fix the potholes then they have to go out and contract to have it done and they don't have the money. They do contract out major street work.

Mr. Brindley, President of the Land Improvement Contractors felt that the independent contractors are cost competitive. They can do the job much cheaper than the city or county and they want to see these small contractors put to work.

The hearing was closed on SB 18.

DISPOSITION OF SENATE BILL NO. 18: Sen. Story moved that SB 18 DO NOT PASS. Sen. Van Valkenburg spoke against the motion. He felt that the problems that a town this size might have should not be ignored. He suggested that perhaps there could be an amendment that would limit the use of gas tax money.

Sen. Fuller was for the bill and felt that it should be given to the small towns.

Sen. Crippen was in favor of the do not pass motion. This is a state gas tax to be used for maintenance of streets and these funds are to be used for just these purposes - repair, maintenance and construction of roads and highways.

Sen. Marbut spoke in favor of the motion. It was brought up that perhaps this small community should go under the government of the Butte-Silver Bow consolidation rather than trying to hold onto a government this small. This is a statewide tax, not local.

Sen. Van Valkenburg said, with respect to this being a statewide tax, the people voted for it with the understanding that it would be allocated to cities and towns.

Sen. Story stated that the cities were willing to accept this money with the strings attached and he felt they should not be coming back now and trying to change it. He again moved that SB 18 do not pass.

Roll call vote taken. MOTION PASSED for DO NOT PASS. Vote was 7-3 with Sen. Thomas excused. (Roll call vote attached).

DISPOSITION OF SENATE BILL NO. 77: Sen. Boylan moved that SB 77 DO NOT PASS. Sen. Marbut felt that there would be representation of both rural and urban and there would not be any dominance of one over the other. MOTION PASSED, 8-2, Sen. Thomas excused. (Roll call vote attached).

FURTHER DISCUSSION OF SENATE BILL NO. 89: An AMENDMENT WAS MOVED and PASSED.

Page 3, line 16, section 3.

Strike: "without"

Insert: "with"

Sen. Crippen felt that the cities or counties should not have this money at the end. When the SID is bid, he felt that money should go back to the property. An amendment was suggested for page 3.

Page 3, line 18

Strike: "may"

Insert: "shall"

Sen. Crippen will work with Dave Bohyer, legislative researcher, to draw up the amendments for committee approval. The committee felt that the supporters of this bill should be notified that the committee is considering these amendments.

Chairman McCallum informed the members that if they have any amendments, to have Dave draft them.

MEETING ADJOURNED at 2:45 p.m.


GEORGE MCCALLUM, CHAIRMAN

(Type in committee members names and have 50 printed to start.)

ROLL CALL

LOCAL GOVERNMENT

COMMITTEE

48th LEGISLATIVE SESSION -- 1983

Date 1/18/83

NAME	PRESENT	ABSENT	EXCUSED --
OCHSNER	✓		
CRIPPEN	✓		
HAMMOND	✓		
STORY	✓		
MARBUT	✓		
CONOVER	✓		
FULLER	✓		
THOMAS	✓		
VAN VALKENBURG	✓		
BOYLAN	✓		
McCALLUM	✓		

DATE

January 18, 1983

COMMITTEE ON

Local Government

BILL NO. 18-77-89

VISITOR'S REGISTER

NAME	REPRESENTING	Check One	
		Support	Oppose
Mulhoney	League of Women Voters		
W. R. Deen	MT Assoc of Realtors		
W. Styrh	MT Assoc. of Counties		
W. Olson	MT. Contractors Assn		SB 18 ✓
W. Dugdale	MT Contractors Assn		SB 18 ✓
Romine	Clerks & Records	SB 89 ✓	
W. Wolf	City of Helena	SB 18	
W. Manning	Senate Dist 18	SB-77	
W. C. Cahan	MT Co. Truckers Assn		
W. K. Keeser	MT Co. State - Bonner		
W. Bannan	MT Co. Truckers Assn		
W. Sams	" "		
W. Wittenberg	" "		
W. Hansen	LEAGUE OF CITIES	SB 18 ✓	
W. Smith	Mont. Land Improvement Contractors		SB 18
W. Delaney	Delaney Const. OWNER		SB 18
W. H. Pyle	LICA		SB 18
W. Eckert	LICA		SB 18
W. Jarrett	LICA		SB 18
W. Pyle	LICA Miles City		SB 18
W. Schaffer	LICA Broadus Mont		SB 18
W. M. M. M.	LICA Shepherd Mt.		SB 18
W. Willey	LICA HARDIN Mont		SB 18
W. A. Salveson	LICA HARDIN, Mont		SB 18
W. Leavitt	LWV		

(Please leave prepared statement with Secretary)

DATE _____

COMMITTEE ON _____ BILL NO. _____

BILL NO. _____

VISITOR'S REGISTER

[illegible]

(Please leave prepared statement with Secretary)

January 18, 1983

TESTIMONY OF THE MONTANA LEAGUE OF WOMEN VOTERS BEFORE THE
SENATE LOCAL GOVERNMENT COMMITTEE ON SB 77. January 18, 1983.

Mr. Chairman, members of the Committee. My name is Ann Mulroney and I represent the Montana League of Women Voters. The League opposes SB 77. For many years the League has supported measures to assure balanced representation in state and local governments, particularly equitable representation of people who live in urban and rural areas. SB 77, by mandating at large nomination and election of county commissioners, threatens this balance of interests in counties where it is most important. The Montana statutes provide for submitting an alternate form of government to the county electorate. At large selection of the County Commission is one of the options which a study commission can recommend or ask the voters to approve under that process. We recommend this alternative to Cascade County if they feel that at large elections are imperative for their community rather than jeopardizing balanced representation throughout the state. Reapportionment of county commission districts is a difficult job, but the responsibility for achieving fair representation lies with the county. The League acknowledges the frustrations inherent in this process, but supports the principle of separate commissioner districts.

January 18, 1983

NAME: Bill Ramin DATE: 1-18-83

ADDRESS: Helena

PHONE: 442-5220

REPRESENTING WHOM? clerks & Recorders

APPEARING ON WHICH PROPOSAL: S. B. 89

DO YOU: SUPPORT? X AMEND? X OPPOSE? _____

COMMENTS: this bill makes it clear that the cost of the improvement
contracts will be included as part of the overall cost and
deposited in the revolving fund. this bill is similar to H.B. 126.
It is submitted, however, that if any funds are left over
at the time the fund is repaid they should be transferred
to the revolving fund or to the operation & maintenance fund.
Returning them to the bond owner would not seem to be a
workable & equitable solution, since some owners would get
a windfall if they were recent purchasers. Also, the funds
would be more useful in the operation & maintenance
fund.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

*Exhibit 3
January 18, 1983*

TESTIMONY BEFORE SENATE LOCAL GOV'T. COMMITTEE 1/18/83
by WILLIAM OLSON, SECRETARY-MANAGER
MONTANA CONTRACTORS' ASSOCIATION, INC.

SB Bill 18 is another attempt by Local Government to compete with its citizens.

The government's business is not to be in business, but to serve the taxpaying public by seeing that they get the most for their tax dollar. This bill will do just the opposite.

Construction by private contract advocates performance of public works construction projects by the private sector rather than government agencies.

Cost is always a prime consideration and has even greater significance when public monies are involved. Private industry is more cost effective and presents the taxpaying public with higher quality completed projects. Inadequacies and distortions in public agency accounting systems rarely reflect the true cost. There is no accountability!

The question of what is maintenance and what is construction has never really been answered. Contractors have no quarrel with Local Government doing routine maintenance such as minor grading, fixing potholes, etc., but local government doesn't stop there. Operations are expanded to include paving of streets, chip sealing, crushing of gravel and extensive grading projects. This bill would open the door even wider.

Inefficiencies in the utilization of equipment and manpower by government forces are prevalent and not in the best interests of the taxpayer.

Purchase of equipment by Local Government reduces tax revenue to the local government. Contractors pay taxes on their equipment, Local Government does not.

Large units of construction equipment are not utilized economically. Equipment costing the taxpayers thousands of dollars which sits idle possibly 60 - 75% of the time, which is common, is not economical.

In 1978, Butte-Silver Bow purchased an Asphalt Recycling plant using special funds (Woodville Hill Abandonment Fund) with the understanding it would be used for maintenance projects. Since that time, many blocks of streets have been paved, which is construction. Chip sealing of streets by City of Great Falls, grading, crushing & paving by Lewis & Clark County, extensive work by Flathead Co. are some other instances where local government has done work not in the best interests of the Taxpayer.

Passage of SB18 will be detrimental to the Free Enterprise System, upon which this country is founded. We adamantly oppose this bill and urge you to exercise your responsibility as legislators and recommend "Do Not" Pass on SB 18.

To Whom It May Concern:

Re: Estimated Costs of Placing Hot Mixed Asphaltic Concrete Street Overlay Within the City of Great Falls

This discussion is predicated on the following factors.

1. Costs are based upon tons as a convenient unit of measure.
2. Equipment costs are based upon industry standard methods.
3. Repair costs, fuel costs, tire and tube costs are based upon estimates for the particular type of equipment involved.
4. Production rates, labor productivity are from actual observation and time studies run by personnel from our firm.
5. Materials costs i.e. Gravel and Asphaltic Cement are actual purchase costs.
6. An overhead factor of .075 was utilized. (This is approximately 1/2 of industry.)

During the construction season 1980, the City of Great Falls Street Department; utilizing its own Hot Plant, delivery equipment, and paving equipment manufactured and installed approximately 4,366 tons of Asphaltic Concrete on various streets and roadways within the City of Great Falls. The estimated cost of this operation utilizing above named factors was \$49.27 per ton.

During the 1979 construction season, a contract was awarded to Montana Sand and Gravel Co. at cost of \$28.06 per ton for comparable work items.

During the 1978 construction season, a contract was awarded to Long Construction Co. at a cost of \$28.11 per ton for comparable work items.

If the City elects to buy Asphaltic Concrete from commercial plants at \$24.00 per ton and install with their own crews, the cost of the finished product is \$38.06 per ton.

I am sure that some people believe the City forces are installing Asphaltic Concrete at a lessor cost than industry.

Upon close scrutiny and proper business analysis it is apparent that the taxpayer is being raped.

To summarize:

1. Plant Mix manufactured and installed by City work forces. \$49.27 per ton - 1980.
2. Plant Mix contracted to Montana Sand and Gravel in 1979. \$28.06 per ton.
3. Plant Mix contracted to Long Construction in 1978. \$28.11 per ton.
4. Plant Mix purchased from commercial plants and installed by City forces in 1980. \$38.06 per ton.

How much longer can we afford the efficiency of the City's crews performing this work?

NAME: Bill Verwolf

DATE: 1-18-83

ADDRESS: 1029 3rd Helena

PHONE: 442-9920

REPRESENTING WHOM? City of Helena

APPEARING ON WHICH PROPOSAL: SB 18

DO YOU: SUPPORT? X AMEND? _____ OPPOSE? _____

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

STANDING COMMITTEE REPORT

January 18 19 83

MR. **PRESIDENT**

We, your committee on **LOCAL GOVERNMENT**

having had under consideration **SENATE** Bill No. **18**

Respectfully report as follows: That **Senate** Bill No. **18**,
introduced copy,

DO NOT PASS

~~DO PASS~~

SENATE COMMITTEE LOCAL GOVERNMENT

Date _____ Bill No. SB-18 Time 2:34

NAME	YES	NO
OCHSNER, J. Donald, Vice-Chairman	✓	
CRIPPEN, Bruce	✓	
HAMMOND, H.W.	✓	
STORY, Pete	✓	
MARBUT, Reed	✓	
CONOVER, Max	✓	
FULLER, David		✓
THOMAS, Bill		
VAN VALKENBURG, Fred		✓
BOYLAN, Paul	✓	
McCallum		✓

Louise Sullivan
Secretary

Sen. George McCallum
Chairman

Motion: Do Not Pass

(include enough information on motion--put with yellow copy of committee report.)

STANDING COMMITTEE REPORT

January 18

19 83

MR. **PRESIDENT**

We, your committee on **LOCAL GOVERNMENT**

having had under consideration **Senate** Bill No. **77**

Respectfully report as follows: That **Senate** Bill No. **77**,
introduced copy,

DO NOT PASS

~~XXXXX~~
~~DO PASS~~

SENATE COMMITTEE LOCAL GOVERNMENT

Date _____ Bill No. 77 Time 2:38

NAME	YES	NO
OCHSNER, J. Donald, Vice-Chairman	✓	
CRIPPEN, Bruce	✓	
HAMMOND, H.W.	✓	
STORY, Pete	✓	
MARBUT, Reed		✓
CONOVER, Max	✓	
FULLER, David	✓	
THOMAS, Bill		
VAN VALKENBURG, Fred		✓
BOYLAN, Paul	✓	
McC	✓	

Louise Sullivan
Secretary

Sen. George McCallum
Chairman

Motion: Do Not Pass

(include enough information on motion--put with yellow copy of committee report.)