

MINUTES OF THE MEETING  
LOCAL GOVERNMENT COMMITTEE  
50TH LEGISLATIVE SESSION  
HOUSE OF REPRESENTATIVES

February 4, 1987

The meeting of the Local Government Committee was called to order by Chairman Norm Wallin on February 4, 1987, at 1:00 p.m. in Room 312-F of the State Capitol.

ROLL CALL: Roll call was taken with all members present except for Rep. Brandewie, Rep. Gould and Rep. Darko who were excused but joined the meeting later. Rep. Whalen was absent. Lee Heiman, Committee Counsel for the Legislative Council was also present.

CONSIDERATION OF HOUSE BILL 532: Rep. Harold Poulsen, House District 39 and sponsor of the bill, stated the bill was his first bill as a freshman legislator. He said HB 532 will save counties throughout Montana money. Present law states the county treasurer "must" mail the receipt for all taxes paid. Rep. Poulsen stated HB 532 changes that language to "may". Cascade county sends out paid receipt notices to people who pay by check. If this was not mandatory, there would have been a savings of \$11,127 for postage in 1985. In 1986, \$12,375 would have been saved in postage. Lewis and Clark County would have saved \$7,345 in postage in 1985 and \$8,371 in postage in 1986. These savings do not include envelopes, receipts, or the employees time.

The bill states that they still have to issue receipts for money paid to the treasurer by mail or electronic means. Rep. Poulsen said the checks and balances are there with the original receipt being kept in the treasurer's office and a duplicate being sent to the county clerk.

PROPOSERS: Dick Michelotti, Cascade County Treasurer and Past President of MT Treasurers' Association, stated the association stood in full support of HB 532. Mr. Michelotti said they would still be keeping a copy of the receipts if someone does want one it can be generated without any problem. The federal IRS does not send back receipts nor does the state income tax send back receipts. Mr. Michelotti stated they were trying to clean up the language to bring it up to 1986-87 times. He said in Cascade County they send out 56,000 paid receipts per year and are looking at a savings of \$2,000 to \$2,500 per year added to the savings from postage.

Court Harrington, representing the MT Treasurers' Association, stood in support of HB 532.

OPPONENTS: None.

DISCUSSION (OR QUESTIONS) ON HOUSE BILL 532: Rep. Gilbert said the bill says county treasurers "may" and also that county treasurers "may elect". He asked if the county treasurer makes this decision would the intent be to issue a receipt upon request at any time?

Mr. Michelotti responded that was correct. They have to issue two receipts, one hard copy, the other copy going to the clerk will be made up in microfiche and on computer. If a person loses a receipt, they can punch into the computer and get one for them.

Rep. Pistoria asked if he would receive a receipt when he pays in person by check?

Mr. Michelotti replied that anyone who pays by cash or check at the window will receive a receipt automatically at that time. Only checks received in the mail would not receive a return receipt.

Rep. Poulsen in closing stated there are 56 counties in MT and there could be quite a savings generated for these counties if they decide to not mail the receipts. He said the bill does not say they may not mail a receipt but gives the option to mail or not mail them.

CONSIDERATION OF HB 450: Rep. Pistoria, House District 36 and sponsor of the bill, presented handouts to the committee on HB 450 (Exhibits 1 through 5). HB 450 is a bill to limit municipalities' use of professional service contracts by eliminating technical services from the exemption list and it requires bidding procedures and bid disclosures if the contracts require anything except professional, engineering, and legal services. The bill amends Section 7-5-4301.

Rep. Pistoria stated since 1977, the City of Great Falls has contracted with Envirotech for their sewer treatment plant. He said six months before the last five-year contract has expired, Envirotech has amended their contract and is trying to renew it with Great Falls. Rep. Pistoria stated they are not going through the bid process provided for in Section 7-5-4302. He reviewed his handouts for the committee.

PROPOSERS: None.

OPPONENTS: H. S. Hanson, representing the design professions, stated they understood Rep. Pistoria's concern in this matter and have tried to work with the bill for their concerns. On page 2, line 4, it refers to other than exclusively professional. Mr. Hanson stated that the next phrase is contradictory to HB 310. He stated several of their people are technically orientated and they would lose their protection. He said the bill is in direct conflict with HB 310 and that is the basis for his opposition.

DISCUSSION (OR QUESTIONS) ON HOUSE BILL 450: Rep. Sales asked if there was a way to clear up the conflict between HB's 310 and 450?

Mr. Hanson stated they had three firms working on correlating HB's 310 and 450 and they could not come up with any combination that would get back to the original concept.

Rep. Gilbert asked Mr. Hanson if the conflict was clarified would his organization have any objection with the bidding process?

Mr. Hanson stated they did not have a problem with the concept of the bill but were only concerned for their technical people in the organization.

In closing, Rep. Pistoria stated that he had spoke with Mr. Hanson and if they had to have technical, they could amend the term back into the bill. He felt HB 450 would protect not only Great Falls but all communities in the state.

Chairman Wallin appointed a subcommittee to deal with the problem presented in HB 450. Rep. Gilbert was appointed Chairman. Rep. Dave Brown and Rep. Bob Hoffman were appointed as members.

CONSIDERATION OF HOUSE BILL 531: Rep. Ellison, House District 81, stated the bill was simple and straightforward and would provide some relief for some counties that are short on operating funds. He stated the county tax bases have been narrowed, they have been given more programs to administer and now they are being caught in a bind. This bill would allow them to either reduce the time county offices are open or curtail some county services.

PROPOSERS: Carlo Cieri, Park County Commissioner, stated they were asking for a tool to help preserve what they have at the county level. The state has mandated that the county offices be open from 8 to 5, Monday through Friday and sometimes on Saturdays and Sundays. The state also mandates that a county employee work 40 hours per week. Mr. Cieri stated by law they cannot close the offices and are asking for permission to be able to cut hours back or close the offices. He said the state has done this already in the Motor Vehicle

Division. There is a free day for the patrolmen. The University System has gone to a 32-hour week. Mr. Cieri stated they would like to do this because if the budgets get low or there are shortfalls in revenue then by cutting back a day or having shorter hours, there could be thousands of dollars saved.

He said calculated for the month of January for Park County that they could save \$5,645 a day by cutting back on services, not sheriff or emergency services. He said this is not saying that they could not cut services in the sheriff's office by possibly having a six-hour patrol occasionally to cut back on funds.

Mr. Cieri stated that the bill includes elected officials and he said if the employees are going to be held accountable then the elected officials should be held accountable also. He said there is one office of JP that is pro rated on the amount of hours he spends in the office in Park County. The superintendent of schools is not pro rated. He said in 1936 there were 70 small rural schools and in the last four to five years that has become 5 but it is still a full-time job and requires full-time pay. He said they do have other avenues of combining offices but they would just not work out. Mr. Cieri stated if they had a way to cut down on the total pay they could conserve what they have.

Gordon Morris, MACo, stated they did not have a stated position on HB 531 but on behalf of counties felt the flexibility issue warrants the committees do pass. He suggested the language on page 2, lines 9 through 12 did not need to be in the bill. He said they were talking primarily of closing the courthouses not reductions in hours and having the authority to do that. He asked the committee to consider striking Subsection 4 on page 2 which would make it easier to administer the law.

Ann Mary Dussault, Second Vice President MACo and Missoula County Commissioner, stated that in attempting to plan for cutbacks likely to occur in Missoula County, one option looked at was the ability to close the courthouse or certain offices one day a week. They found that couldn't be done because of the statutes. Ms. Dussault stated they already have frozen and reduced operational costs, elected officials and county employees salaries and have instituted a policy of not filling vacancies when they occur. She said the next step is to lay off employees which they don't want to do unless there are no further options. Ms. Dussault stated they could demonstrate that there could be savings in heat and lights and other operational costs if the courthouse was down one day a week. She stated she endorsed deleting page 2, lines 9 through 12 because it creates more problems.

Ms. Dussault stated she was becoming continually more frustrated with people who oppose these bills that would save the counties money or that would give them the ability to manage the budget. She said these people are not helpful in coming up with solutions.

OPPONENTS: Carl Strickley, Lobbyist Coroners' Association and present on behalf of the local county auditor, stated that a quick review of the bill would show that the bill could be declared unconstitutional very easily. He said it must be remembered that the elected officials that the bill is being directed at are constitutional officers. County commissioners currently have the authority to consolidate county offices. They do not have the authority to eliminate a constitutional office. The offices as had been said are mandated to be open from 8 a.m. to 5 p.m. Mr. Strickley stated the purpose for the hours was to serve the public. He asked to imagine the problems associated with offices being opened at different times on different days and someone needing to use those services driving 85 miles and finding the offices scheduled this way. Mr. Strickley said the purpose of the bill has merit; the way the bill is drafted will not accomplish that purpose. He commented that perhaps a way to accommodate the savings that the sponsor of the bill seems to be advocating would be consolidation of counties. He felt that to be the best approach.

Tom Harrison, MT Sheriffs' and Peace Officers' Association and MT Clerks of Courts' Association, stated the 2 percent and 5 percent cuts to the budget do not reach the problems the budgets are facing. Reevaluating or reprioritizing the functions and programs is what needs to be done before making any significant cuts. He said the intent of having the courthouses go to four days a week is to keep all the functions, all the programs and all the employees and all that might be done is the price of lights might be saved.

Mr. Harrison stated if there really is an underlying feeling that there could be some savings and it is not just past expansion of local government or overexpending and now realities of a declining budget have to be faced. He said if it is more than that then this is something that would be worthy of a comprehensive bill, a study commission and some uniform requirements that would be mandated throughout the state.

Elinor Collins, MT Association of County Superintendents of Schools, stated her concern is the temporary closures could result in a loss of highly skilled professional people. These people are not looking for temporary employment but full-time jobs and will seek full-time employment if they are limited to part-time hours. She stated elected officials do not want to be dealing with constant rehiring and retraining of employees. She said sometimes the decisions of closing offices can

be politically motivated or personality conflicts can play a large part in whose offices will be closed. The County Superintendent of Schools is one office always looked at for closing. Years ago, they had 117 rural schools and now there are 5. Ms. Collins stated the whole concept of the office has changed and the duties have changed. She said the county commissioners are required to hold a hearing before closing offices and the bill does away with the hearing procedure and with adequate notice of closing an office (Exhibit 6).

DISCUSSION (OR QUESTIONS) ON HOUSE BILL 531: Rep. Jan Brown asked Rep. Ellison why there is no reference in the bill to the statute mandating some of the county offices to be open five days a week between 8 a.m. and 5 p.m.?

Rep. Ellison stated he thought the bill had covered that. He stated in regards to Subsection 4 that he had no problems with that being deleted.

Rep. Sales asked Mr. Heiman if he could see any problem as far as Subsection 4 being in conflict with the other sections?

Mr. Heiman stated no, that the section on office hours, 7-14-102, begins "Unless otherwise provided by law" the offices have to be open...

Rep. Sales stated on Section 4 if "shall" was taken out and "the elected officers at their option may receive a pro rata reduction" inserted, there would be enough public pressure that most would be willing to take the reduction. He asked Mr. Harrison if he felt that a reasonable approach and would it solve the problem he had?

Mr. Harrison said it seemed that the people viewed themselves as trained professional people in lifetime career circumstances. If the desired effect of the bill was to replace professionals with part-time people, Mr. Harrison said a real loss of professionalism and trained people would be looked at, particularly in the law enforcement area. He also felt the county liability for errors would have to be looked at.

Rep. Hansen asked Ms. Dussault to give a scenario of what would happen if a county went broke.

Ms. Dussault stated she did not know of a MT county ever going broke. She thought it a strong possibility that the City of Missoula would not be able to meet financial obligations, particularly bond payments. If then the city went bankrupt, their option would be to disincorporate.

Rep. Hoffman asked Commissioner Cieri when the bill was drawn up if there was legal counsel consulted?

Mr. Cieri stated not to his knowledge but when it was turned over to Rep. Ellison the legal people from the Legislative Council worked with it.

Rep. Hoffman asked Mr. Cieri if Park County felt the offices could complete their required statutory responsibilities by closing them part time?

Mr. Cieri responded yes they could. They could start work possibly at 10 instead of 8 and the offices would still be open 5 days a week.

Rep. Hoffman asked if this did not show then that they were overstaffed?

Mr. Cieri stated yes that he did agree somewhat with him but then it falls back to the elected officials who are in charge of the offices. Someone had stated that if they were "on the carpet" it might increase the efficiency of the counties.

Rep. Ellison in closing, stated the elected officials deserve some leeway. If the commissioners cut an essential service they will hear from the public about it. If the people want the services they will have to pay for them. Rep. Ellison stated he could see no other way if the counties keep getting loaded down and don't receive the funds for the services, services will have to be cut. He said the committee may want to tighten the bill up in some places and possibly delete Sub-section 4.

CONSIDERATION ON HOUSE BILL 563: Rep. Schye, House District 18 and sponsor of the bill, stated HB 563 is a companion bill to the bill he sponsored last session HB 103 which dealt with checks. Rep. Schye stated this bill should have been heard at the same time but he didn't get it drafted quick enough. It was brought to his attention from the city clerk at Glasgow that on providing for duplicate warrants the city governments have no statute that allows them to issue them. The auditors stated the statute should be in municipal law so they could issue duplicate warrants and duplicate checks. HB 563 is a state statute for the state to provide duplicate warrants and all it will do is go under the city for municipal law to have the same authority.

PROPOSERS: Alec Hansen, League of Cities and Towns, stated the bill was part of an entire package they were bringing to the legislature to try to improve the efficiency of and management techniques of municipal government. HB 103 allowed for cancellation of warrants and HB 563 as Rep. Schye said should have been heard at the same time. Mr. Hansen stated they are currently operating under assumed authority and the bill closely parallels the county statute.

OPPONENTS: None.

The hearing was closed on HB 563.

DISPOSITION OF HOUSE BILL 563: Rep. Sales moved to DO PASS HB 563. The question was called and the motion carried unanimously.

DISPOSITION OF HOUSE BILL 532: Rep. Dave Brown moved to DO PASS HB 532.

Rep. Gilbert moved to AMEND HB 532. He asked Mr. Heiman to explain the amendments.

Mr. Heiman stated the amendments say that if requested a receipt will be issued and the amendments conform the title.

The question was called on the amendments. The motion carried unanimously.

Rep. Hoffman moved to DO PASS HB 532 AS AMENDED. The motion carried unanimously.

Rep. Darko commented they were requested by Creg Jones of D. A. Davidson for a committee bill to be drafted to make the statutes more uniform in regards to the bond sales.

Mr. Heiman stated that Mr. Jones had commented that the notice requirements for different versions of bonds needed to be more uniform. At the time Mr. Jones mentioned he had put in a bill draft request. Mr. Heiman found that the draft request had been attached to another bill presented by a legislator. The two bill titles were so different they couldn't be put into one bill and so the legislator requesting the bill picked the major one and left the notice one out. Mr. Jones had assumed his request was in and the bill was being drafted.

Rep. Sales moved to allow a committee bill to be drafted and presented to take care of the request.

Rep. Wallin commented that the vote needed a 2/3 to pass. The question was called and the motion carried unanimously.

ADJOURNMENT: There being no further business to come before the committee, the meeting was adjourned at 2:30 p.m.

  
Rep. Norm Wallin, Chairman



DAILY ROLL CALL

LOCAL GOVERNMENT

COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 2/4/87

| NAME                              | PRESENT | ABSENT | EXCUSED |
|-----------------------------------|---------|--------|---------|
| REP. NORM WALLIN, CHAIRMAN        | ✓       |        |         |
| REP. RAY BRANDEWIE, VICE CHAIRMAN | ✓       |        | ✓       |
| REP. BUDD GOULD                   | ✓       |        | ✓       |
| REP. REP. TIMOTHY WHALEN          |         | ✓      |         |
| REP. PAULA DARKO                  | ✓       |        | ✓       |
| REP. TOM BULGER                   | ✓       |        |         |
| REP. JAN BROWN                    | ✓       |        |         |
| REP. BOB GILBERT                  | ✓       |        |         |
| REP. LARRY GRINDE                 | ✓       |        |         |
| REP. WALTER SALES                 | ✓       |        |         |
| REP. STELLA JEAN HANSEN           | ✓       |        |         |
| REP. PAUL PISTORIA                | ✓       |        |         |
| REP. ROBERT HOFFMAN               | ✓       |        |         |
| REP. LES KITSELMAN                | ✓       |        |         |
| REP. JACK RAMIREZ                 | ✓       |        |         |
| REP. DAVE BROWN                   | ✓       |        |         |
| REP. CAROLYN SQUIRES              | ✓       |        |         |
|                                   |         |        |         |
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Remarks against the City handing over the operation of the \$20,000,000 sewer treating plant to ENVIRONMENTAL CALIFORNIA (E.C.T.) on a silver platter without bidding process in 7-5-4302

This issue has been going on with E.C.T. since April 1977. In April 1982 the City again renewed the contract for \$102,000 per month or \$1,224,000 per year or \$6,120,000 for 5 years without bidding.

Then in 1983 I introduced H.B. 193 to clarify PROFESSIONAL, which finally passed and became law Section 7-5-4301(2)

Now they came along by amending the old contract effective Oct. 2, 1986 - 6 months before the 5 year contract expires April 1, 1987 & extending the contract 5 more years to April 1992 or 5 1/2 years (Very sneaky). Now can they amend contract before expiration date of April 1987? This is terrible.

The old contract is for \$102,000 per month - \$1,224,000 per year - \$6,120,000 for 5 years - with an escalator clause

The new amended contract is for \$130,000 per month (a \$28,000 per month increase) - \$1,560,000 per year - \$8,580,000 for 5 1/2 yrs (5 yrs 6 months). Note: 6 months before expiration x \$28,000 per month increase = \$168,000 EXTRA - WHY would the City do this? This is TERRIBLE.

Now, how can they use MAJORITY PROFESSIONAL when of the 21 EMPLOYEES 15 belong to

EXHIBIT 1  
DATE 2-4-87  
NO. 450

unions with contracts (2 electricians - 2  
mechanics - plumbers etc laborers), & one at  
the plant are Licensed Engineers.

They claim they satisfy the Law of Paul  
Pistori. (B.S.) - just making their own  
opinion.

The new contract doesn't give any costs  
or profit etc. It is the same old price as  
before. They don't pay me or any citizens.

For years they furnish what they call  
an annual report but it is nothing only  
how good they run the sewer plant. NOT  
A FINANCIAL REPORT. We would have to go to  
court to get it & tell us so.

I can't see how they can get away  
with this by bypassing the new law.

We must under this in the worst  
way to protect our citizens & must be stopped.

Imagine the City relying on E.V.T legal  
counsel instead of their own City attorney,  
& believing them. This must not go on.

Thank you.

Agnes Pistori  
State Representative

My H.B. 193 - (1985 Session)  
 use for H.B. 450  
 1987 Session

HB 0193/03

40th Legislature

HB 0193/03

1 HOUSE BILL NO. 193  
 2 INTRODUCED BY PISTORIA, R. MANNING, MCCOPPICK  
 3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT DELINEATING SPECIFIC  
 5 PROFESSIONS EXCLUDED FROM MUNICIPAL CONTRACT RESTRICTIONS;  
 6 AMENDING SECTION 7-5-4301, MCA; AND PROVIDING AN EFFECTIVE  
 7 DATE."

8  
 9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 10 Section 1. Section 7-5-4301, MCA, is amended to read:  
 11 "7-5-4301. Power to enter and execute contracts. (1)  
 12 The city or town council has power to make any and all  
 13 contracts necessary to carry into effect the powers granted  
 14 by this code and to provide for the manner of executing the  
 15 same.

16 (2) All necessary contracts for professionally  
 17 regulated occupations, including but not limited to:  
 18 PROFESSIONALS, TECHNICALS, ENGINEERING, and legal services are  
 19 excluded from the provisions of 7-5-4302 through 7-5-4304,  
 20 7-5-4306, and 7-5-4307. PROVIDED, HOWEVER, MUNICIPALITIES  
 21 ARE VALUE OF THE MAJORITY OF THE SERVICES TO BE RENDERED  
 22 CONSULTIVE SERVICES OTHER THAN PROFESSIONAL, TECHNICAL,  
 23 ENGINEERING, AND LEGAL SERVICES MUST BE AWARDED UNDER THE  
 24 BIDDING PROCEDURE PROVIDED FOR IN 7-5-4302 THROUGH 7-5-4304  
 25 7-5-4306, AND 7-5-4307.

1 131 IN SERVICE OF THE STATE OF MONTANA  
 2 ARE IN THE SERVICE OF THE STATE OF MONTANA  
 3 ADVANCED SPECIALIZED SERVICE  
 4 AND TRAINING AND SERVICE  
 5 AGREEMENTS AND SERVICE  
 6 ESTABLISHED AND SERVICE  
 7 MECHANICAL

8 NEW SECTION. Section 2. Effective date. This act is  
 9 effective July 1, 1983.

-End-

JULY 1, 1983  
 Effective date

Signed into law  
 by Gov. Ted Schwinden  
 Monday, April 18, 1983  
 in chapter 542

DATE 2-4-87  
 450  
 HB 193  
 SECOND PRINTING with amendments dated 3/29

REFERENCE

March 29, 1983

SENATE COMMITTEE OF THE WHOLE AMENDMENT

That House Bill No. 193 be amended as follows:

1. Page 1, line 21.  
Strike: subsection 3 in its entirety
2. Page 1, line 20.  
Following: line 20  
Insert: "provided however, contracts wherein the value of the majority of the services to be rendered constitute services other than professional, technical, engineering, and legal services must be awarded under the bidding procedure provided for in 7-5-4102 through 7-5-4304, 7-5-4306 and 7-5-4307."

*Final Amendment*

*my H.B. 193 - EFFECTIVE DATE JULY 1, 1983*

*Paul W. Pastoria*

# COMMITTEE OF THE WHOLE AMENDMENT

MR. CHAIRMAN: I MOVE TO AMEND House Bill No. 193, reference copy, as follows:

1. Page 1, line 21.

Strike: subsection 3 in its entirety

2. Page 1, line 20.

Following: line 20

Insert: "Provided however, contracts wherein the value of the majority of the services to be rendered constitute services other than professional, technical, engineering, and legal services must be awarded under the bidding procedure provided for in 7-5-4302 through 7-5-4304, 7-5-4306 and 7-5-4307."

Tues. Mar. 29, 1983

Paul  
is the bill  
as it passed  
Senate  
3-29-83  
L.A.S.

7th April 1983 in House  
2nd Reading - Passed  
86-0

Turnage

PR  
intend  
HE 351  
145

Turnage

GREAT FALLS TRIBUNE - Wednesday, September 3, 1986

# Pistoria blocks Envirotech pact

By FRED MILLER III  
Tribune Staff Writer

Rep. Paul Pistoria blasted a proposed extension of a sewer plant contract at Tuesday's City Commission meeting and succeeded in having a decision postponed until Sept. 16.

"Be sure to kill this thing tonight," Pistoria said. "It's about time to let Envirotech know that the people of Great Falls and you commissioners don't want such action."

Under the proposed contract, Envirotech Corp. would have treated Great Falls' sewage for nearly six more years.

The city's sewage treatment plant is southwest of the oil refinery next to the Missouri River. Sludge is filtered out and heated before being taken to the dump, while liquids are disinfected before being dumped into the river.

Tuesday's proposed agreement was reached after a year of negotiations. A previous agreement with Envirotech was signed in April 1982, and expires next April. City staff had said the extension would result in \$40,000 savings per year.

Pistoria claimed the extension would break several laws.

In defending the proposal, City

Manager Al Johnson said it is an effort to improve the type of contract the city has with Envirotech.

Johnson said the staff has no intention "in any way" to circumvent the law. Staff has done nothing other than represent the best interests of the city, Johnson said.

"All we're attempting to do here is present for your consideration" a proposal that is "still in concert with the law," Johnson said.

Pistoria claimed the city commission was breaking one law by approving a contract for longer than five years, and breaking another law by not letting expensive contracts for bid.

"I'm afraid that you're going to be in trouble," he warned. "If you do sign this tonight, there's going to be court action."

The contract has "been handed to them on a silver platter," Pistoria complained.

He also criticized the fact that the proposed extension was not on the preliminary city commission agenda, and was not made public prior to Tuesday morning.

"I think it's a rotten way of han-

See ENVIROTECH, 2-B

## Envirotech From 1-B

dling (it), without bidding to the public," Pistoria said. He accused the commission of trying to avoid a law he sponsored in the 1983 Legislature which stipulated that contracts worth more than \$50,000 must be let for bid.

"I hope that you people tonight do not jump the gun," he said, adding that "it's just a little trick" city staff is "trying to put across on you."

"It has to be let out for bids unless you want to do it yourself," Pistoria said.

City Commissioner Judy Deck was the first to ask if the matter could be postponed: "Don't we have time to make sure this is all legal?"

Johnson said he would not have suggested the proposal if there was any question of its legality. "As far as we're concerned, it's legal," he

said.

William Wardell, director of national sales for Envirotech, said Pistoria defeated his own purposes by reading from the bill that says services "other than professional" must be awarded in conjunction with statutory guidelines.

Johnson maintains the Envirotech services are professional.

Pistoria asked the commission to disregard Wardell's statements about the intentions of the bill Pistoria sponsored.

"You just showed them they don't know what the hell they're doing," Pistoria countered.

The commission agreed to postpone a decision until the Sept. 16 meeting.



44 JOL H.R. 450

DATE 2-4-87  
HB 450

May 14, 1986

Mr. G. Allen Johnson  
City Manager  
City of Great Falls  
City Hall  
Civic Center Building  
Park Drive & Central Avenue  
Great Falls, MT 59403

Dear Al,

Attached is the updated legal brief by our legal counsel concerning competitive bidding ala Pistoria's legislation. I believe this brief puts the issue to rest. In addition, since we're doing this renewal as an amendment to the existing contract, the whole issue is a moot point anyway.

**NOTE** Feel free to pass this document on to your City Attorney, but insure it is kept under close guard. Hopefully, the document will never be needed.

As always, I enjoyed getting together with you last week! I hope to have a full proposal back to you by June 6 for your review and finalization.

Thanks again for your continued support of EOS.

Sincerely,

*Bill*  
William S. Wardwell  
Director, National Sales  
EOS

WSW:mc

Enclosure  
cc: Ed Becker

Envirotech Operating Services  
One Waters Park Drive  
San Mateo, California 94403  
(415) 349-0291

CITY OF GREAT FALLS  
MAY 16 1986  
CITY MANAGER



FOR H.B. 450 148/ session

EXHIBIT 5

AN EXAMPLE: HERE IS A CLEAR CUT EXPLANATION WHY CERTAIN SERVICES SHOULD NOT BE CONTRACTED OUT AND THE CITIZENS SHOULD VOTE ON THIS ISSUE.

IF PRIVATE BUSINESS TAKES ON SUCH AN OPERATION TO MAKE A NET PROFIT, IT MUST GROSS AN INCOME ABOVE THE AMOUNT IT NOW COSTS FOR A MUNICIPALITY TO OPERATE. IT MUST PAY .48% FEDERAL CORPORATE INCOME TAX, .06 3/4 STATE CORPORATE INCOME TAX AND .05% OTHER TAXES ON THE GROSS INCOME.

ALSO, IF THE MUNICIPALITY IS NOW A NON-PROFIT OPERATION AND BECOMES A CONTRACTED OPERATION, IT THEN MIGHT BE QUESTIONABLE WHETHER IT WOULD HAVE TO PAY OTHER TAXES ON THE EQUIPMENT.

NOW, BY USING A \$1,000,000 OPERATION BY MUNICIPALITIES VERSUS THE SAME OPERATION BY PRIVATE BUSINESS. IT MUST EARN A GROSS NET INCOME OF \$248,447.20 ABOVE THE \$1,000,000 OPERATION IN ORDER TO EARN A NET PROFIT OF 10% AS SHOWN BELOW.

THESE ARE THE PERCENTAGE OF TAXES AS FOLLOWS:  
AVERAGE -.48% FEDERAL CORPORATE INCOME TAX  
AVERAGE -.06 3/4% STATE CORPORATE INCOME TAX  
AVERAGE -.05% OTHER TAXES (WHICH IS A LOW FIGURE)

.59 3/4%

TOTAL .59 3/4% TAXES OF GROSS INCOME TO EARN ABOVE A \$1,000,000 OR WOULD BE APPROXIMATELY AN ADDITIONAL \$248,447.20 ABOVE THE \$1,000,000 TO NET A 10% NET PROFIT AS SHOWN BELOW.

ASSUMING TAX RATES OF:

FEDERAL CORPORATE RATE .48%  
STATE CORPORATE RATE .06 3/4  
OTHER MISC. TAX RATE .05%  
.59 3/4% TOTAL

(1 - TAX) = AFTER TAX TAKE HOME

(1 - .5975 = .4025

X .4025 = \$100,000

X = .4025/\$100,000

X = \$248,447.20 - .....\$248,447.20 BEFORE TAX DEDUCTION

X .4925 INCOME AFTER TAXES

.5975 - \$148,447.21 TAX PD \$99,999.998 INCOME AFTER TAXES

+.4025 - \$ 99,999.998 INCOME AFTER TAX

1.0000 - \$248,447.20 TOTAL - THIS EXTRA AMOUNT WILL HAVE TO BE PASSED ON TO THE TAXPAYER WHO RECEIVE THE SERVICE.

THE PURPOSE OF LOCAL, COUNTY AND STATE GOVERNMENTS IS TO PROVIDE CHEAPER SERVICES THAN THE PUBLIC MAY RECEIVE OTHERWISE.

Paul G. Pistoria

REP. PAUL G. PISTORIA, DISTRICT #39

NOTE

450  
USE FOR H.B. 450  
Real this formula (IRS) helped me  
They how can EXITS do it cheaper?  
No way

EXHIBIT 5  
DATE 2-4-87  
HB 450

Elinor Collins

Representing Mont. Assoc. of County Superintendents  
of Schools

Position: Opposed

We feel this is another attempt by County Commissioners to once again consolidate and close offices through the guise of temporary closures.

The majority of people throughout the State of Montana consistently rejected curtailment of local services, consolidation and closure of offices through the Local Government Review; the last one being conducted just this past year.

Temporary closures will result in the loss of competent and trained Elected Officials, deputies, and employees hired for specialty jobs. These highly skilled people are not looking for temporary employment and will seek other full-time employment. What elected official wants to be faced with the spectre of constant rehiring and retraining?

I would like to reiterate a statement made to this committee a week ago. Elected officials are not employees of County Commissioners. They are elected by the people of the county and are not hired by the commissioners. Already they have authority over elected officials through the budget process and are now asking for further authority over them through the regulation of office hours and salary.

Through the budgeting process the County Commissioners should be able to control costs. There are unforeseen circumstances which require an emergency budget. Cuts can be made without closing offices.

Decisions for closing offices can be politically motivated. Personality conflicts can play a large part in whose offices will be closed and whose will remain open.

Finally, by law, County Commissioners are required to hold public hearing with adequate notice before closing an office. HB 531 circumvents that procedure and by a simple resolution, with no time lines for public notice, or hearing will close an office.

We urge a Do Not Pass on this bill.

VISITORS' REGISTER

LOCAL GOVERNMENT

COMMITTEE

BILL NO. HB 450

DATE February 4, 1987

SPONSOR REP. PISTORIA

| NAME ( <u>please print</u> ) | RESIDENCE     | SUPPORT | OPPOSE                              |
|------------------------------|---------------|---------|-------------------------------------|
| <u>HS HANSON</u>             | <u>HELRND</u> |         | <input checked="" type="checkbox"/> |
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IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER  
 LOCAL GOVERNMENT \_\_\_\_\_ COMMITTEE

BILL NO. HB 532

DATE February 4, 1987

SPONSOR Rep. Poulsen

| NAME <u>(please print)</u> | REPRESENTING AND RESIDENCE                          | SUPPORT | OPOSE |
|----------------------------|---|---------|-------|
| Richard J. Michelotti      | CASCADe CounTy TRAsurer<br>M+ County TRAsurer Assoc | ✓       |       |
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IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM  
PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

# STANDING COMMITTEE REPORT

February 4 19 87

Mr. Speaker: We, the committee on LOCAL GOVERNMENT

report HB 532

- do pass                       be concurred in                       as amended  
 do not pass                       be not concurred in                       statement of intent attached

Rep. Norm Wallin

Chairman

1. Title, line 5.

Following: "TREASURERS"

Insert: "MUST"

2. Page 1, line 22.

Strike: "The"

Insert: "Upon request the"

Strike: "may also"

Insert: "must"

3. Page 2, line 9.

Strike: "may"

4. Page 2, line 10.

Strike: "to"

Insert: "only on request of"

5. Page 2, line 11.

Strike: "elects to issue"

Insert: "issues"

  
FIRST

WHITE

reading copy ( \_\_\_\_\_ )  
color

# STANDING COMMITTEE REPORT

February 4,

19 87

Mr. Speaker: We, the committee on LOCAL GOVERNMENT

report SB 563

- do pass
- do not pass

- be concurred in
- be not concurred in

- as amended
- statement of intent attached

Rep. NORA WALLIN

Chairman



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VISITORS' REGISTER

LOCAL GOVERNMENT

COMMITTEE

BILL NO. HB 531

DATE February 4, 1987

SPONSOR Rep. Ellison

| NAME ( <u>please print</u> ) | RESIDENCE REPRESENTING                        | SUPPORT | OPPOSE |
|------------------------------|---|---------|--------|
| A. R. (Toni) Hagener         | Mt Assn of Counties                           | ✓       |        |
| Elinor Collins               | Mt. Assoc of County Supt                      |         | ✓      |
| Borden Morris                | MACo  | X       |        |
| Tom Hammi                    | Mt Sheriff's <sup>Assoc.</sup> + Assoc of Ct. |         | ✓      |
| Gwen Jackson                 | MT CLK & Records Assn                         |         | ✓      |
| Amelussaw                    | MACo - Meta Co                                | ✓       |        |
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IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.