

MINUTES OF THE MEETING
GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE
50TH LEGISLATIVE SESSION
HOUSE OF REPRESENTATIVES

The meeting of the General Government and Highways Subcommittee was called to order by Chairman Rehberg on January 8, 1987 at 8:00 a.m. in Room 132 of the State Capitol.

ROLL CALL: All committee members were present. Also present were Flo Smith, Budget Analyst from the Office of Budget & Program Planning (OBPP) and Clayton Schenck, Senior Fiscal Analyst and Pam Joehler, Senior Fiscal Analyst from the office of the Legislative Fiscal Analyst. (LFA).

8A:0.00

SUPPLEMENTALS

SECRETARY OF STATE

Food Security Act

Flo Smith from the OBPP presented the supplemental for \$108,117 in contracted services for systems development and conversion costs to meet Section 1324 of the Federal Food Security Act of 1985. These will be State Special Revenue Funds.

Clayton Schenck addressed the supplemental for the LFA. These federal requirements increase the reporting for the Agricultural Lien Program and were added in FY 86 and were not budgeted in FY 87.

Larry Akey, Chief Deputy, told the committee these funds have already been collected and the office is looking for the additional appropriation authority to expend the cash. The systems conversion demand for services exceeded what they had anticipated and these services are completely covered by user fees. The use of these services is entirely voluntary. The money comes from the agricultural lenders, eighty percent, and the agricultural buying community, twenty percent.

COMMISSIONER OF POLITICAL PRACTICES

Termination Pay

Flo Smith presented the supplemental for the Commissioner. For \$2,500.00 in personal services, general fund, for termination costs associated with Mrs. Krivec.

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Clayton concurred in Flo's presentation. The only concern was the vacant position that appeared to leave enough money to cover what they would need.

Dolores Colberg, Commissioner of Political Practices, addressed the committee. She said any savings generated by the vacant positions had been offset by the cuts and the budget was too lean to afford the payout required for Mrs. Krivec. Clayton said his rough figures showed an approximate balance of \$9,000.

STATE AUDITOR

Flo presented the three supplementals for the agency:

1. Postage - \$25,000 due to the increase in the volume of state warrants being mailed. This would be general fund.
2. \$20,162 appropriation authority - to expend this amount in state special fund monies for personal services of an existing position within the Audit Division due to the five percent cuts.
3. Central Payroll - \$35,000 in contracted services. This is a modification to the Payroll, Personnel and Position Control System, PPP, as a result of new federal laws that include an additional tax for medicare and additional reporting requirements.

Clayton concurred in Flo's presentation.

Terry Lazure, Administrator of Central Services Division, explained the three supplemental requests. The request for postage was revised down to \$20,000 and this amount will be needed to continue processing warrants through June 30, 1987. The second request is to fund a payroll clerk position. They cut \$20,162 from the general fund and requested a like amount from earmarked Special Revenue Fund, specifically for payroll. This fund does not revert to the general fund and can only be used for the central payroll. This represents only additional spending authority. The \$35,000 for contracted services represents additional spending authority only to make up for costs already incurred to make changes to the PPP system.

In answer to Chairman Rehberg's questions regarding other items included in the supplemental request, Terry Lazure said they were estimating a \$20,000 deficit agencywide for the communications budget and within this budget there are long distance telephone calls and equipment charges for

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telephones, etc. They estimated the largest part of the postage problem came from the warrant system. --

Tape 9A:0.00

DEPARTMENT OF JUSTICE

Flo presented the three supplemental requests for the department.

1. County Attorney Payroll - \$57,200 in personal services - general fund.
2. Forensic Science Lab - An additional \$56,520 in operating expenses for increased rental costs connected with the relocation of the lab in Missoula. This represents state special authority.
3. Law Enforcement Academy - \$10,500 in operating expenses to support the addition of an emergency vehicle operation and first responder component to their basic course and curriculum. These would be state special funds.

Clayton concurred in Flo's presentation. Bob Kuchenbrod, Administrator of Central Services Division, addressed the supplemental request for the \$57,200 in personal services for the County Attorney Payroll. He said the state is obligated to pay half the salaries of all county attorneys, both full time and part time. In FY 86, the division was short about \$70,000. The amount needed is based on whether the county attorneys are full time or part time and the method used to calculate pay increases. In the past, the pay increase was based on the population of a county. This has now been changed to a percentage of the county attorney's salary itself. This resulted in that percentage being a larger amount than anticipated in the budget, resulting in a shortfall. The state also had the obligation to pay the deputy county attorneys. In FY 87, they will be short approximately \$57,200 for the same reasons, plus some of the county attorneys' salaries were frozen. This was a benefit and saved some money. The division has been requested by PERS to come up with \$7,200 out of this program as one county attorney has now decided to join that program. This is a mandatory cost to the division. The bottom line is they need the \$57,200 to make the program work in FY 87. Bob said this has been a perennial problem for the division.

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Susan Hansen, Administrative Officer for the Dept. of Justice, addressed the committee regarding the supplemental request for the Forensic Science Lab in the amount of \$56,520 to cover increased rent and housekeeping costs resulting from the move of the facility in Missoula. These would be State Special Revenue funds, Motor Vehicle Account. (Exhibit No. 1). Ms. Hansen showed the committee photographs of the old facility. (Other exhibits include a copy of the lease, a copy of Mr. Clarence R. Hester's letter to the Attorney General, a copy of the floor plan of new facility and a copy of a letter to Lawrence Whitehead. Exhibit No. 2, 3, 4, and 5.)

There was discussion as to why this was not presented to the subcommittee in 1985.

Rep. Quilici asked Ms. Hansen if there were adequate funds in the Motor Vehicle account to fund the other agencies, as well as this supplemental request. Ms. Hansen said there were adequate funds this year.

Sen. Gage asked if there was a rent escalation clause in the new contract and Ms. Hansen said there was one included at 6½% per biennium.

Ms. Hansen explained this facility was the most economical in terms of what was suitable.

Rep. Earl Lory said he did inspect the building and supported the move.

Pam Joehler said the rent per square foot for the capitol complex area will be \$3.02 per square foot in FY 88 and \$3.15 per square foot in FY 89. Agencies not in state-owned buildings are paying \$7 to \$10 per square foot according to Ms. Hansen, the remodeling costs are built into the rent.

Sen. Keating said it appears the move was never presented for consideration to other agencies before it was done and now the committee is asked to rubber stamp an additional \$50,000 per year in rent.

Mr. Clarence Hester, Chief, Design Bureau, Architecture & Engineering Division, Department of Administration, addressed the committee and referred to his letter in which he recommended the Department of Justice find a new facility and vacate the present one.

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Rep. Quilici asked Susan Hansen if they received a reply to their letter to the Legislative Finance Committee regarding the move. She said they did not receive an answer.

Ms. Hansen said the costs involved in bringing the building up to code were exorbitant and the landlord was not interested in putting any money into the building as long range plans included tearing down that building.

Tape 10A:0.00

Bill Westfall, Administrator, of the Law Enforcement Academy, requested spending authority in the amount of \$10,500 out of the Tuition Account, state special funds. He told the committee they did an evaluation of the courses offered at the Academy and found the First Responder and the Emergency Vehicle Operations to be lacking in instruction at the basic level. The training could be instituted for an additional \$175 per student. The money was not available in the budget; therefore, they requested the agencies sending students to provide the additional tuition. Agencies responded favorably. They are, therefore, requesting authorization to use those tuition monies to support this training.

DEPARTMENT OF REVENUE

Flo Smith from the OBPP presented the two supplementals for the Department of Revenue.

1. Continuing railroad litigation - \$70,870 in operating expenses - general fund.
2. Beneficial Use Litigation - \$3,864 of operating expenses - general fund.

Gregg Groepper, Administrator of Property Assessment Division, addressed the committee. The \$70,870 represents extraordinary legal expenses arising from the railroad litigation. In 1985, the Legislature appropriated \$120,000 of continuing appropriation for the biennium to deal with these expenses. There was a settlement for the railroad in 1985, but they were involved with the airlines over the same type of protective federal legislation. In February of 1968 when the two percent budget cuts were announced, the department reached an agreement with the airlines for their tax burden through 1989 or 1991. At that time, there was approximately \$85,000 remaining of that appropriation, which

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the department reverted under the two percent cuts. Subsequently, the Legislature rejected the Governor's proposed settlement with the BN. Therefore, they are still involved in litigation and these are expenses dealing with the trial. The department will be covering their own legal fees, in-state travel, etc. (Exhibit No. 6). Mr. Groepper said the second request resulted from a bill passed by the Legislature in 1983, referred to by the department as Beneficial Use Taxation. He explained that Montana statute allows for taxation of otherwise tax exempt property that is exclusively used for benefit of corporations. The consortium that built Colstrip 3 and 4 had Bonneville Power build a portion of the power line and avoided tax on 500 kilo lines. The Legislature passed a bill in 1983 that required the Department to beneficial use tax companies using 500 kilo lines. The department has been in litigation since 1984. The first case will go to trial in January and other trial is scheduled for March. Due to lack of funds in the budget, the counties have been picking up the expense of the expert witness. Mr. Groepper said the department would like to be able to contribute toward some of the expenses since the lawsuit is really against the state. He told the committee there are \$12,000,000 in taxes at stake in the railroad case. About twenty-five percent are general fund dollars. In the Beneficial Use Tax case, the total figure in taxes is approximately \$15,000,000, and about twenty-five percent are general fund dollars if the state prevailed in entirety. He said a decision could possibly be handed down on the Beneficial Use Tax case by early summer. The railroad litigation is in Federal Court and he had no idea as to when a decision could be expected in that case. He said the amount requested for the railroad litigation should carry the department through the end of the fiscal year and would certainly be enough to get the department ready for trial in the Beneficial Use case. He told the committee monies not spent would be reverted. The division's budget had been reduced 14.8% since last year and they are trying to live within that budget this year. The department thought the case was resolved and, therefore, the \$85,000 was reverted and, through the good efforts of the Legislature, they are still going to court and have to defend the state.

Chairman Rehberg asked if the supplemental would, in fact, be giving some of the two percent cuts back. Jack Ellery, Deputy Director for Operations, said the department would be getting back the two percent. They anticipated everything was settled and there would be no further litigation. This supplemental is for an unanticipated requirement that mandates the department to come before the committee with their request.

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There was further discussion regarding the two percent cut. Mr. Groepper said the department would accept language for this supplemental and the money would be used for the sole purpose of litigation. He outlined where cuts had been made in the division and, if an additional \$85,000 had to be cut, it would be difficult for them to determine where it could be made. He said he felt the department has complied with the spirit and the intent of the reductions and, at the time, it was done in good faith as they thought they were through with the litigation. Subsequent events have resulted in a situation over which the department has no control.

Sen. Gage said, in fairness to the department, the Legislature put themselves in this spot during the Special Session.

Greg Groepper said that a previous railroad case had been settled, in his judgment, because adequate funds were available to the department to defend the case and they were, therefore, in a much better bargaining position. Without funds available in this case, the department will have to settle it.

Mr. Groepper said if the railroad is inclined to settle, the state would stand a better chance for a favorable settlement if they have the resources behind them to prepare an adequate defense.

Mr. Groepper informed the committee that a situation had just developed wherein two appraisal clerks filed a classification appeal last October or November. The Dept. of Administration had just notified the Dept. of Revenue that these two clerks were underclassified in their jobs by two grades. The division is now trying to work through the financial ramifications on a person-by-person basis. If this goes into something bigger, it could result in approximately \$140,000 in personal services this year. This has not yet occurred and this was just information for the committee at this point.

Tape 11A:0.00

DEPARTMENT OF ADMINISTRATION

Flo Smith from the OBPP presented the two supplementals for the department.

1. Reappraisals - \$402,541 is requested by the State Tax Appeal Board for personal services and operating expenses. There has been an increased workload due to the property reappraisal completed by

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the Department of Revenue. The Board's FY 87 appropriation was expended by Nov. 30, 1986, and until the Legislature could approve a supplemental, the program transfers were done within the department, moving spending authority to this board and the department is now in a situation where they need to have their appropriation returned to the supporting programs so they can continue operations through May and June of 1987.

2. Manual Disparity - \$33,750 of personal services and operating expenses regarding the court ruling - general fund. This issue arose from the Department of Revenue's reappraisal for 1978 and there are approximately 2,000 pending appeals - general fund.

Ellen Feaver, Director of the Department of Administration, addressed the committee regarding the increased workload. She said most of the costs involved in this supplemental request are county board costs and not state operating expenses. She explained the structure of the State Tax Appeal Board and the County Tax Appeal Boards. The hearings are held at local levels with the state picking up the costs. These costs were underestimated.

Ms. Feaver explained the interest the Department of Administration has in this supplemental. Internal transfers were made. She assessed every general fund appropriation nine percent of their total budget for the year. The consequences of the supplemental not being approved are great.

Mr. Bob Raundal, Chairman of the State Tax Appeal Board, emphasized most of the supplemental is for the County Tax Appeal Board. He said the expenditures have far exceeded those anticipated when the budget was presented two years ago and, with the passage of Senate Bill 19 in the Special Session, the money shortage was greatly increased.

Mr. Raundal reviewed the structure of the State Tax Appeal Board for those new members of the committee. The Board is attached to the Department of Administration for administrative purposes only. There are 56 individual county tax appeal boards that operate independently. He stressed that the state does not supervise these boards, they only advise.

Mr. Raundal referred to Exhibits No. 7 and No. 8. The \$378,900 represents expenses of the County Tax Appeal Boards. The state's costs total \$12,521, plus \$11,120

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for Mr. Raundal's retirement. The total of these costs is \$402,541. Mr. Raundal said the supplemental is not out of line and he does not see any area that can be cut. He explained that the cost per day per county varies as some counties hold more hearings per day and some expenses included are clerical. He emphasized that the state has no control over this. The state makes suggestions, but that is as far as they can go.

Sen. Keating requested information on the appeals as to who the claimants are, what kind of appeals are heard and the results of those appeals.

Mr. Raundal said because of Senate Bill 19, the time to appeal was extended. Some counties are still in review on protests and the appeals will happen after this is completed.

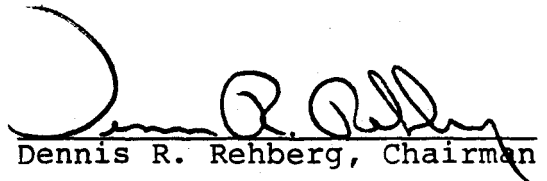
Mr. Raundal said there are 2,300 appeals to the State Tax Appeal Board at present.

Rep. Quilici requested information regarding the number of appeals the state has concurred in and the number overturned.

Mr. Raundal told the committee that the thirty-four percent issue has not yet been settled.

The State Tax Appeal Board has asked the Revenue Oversight Committee to introduce a bill to give hearings officers the authority to hire hearings officers. The Board cannot complete this work. They anticipate there will be 3,000 appeals filed with the Board before the end of the year. The regular budget has been overspent and this supplemental will get them through until the end of July.

ADJOURNMENT: The meeting was adjourned at 10:20 a.m.


Dennis R. Rehberg, Chairman

DAILY ROLL CALL

GENERAL GOVERNMENT & HIGHWAYS

SUBCOMMITTEE

DATE January 8, 1987

[illegible]

*Dept of Justice
Providence Building*

1-8-87

STATEMENT BY SUSAN M. HANSEN
ADMINISTRATIVE OFFICER
OFFICE OF THE ATTORNEY GENERAL
JANUARY 8, 1987

The Department of Justice is requesting a supplemental appropriation of \$56,520 to cover increased rent and housekeeping costs for the Division of Forensic Science resulting from the move of the facility from 275 West Front Street, Missoula, to the Providence Building at 554 West Broadway, Missoula. The funds would be appropriated from the State Special Revenue Fund, Motor Vehicle Recording Account. I will give a brief explanation of the factors which necessitated the move and a description of the financial commitment for the leased space in the Providence Building.

At the Attorney General's request, the Architecture and Engineering Division of the Department of Administration conducted a structural inspection in May 1985 of the facilities the Department of Justice leased at 275 West Front, Missoula, to house the Division of Forensic Science. In a report issued on August 5, 1985 (a copy of which is submitted for the record), Clarence Hester, Acting State Architect and Chief of the Design Bureau, found that the structure had "serious building code, fire, and life safety deficiencies and that the structure could fail in the event of a severe windstorm or moderate earthquake." He advised that the Department find new facilities and vacate the buildings on Front Street.

The Department of Justice conducted an extensive search and evaluation of facilities in Missoula to find an acceptable site to house the Division of Forensic Science. We reached an agreement with the Sisters of Charity of Providence to lease 7,071 square feet of space on the sixth floor of the Providence Building (the old St. Patrick Hospital). The lease requires the Department of Justice to pay \$84,866 per year, which is a cost of \$11.83 per square foot. The lease includes all utilities. The term of the lease is from April 1, 1986, through June 30, 1995. Copies of the lease and floor plan are submitted for the record.

The facility at 275 West Front is actually two buildings which were under lease to the Department. The leases

were scheduled to terminate on September 15, 1985. The Department extended the leases until April 15, 1986, because the new facility could not be ready for occupancy until at least April 1, 1986. Under those leases the Division of Forensic Science would have paid \$31,346 in rent for 4,343 square feet of space (\$7.18 per square foot).

The Front Street facility was not only unsafe, it was also inadequate as evidenced by the following examples. During the winter months the temperature in the rear section of the building often hovered at 50°F and that was with operating portable space heaters to raise the temperature. Because the delicate equipment used by the scientists cannot be operated at such low temperatures and because the scientists could not perform their duties under such adverse conditions we were forced to move the chemistry section into some space in the Chemistry Building on the University of Montana campus in January 1986 until the new facility was ready for occupancy. Also, the Division is required to store large amounts of evidence which is sent in by local law enforcement agencies for analysis. The lack of space in the Front Street facility severely inhibited the Laboratory's ability to perform analyses and store the evidence.

The supplemental request was arrived at as follows:

Actual Rent for FY87	\$84,866
Appropriated Rent for FY87	<u>-31,346</u>
	\$53,520
Increased housekeeping	<u>+ 3,000</u>
	\$56,520

There were many other expenses related to the move which the Division absorbed, including moving expenses and installation of telephones.

DEPARTMENT OF ADMINISTRATION

ARCHITECTURE & ENGINEERING DIVISION

TED SCHWINDEN, GOVERNOR

STATE OF MONTANA

(406) 444 3104

HELENA, MONTANA 59620

August 5, 1985

The Honorable Mike Greely
Attorney General
State of Montana
Justice Center
215 North Sanders
Helena, Montana 59620

RE: Building Condition of
Leased Property
275 West Front Street
Missoula, Montana

Dear Attorney General Greely:

On May 29, 1985, I performed a structural inspection of your forensic facility in Missoula, Montana. This report will confirm my findings during the inspection.

1. Settlement of the First Addition to the Original Building:
The two story addition has had considerable settlement, most of which occurred before the forensic facility occupied the building. The latter fact is acknowledged by the routing of the forensic facility's various gas pipelines through openings created by the initial settlement. This settlement has caused horizontal and vertical cracks to develop in the two exterior, concrete masonry unit, end walls (Photo #1). The settlement has also caused the horizontal steel reinforcement bars that tie the addition to the original building to pull or break out of the original foundation wall (Photo #2). The settlement appears to have been caused by the building footings being constructed at grade level rather than below the frostline and by the footings being placed on unconsolidated fill.
2. Rear Wall Movement:
The building settlement has caused the addition to tilt outward from the original building. The roof deck over the addition appears to be well attached to the original building. The combination of these two circumstances is causing the addition's building



EXHIBIT 2
DATE 1-8-87
*Dept of Public
General Services*
300 EAST SIXTH AVENUE
Lab

structure to move outward from under the roof of the addition and has bowed the top of the rear exterior wall inward. The bowing of the rear wall has loosened the top three rows of concrete masonry units in the wall and have caused at least two masonry units to fall out of the wall (Photo #3). The dark colored masonry joints in Photo #3 are caused by the broken joints being caulked to keep moisture from penetrating the wall. The top of the wall is no longer mechanically attached to the roof deck. The rear wall is not capable of resisting lateral loadings as would be imposed by moderate earthquakes or severe winds.

3. First Floor Supports:

The first floor of the addition consists of precast concrete floor panels supported by the concrete foundation walls. The settlement and tilting of the addition has pulled the interior edge of the floor slab off its foundation wall support. Temporary steel support columns have been placed under the flanges of the precast concrete floor slab panels to support the floor. The floor slab is no longer attached to the foundation wall (Photo #4). The support columns are not mechanically attached to the floor slab and not supported by proper footings at the column bases. The whole arrangement is basically held together by dead weight and friction and would not resist the lateral forces generated by a local earthquake of moderate magnitude. Photo #5 indicates a substantial separation that has occurred between the foundation wall of the addition. The separation has been patched with cement mortar. Also of interest is that the electrical conduit installed for the forensic facility was run through the separation between the floor slab and the foundation wall.

4. Garage Door Lintel at Rear Basement Wall:

Photo #6 indicates a shear crack that was developing at the left end of the concrete door lintel. This condition was corrected by a steel angle lintel bolted to the top of the wall to reinforce the concrete lintel. However Photo #7 shows an open joint in the steel angle lintel at the point where the concrete lintel would be expected to develop shear cracking and subsequent failure at the right side of the lintel.

5. Fire and Life Safety Deficiencies:

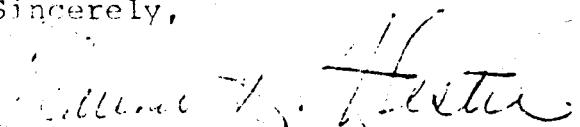
Photos #8 and #9 indicate storage of flammable gases on both sides of the exit way from the basement area. The only other exit from the basement is to the floor above. Photo #10 indicates a single step down in the exit corridor and an unrated folding door between the exit corridor and the adjacent room, both of which are fire and life safety code violations.

6. Cooler Addition:

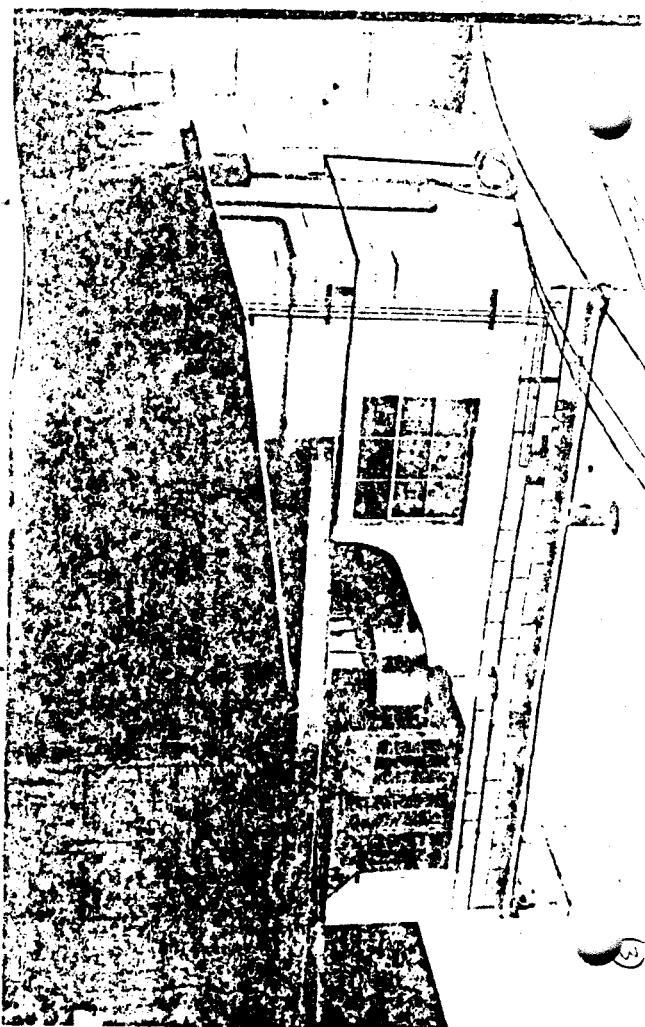
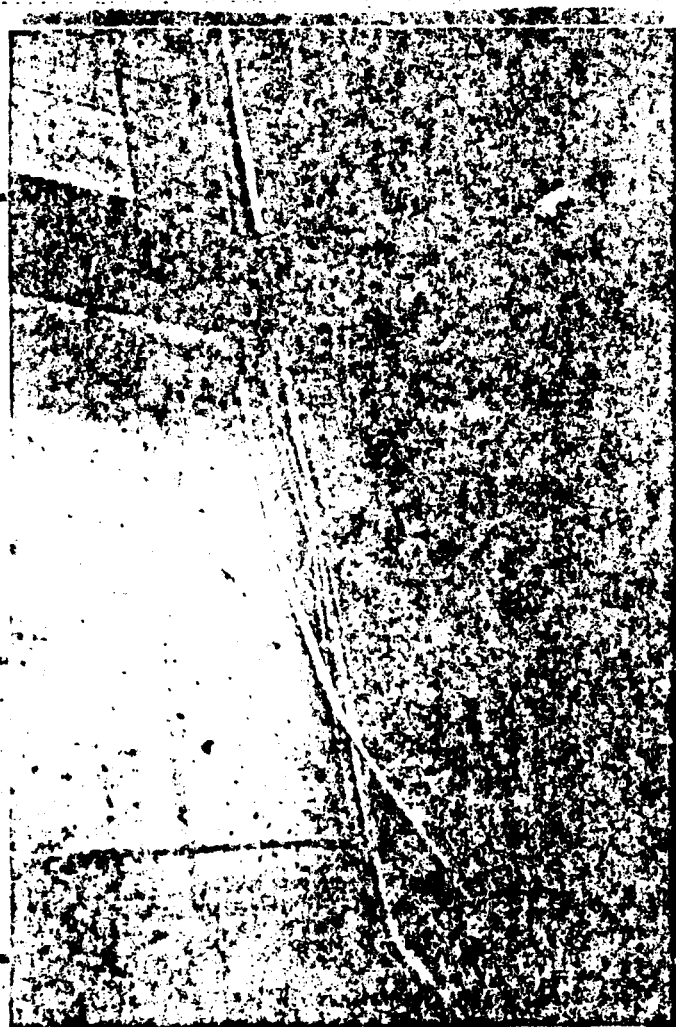
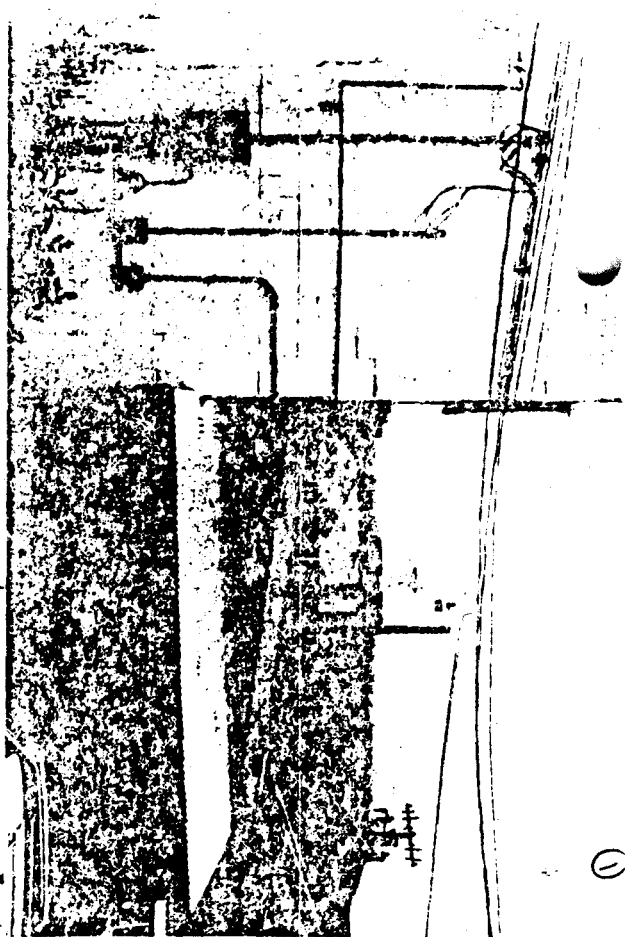
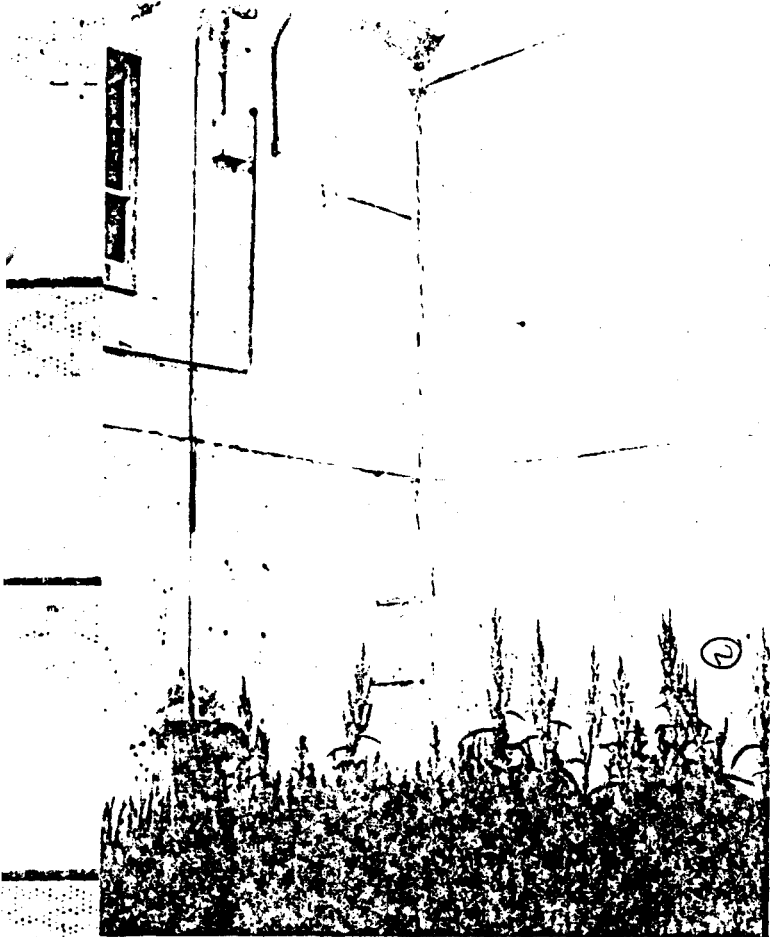
Photo #11 was taken at a point where the cooler addition meets the original addition. This picture illustrates that there has been no significant settlement since the cooler addition was added and that the cooler addition is not responsible for the settlement that occurred in the original building addition.

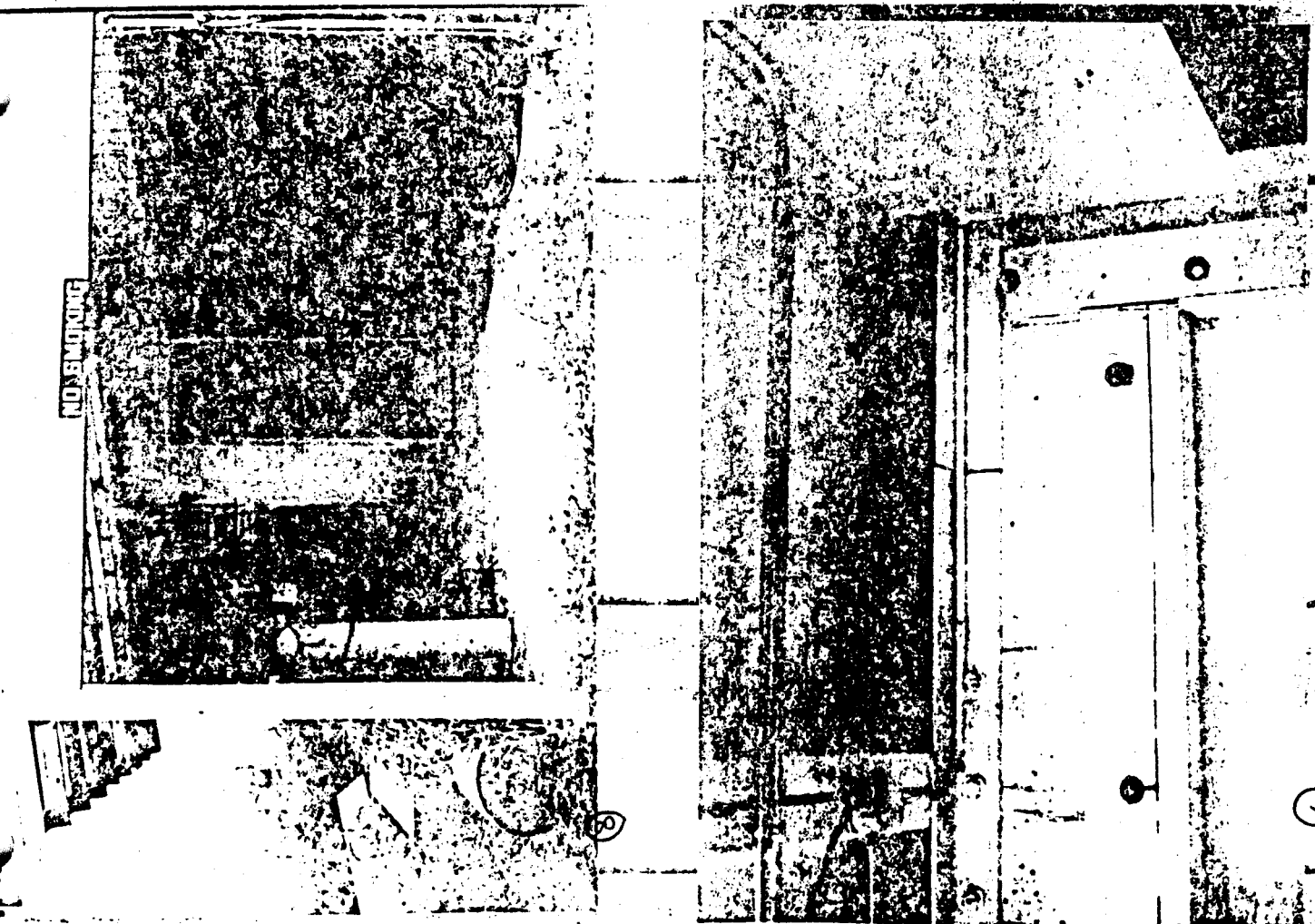
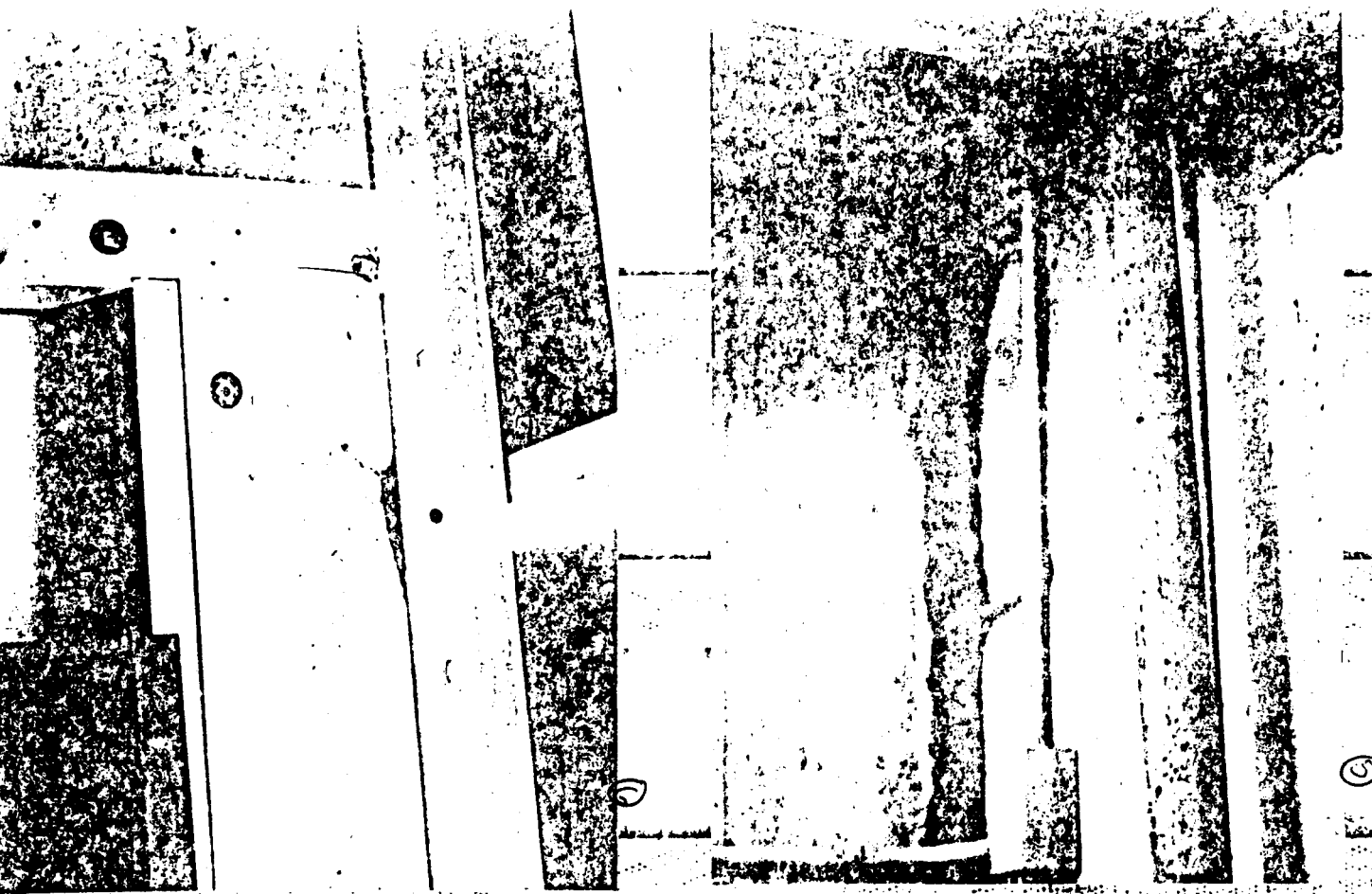
My findings are that the presently occupied structure has serious building code, fire and life safety deficiencies and that the structure could fail in the event of a severe windstorm or a moderate earthquake. The facility has evidenced movement during recent earthquakes such as the one that occurred in Challis, Idaho. My recommendation is that the Department of Justice find new facilities in Missoula and vacate the present facility and the end of the lease this coming fall.

Sincerely,


CLARENCE R. HESTER, Chief
Design Bureau

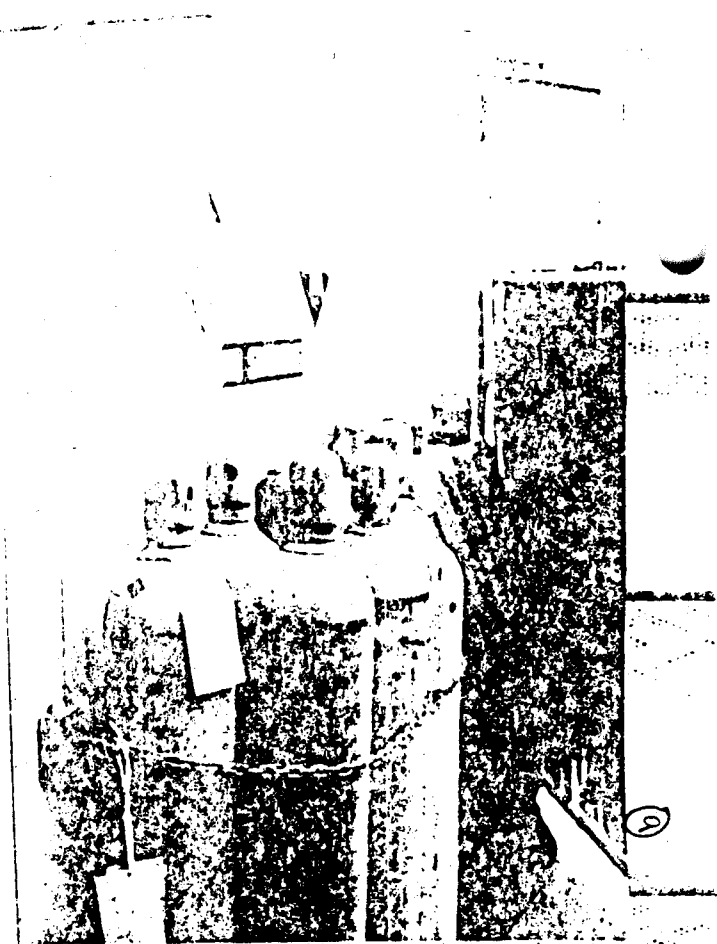
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Enclosure







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EXHIBIT

3

DATE

1-8-87

Dept of Justice
Finance Section
Lab

LEASE

This lease is entered into between Sisters of Charity of Providence, a Montana corporation d/b/a Saint Patrick Hospital (hereinafter LESSOR) and the Montana Department of Justice (hereinafter LESSEE).

For and in consideration of the rents and covenants described herein to be paid and performed by the LESSEE, the LESSOR lets to LESSEE the following described real property situated in the City and County of Missoula, Montana:

Seven thousand one hundred and seventy-one (7,171) square feet of office and laboratory space located on the sixth floor of Saint Patrick Hospital Providence Building. LESSOR will provide space for morgue, X-ray area, and cooler room at no additional cost to LESSEE. LESSOR and LESSEE will have access to and use of morgue, X-ray area and cooler room.

OPTIONAL SPACE. An additional six thousand (6,000) square feet of space on the same floor and adjacent to the above-described space will be made available to LESSEE under paragraph 15 below.

The attached floor plan drawing of the sixth floor of said building entitled "Attachment A" is made a part of this description by reference.

LESSEE leases and LESSOR lets the above-described premises upon terms and conditions as follows:

1. TERM. The term of this lease is beginning April 1, 1986, and ending June 30, 1995.

2. RENTAL. LESSEE agrees to pay as rent for the above-described premises the sum of ~~\$86,166.60~~ ^{84,865.88} per year (~~\$7,180.55~~ ^{7,072.16} per month) to be paid in advance and due by the fifth day of each month during the term of this lease. As further consideration for granting this lease, LESSEE hereby agrees that occupancy of said premises shall be limited and restricted to use as offices and laboratories of the Division of Forensic Science, including Office of State Medical Examiner and Laboratory of Criminalistics or successor agency.

\$ 11.93 per
Sq. Ft.

Since LESSEE intends to request appropriation of funds for payment of rent hereunder, if funds are not appropriated for payment of all or part of rent for any future biennium, the LESSEE will not be obligated to pay the unappropriated remainder of the total rent hereunder beyond the end of the then current biennium. Such event shall not constitute an event of default. LESSEE agrees to notify LESSOR in writing of such nonappropriation at the earliest possible time. Additionally, following June 30, 1987, LESSOR may increase the annual rent not to exceed 6.5% over the preceding biennium. This may be done at the beginning of each biennium.

3. TAXES. LESSOR will pay all taxes and assessments upon the real property herein and LESSEE will pay all personal property taxes levied upon its own personal property.

4. UTILITIES. LESSOR will furnish reasonable heat, water, electricity, and elevator service at LESSOR'S expense.

5. INSURANCE. It is understood that LESSOR will provide its own fire and all risk insurance on the building leased and LESSEE will secure whatever fire and all risk insurance it desires on its own personal property.

LESSEE agrees to protect LESSOR and save it harmless from any and all liability for damage to the person or property of any occupant of the premises or any other person visiting the premises during the term of this lease, which may be occasioned by negligence of the LESSEE, its agents or employees, arising out of the use and occupancy of the premises.

LESSEE will maintain public liability insurance or self-insurance within the limits of liability contained in section 2-9-107, MCA, covering bodily injury and property damage. LESSOR shall be provided a certificate of insurance or self-insurance by the appropriate insurer or by the Montana Department of Administration.

6. REPAIRS. LESSEE will be responsible for the interior walls, partitions, ceilings and floors of the

premises leased herein. The LESSOR will be responsible for the exterior walls, windows and roof, but the LESSEE will keep all portions of the demised premises in its possession in good and substantial repair and condition, provided that any damage done to said premises by the negligence, carelessness, misconduct or fault of the LESSEE, its agents, licensees, or invitees shall be repaired by the LESSEE at its expense.

7. CASUALTY LOSS AND REBUILDING. In the event of damage by fire or other action of the elements to the building leased, without the fault of LESSEE or its agents, if the damage is so extensive as to amount to destruction of the leased premises rendering them substantially unusable for the LESSEE'S purposes the lease will terminate and the rent will be apportioned to the time of the damage.

In all other cases where the leased premises are damaged without the fault of the LESSEE or its agents, the LESSOR shall repair the damage with reasonable dispatch after notice of damage, and if the damage has rendered the premises untenable in whole or in part, there shall be an apportionment of the rent until the damage has been repaired.

8. ASSIGNMENT. LESSEE agrees not to sublet or assign its interest in this leasehold or any part thereof during the term of this lease without first obtaining the written consent of the LESSOR.

9. DEFAULT. If the LESSEE fails to pay any monthly installment when due or fails to fulfill any of the covenants herein contained, the LESSOR may after 30-days written notice to LESSEE, particularly specifying the default or defaults, re-enter and take full possession of the leased premises.

In the event of default of any obligation hereunder by LESSOR the LESSEE may elect on 30-days notice to LESSOR to terminate the lease or to itself perform the obligation of LESSOR and deduct the cost of performance from the rent payment next due to be paid.

IF LESSEE or LESSOR, as the case may be, corrects such defaults within said 30-day notice period, then this lease will be fully reinstated.

10. TERMINATION. Upon termination LESSEE shall quietly yield and surrender possession of the premises to the LESSOR in as good condition and repair as when received, reasonable wear and tear and damage by the elements excepted. The LESSEE shall have the right upon termination of this lease to remove his equipment and personal property where its removal will not cause material damage to the leased premises.

11. OPTION TO RENEW. LESSEE has the right and option to renew this lease for two additional periods of two years at a rental increase not to exceed 6.5% over the preceding two-year period. LESSEE may exercise this option by written notice to the LESSOR sixty (60) days

prior to the termination of this lease or a subsequent renewal term of this lease under this paragraph.

12. PARKING AREA. LESSOR hereby reserves to LESSEE the use of two (2) off-street parking spaces on the premises for use by individuals making deliveries to the state medical examiner.

13. AUTHORITY/LIABILITY OF STATE OFFICERS. The individuals executing this lease on behalf of the State of Montana make no representation as to any authority to bind the State for any obligation except as provided by law. The undersigned state officers shall in no way be personally liable in the event of default under this lease.

14. BUILDING ACCESS. LESSOR agrees to provide and LESSEE agrees to use a building entrance and the adjacent elevator on the north side of the Providence Building for the purpose of delivery or receiving.

15. OPTIONAL SPACE. LESSOR agrees to make available to LESSEE until March 15, 1988, up to an additional six thousand (6,000) square feet of space. A reasonable cost per square foot will be negotiated when option is exercised. Such additional space will be located on the same floor and is described as option space in the above description of the lease premises. LESSEE may exercise this option by 30-days written notice to LESSOR.

16. REMODELING. LESSEE will not make any alterations or additions on said premises without the written consent of the LESSOR and then only at the sole cost and expense of the LESSEE, and any such additions or alterations shall become the property of LESSOR at the termination of this lease and shall remain as part of said premises; it being agreed, however that the LESSEE may install such equipment as is necessary or desirable to operate LESSEE'S practice, and that at the end of the term of this lease such trade fixtures may be removed by LESSEE if removal may be made without material injury to the leased premises.

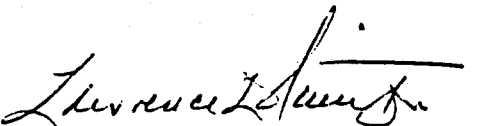
Furthermore, LESSEE will not place any signs or lights upon said premises or the door and windows thereof, except in conformity with the designed form and size adopted and/or approved by the LESSOR for said building. Entries, passageways, corridors, stairs and elevators shall not be obstructed by LESSEE, LESSEE'S agents or employees, or used by LESSEE for any purpose other than ingress and egress to and from the premises.

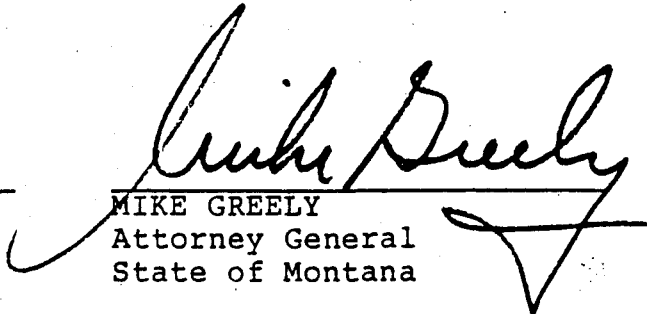
17. BUILDING RULES AND REGULATIONS. LESSEE will conform with all reasonable rules and regulations governing said building, which may be made by LESSOR from time to time, and will use all reasonable methods to induce employees and all other persons invited by LESSEE into said building to observe the same.

LESSEE will permit LESSOR, its employees and agents, to enter said premises at all reasonable times to inspect the same or to maintain the building in which said premises are located or to make any necessary repairs, alterations or additions, provided LESSEE may require reasonable security precautions including proper escort.


Additionally, in consideration of other Saint Patrick Hospital tenants, visitors, patients and staff, transportation of bodies shall be done in an inconspicuous manner. This may necessitate the use of equipment which disguises nature of transport.

IN WITNESS WHEREOF, the parties to this agreement have subscribed the same this 23rd day of January, 1986.


LAWRENCE L. WHITE, JR.
President
St. Patrick Hospital


MIKE GREELY
Attorney General
State of Montana

APPROVED AS TO FORM:


PATRICK M. DRISCOLL
Chief Assistant Attorney
General

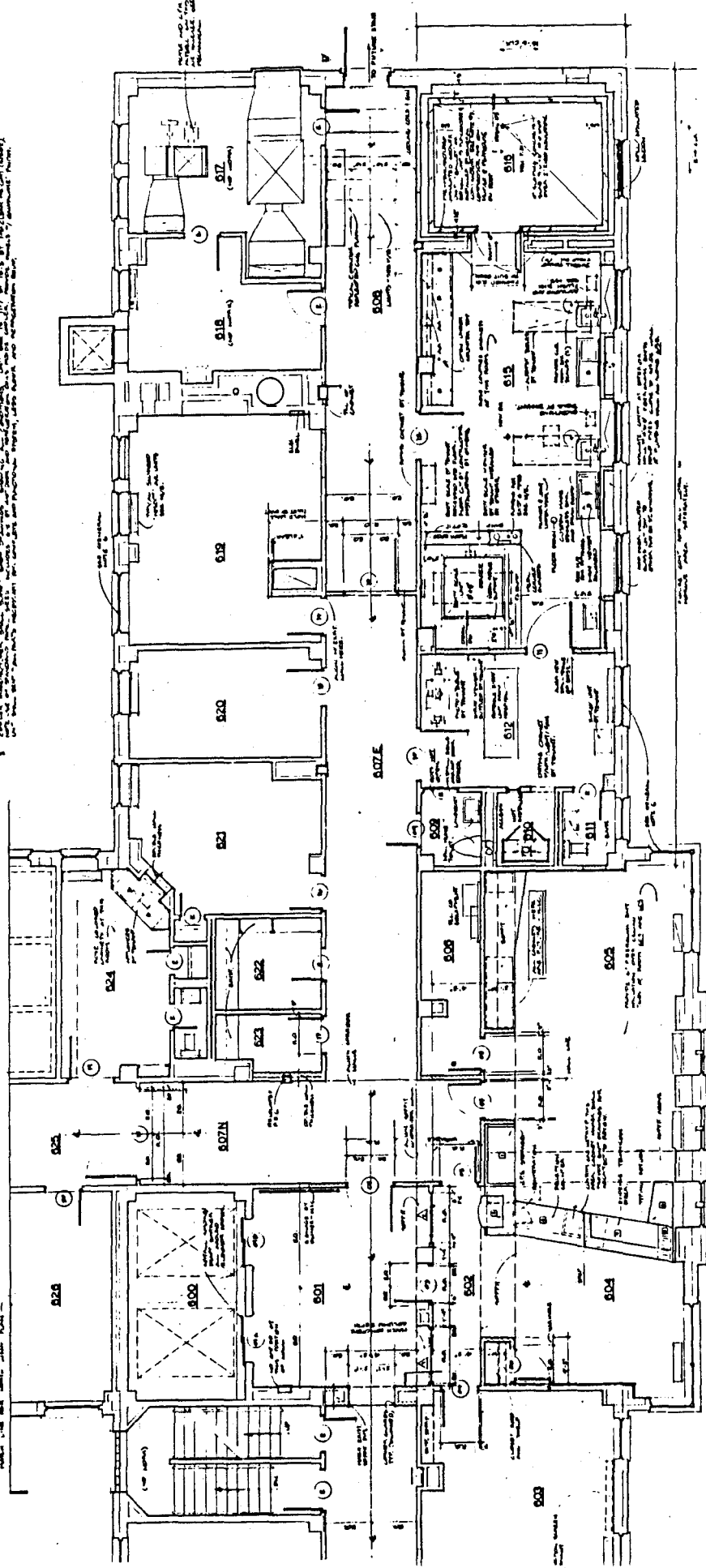
SCHEDULE OF WORK BY ROOMS

1. REPAIR AND MAINTENANCE OF EXISTING INTERIOR FINISHES, INCLUDING BUT NOT LIMITED TO: PAINT, WALLPAPER, CEILING, FLOORING, AND PARTITION WALLS.
2. REPAIR AND MAINTENANCE OF EXISTING MECHANICAL SYSTEMS, INCLUDING BUT NOT LIMITED TO: HEATING, VENTILATION, AND AIR CONDITIONING.
3. REPAIR AND MAINTENANCE OF EXISTING ELECTRICAL SYSTEMS, INCLUDING BUT NOT LIMITED TO: WIRING, PANELS, AND LIGHT FIXTURES.
4. REPAIR AND MAINTENANCE OF EXISTING PLUMBING SYSTEMS, INCLUDING BUT NOT LIMITED TO: TOILETS, SINKS, AND TUBS.

GENERAL NOTES

1. ALL WORK SHALL BE DONE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE BUILDING CODES AND STANDARDS.
2. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE APPROPRIATE AGENCIES.
3. THE CONTRACTOR SHALL MAINTAIN ACCESS TO ALL ADJACENT AREAS AND SHALL PROTECT EXISTING UTILITIES AND STRUCTURES.
4. THE CONTRACTOR SHALL BE RESPONSIBLE FOR THE PROTECTION AND MAINTENANCE OF ALL EXISTING MECHANICAL AND ELECTRICAL SYSTEMS.
5. THE CONTRACTOR SHALL BE RESPONSIBLE FOR THE PROTECTION AND MAINTENANCE OF ALL EXISTING PLUMBING AND SANITARY SYSTEMS.
6. THE CONTRACTOR SHALL BE RESPONSIBLE FOR THE PROTECTION AND MAINTENANCE OF ALL EXISTING STRUCTURAL ELEMENTS.
7. THE CONTRACTOR SHALL BE RESPONSIBLE FOR THE PROTECTION AND MAINTENANCE OF ALL EXISTING INTERIOR FINISHES.
8. THE CONTRACTOR SHALL BE RESPONSIBLE FOR THE PROTECTION AND MAINTENANCE OF ALL EXISTING EXTERIOR FINISHES.
9. THE CONTRACTOR SHALL BE RESPONSIBLE FOR THE PROTECTION AND MAINTENANCE OF ALL EXISTING LANDSCAPE ELEMENTS.
10. THE CONTRACTOR SHALL BE RESPONSIBLE FOR THE PROTECTION AND MAINTENANCE OF ALL EXISTING UTILITIES.

SHEET 1
OF 2



MODIFIED FLOOR PLAN
WING

Reduced Scale: 1" = 10'8"

1/4" = 1'-0"

OWNER:
CONSTRUCTION CO
X 2005
JUNT AVE
J.A. MONTANA 59808
48-0782

TENANT:
STATE OF MONTANA
DEPARTMENT OF JUSTICE
DIVISION OF FORENSIC SCIENCES

FORENSIC SCIENCES REMODELING
BUILDING
6TH FLOOR PROVIDENCE
NORTH AND EAST WING

ARCHITECT:
ROBINSON & O'NEILL
ARCHITECTS
271 NORTH HIGGINS AVE
MISSOULA, MONTANA 59802
(406) 728-3013

DATE:
REVISIONS:
SHEET NO 4



1-3-87 4

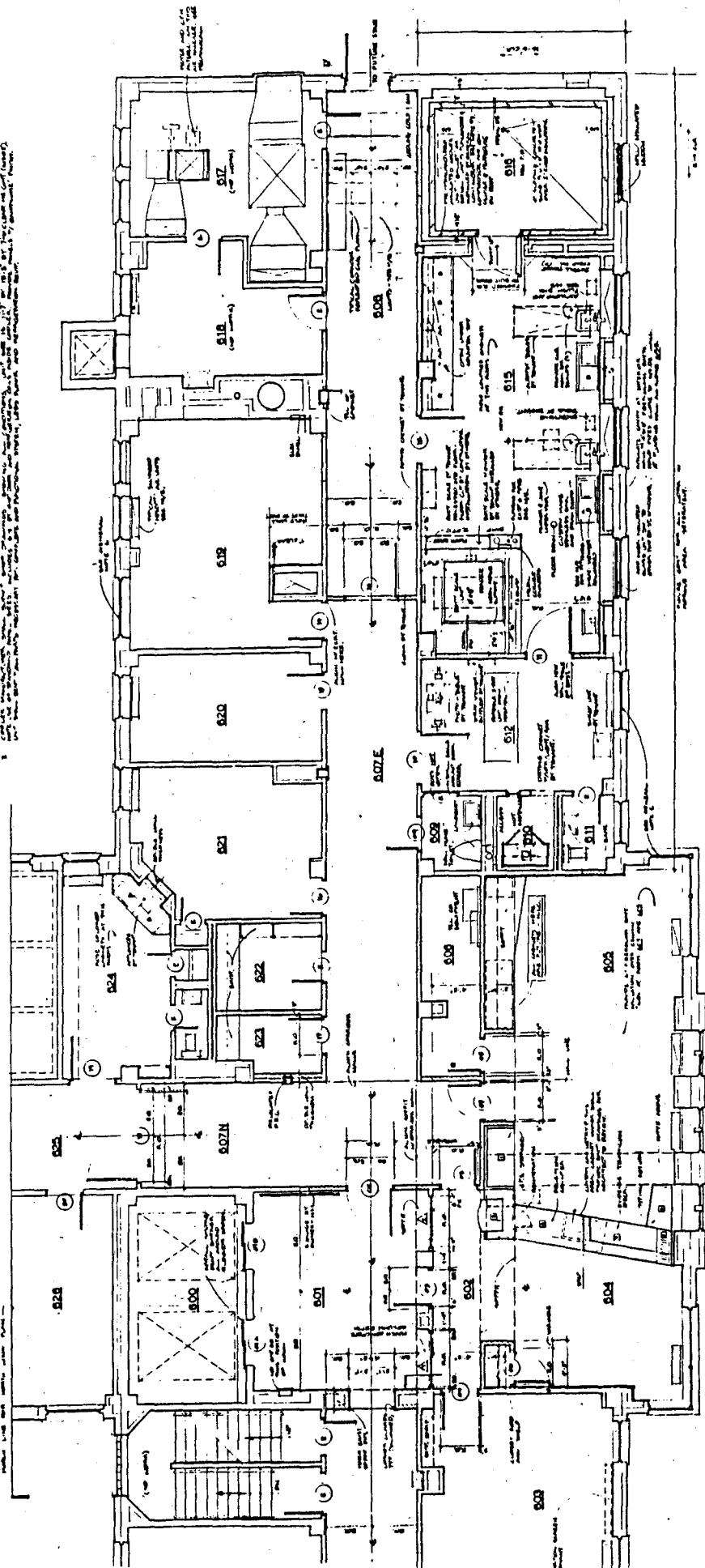
SHEET OF 2
1 E

GENERAL NOTES

1. SEE ARCHITECT'S GENERAL NOTES FOR NOTES RELATIVE TO THE PROJECT AND THE BUILDING.
2. THE ARCHITECT'S GENERAL NOTES ARE THE BASIS FOR THE DESIGN AND CONSTRUCTION OF THE PROJECT.
3. THE ARCHITECT'S GENERAL NOTES ARE THE BASIS FOR THE DESIGN AND CONSTRUCTION OF THE PROJECT.
4. THE ARCHITECT'S GENERAL NOTES ARE THE BASIS FOR THE DESIGN AND CONSTRUCTION OF THE PROJECT.
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SCHEMATIC OF WORK BY OTHERS

1. THE ARCHITECT'S GENERAL NOTES ARE THE BASIS FOR THE DESIGN AND CONSTRUCTION OF THE PROJECT.
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10. THE ARCHITECT'S GENERAL NOTES ARE THE BASIS FOR THE DESIGN AND CONSTRUCTION OF THE PROJECT.



MODIFIED FLOOR PLAN
1 WING
Reduced Scale: 1" = 10'8"
1/4" = 1'-0"

OWNER: ST PATRICK HOSPITAL SOUTH OF PROVIDENCE 100 WEST BROAD PROVIDENCE, RHODE ISLAND 02903	DESIGNER: STATE OF MONTANA DEPARTMENT OF JUSTICE 100 WEST BROAD BUTTE, MONTANA 59701	ARCHITECT: ROBINSON & O'NEILL ARCHITECTS 211 NORTH HIGGINS AVE BOULDER, COLORADO 80501	DATE: JAN 21, 1987	REVISIONS: 1. 1/21/87 2. 1/21/87 3. 1/21/87 4. 1/21/87 5. 1/21/87 6. 1/21/87 7. 1/21/87 8. 1/21/87 9. 1/21/87 10. 1/21/87	SHEET TITLE: FLOOR PLAN
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STATE
OF
MONTANA
**ATTORNEY GENERAL
MIKE GREELY**

JUSTICE BUILDING, 215 N. SANDERS, HELENA, MONTANA 59820
TELEPHONE (406) 444-2026

5
1-8-87
Dept. of Justice
Jan 8 1987
Greely

14 January 1986

Lawrence L. White, President
Sisters of Charity of Providence
500 West Broadway
Missoula MT 59801

Dear Mr. White:

The Department of Justice is entering a lease with the Sisters of Charity of Providence to rent 7,071 square feet of space on the sixth floor of the Providence Building to house the Division of Forensic Science.

The lease signed on January 15, 1986, calls for the Department of Justice to pay \$86,166.60 per year. This figure amortizes remodeling costs of \$296,976 over a period of 111 months. The Department of Justice is committed to providing an additional \$19,000 in remodeling costs. This \$19,000 is to be provided by Missoula County for its share of improvements to the morgue area. Should Missoula County fail to contribute the \$19,000 the Department of Justice will cover those costs and the lease rate will be increased to reflect this change.

I also understand that the lease rate will be decreased if actual costs for improvements are less than the estimated remodeling costs.

The Department of Justice looks forward to occupying a vastly improved laboratory and morgue area.

Very truly yours,


MIKE GREELY
Attorney General

MONTHLY	LEASE	PAYMENTS	
TOTAL	AMOUNT	CR/FT/CT	CR/FT/CT

INTEREST	10.5	35
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NO. RATE	0.00075
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MONTHS	111
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NO. PAYMT.	\$4192.63	0.000000
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CR/FT/CT	0.0047
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NO. PAYMT.	7.00	\$19.00/CR/FT/CT.
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TOTAL	\$11.413	\$0.0000.55 /year
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TOTAL NO.	\$0.0000.55
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NO. PAYMT.	\$0.0000.55
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TOTAL	\$7100.53
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6
1-8-87

ANTICIPATED FY'87 LITIGATION COSTS

BURLINGTON NORTHERN

Expert Witnesses:

1. Dr. A.R. Manson rate - \$75.00 hour

Expenses to Date (\$ 7,394)

Preparation of sales assessment ratio study

Anticipated Expenses

\$11,350

- (a) Hearing on preliminary injunction
3 days including travel/24 hours \$ 2,400
- (b) Further trial preparation
50 hours \$ 3,750
- (c) Trial 4 days, 32 hours \$ 2,400
- (d) 2 days travel/16 hours \$ 2,200
- (e) Deposition 1 day/8hours \$ 600

2. Expert Witnesses:

- M. Goodwin rate - \$90.00/hour
J. Ifflander

Anticipated Expenses

\$17,800

- (a) M. Goodwin
Hearing on preliminary injunction
2 days trial/16 hours \$2,090
1 day hearing/8 hours 720
- (b) Further research and appraisal
100 hours \$9,000
- (c) Trial 4 days/32 hours \$2,880
2 days travel/16 hours \$2,390
- (d) Deposition/8 hours \$ 720

3. Expert Witness:

- Dr. Sandra L. Blackstone rate - \$120.00 per hour

Anticipated Expenses

\$13,270

- (a) Research and trial preparation
40 hour \$4,800

- (b) Travel to Helena for trial
2 days/16 hours \$2,870
Trial 4 days/32 hours \$3,840
- (c) Deposition 1 day/8 hours \$ 960
- (d) Travel of Department of Revenue \$ 800
to Denver, CO
Deposition - 2 people

4. 1 other valuation expert - rate \$100.00 per hour

Anticipated Expenses

\$17,550

- (a) Research and appraisal 100 hours \$10,000
- (b) Deposition 1 day/8 hours \$ 800
- (c) Travel to Helena trial
2 days/16 hours \$ 2,500
- (d) Trial 4 days/32 hours \$ 3,200
- (e) Travel of DOR people
- Deposition \$ 1,000

5. Dr. Walter Hellerstein
Railroad expert

- (a) DOR people to deposition - Atlanta, GA
2 people 2 day travel \$ 1,500

6. Dr. Dick Netzer
Railroad expert

- (a) 2 people DOR Deposition
- NYC Deposition \$ 2,000

7. Dr. A. Schoenwald
Railroad expert

- (a) DOR deposition 2 people
- Madison, WI - 2 days \$ 1,500

8. Dr. F. Ekeblad
Railroad expert

- (a) 2 people 2 days

DOR deposition

(b) Travel to Connecticut	\$ 2,000
9. Travel of DOR to Raleigh, NC	
- 2 people	\$2,000
10. Travel of DOR to Topeka, KS	
- 2 people	\$ 1,000
- Deposition	
11. Travel of DOR to Tempe, AZ	
- 2 people	\$ 900
- Deposition	
TOTAL	<u>\$70,870</u>

PACIFIC POWER V. DOR NO. 50978

1. Expert Witness
Prof. G. Thomas Heydt rate - \$56.00 hour

Expenses to Date (\$4,962)

(a) Charges to present	
1 trip to Montana 3 days/24 hours	\$1,994
Research 20 hours	\$1,120
Deposition 8 hours	\$ 448
Travel 1 round trip	
W. Lafayette, Ind. - Butte, MT	\$1,400

Anticipated Costs

\$3,864

(a) Research before trial 20 hours	\$1,120
(b) 1 round trip to Helena, MT	
1/19/87 - 1/21/87	\$1,400
(c) 3 days of trial 24 hours	\$1,344
TOTAL	<u>\$3,864</u>

FY87 COUNTY TAX APPEAL BOARD EXPENDITURE
(AS OF DECEMBER 31, 1986)

\$298,000

HISTORICAL AVERAGE EXPENDITURE
FOR COUNTY TAX APPEAL BOARDS
EACH FISCAL YEAR

80,000

OVER-EXPENDITURE FOR COUNTY BOARDS IN FY87 \$218,000

COUNTY	NO. OF APPEALS LEFT TO HEAR	TIME REQUIRED TO HEAR REMAINING APPEALS	APPROXIMATE COST
Cascade	500	38 days	\$ 6,800
Flathead		24 days (through April)	8,650
Lewis & Clark	600	72 days	25,700
Missoula	200	21 days	8,300
Lake	90	16 days	5,200
Yellowstone	2,169	6 months	22,000
Gallatin	(secretarial time to prepare remaining transcripts)		2,000
Park	(secretarial time to prepare remaining transcripts)		750
Silver Bow	(secretarial time to prepare remaining transcripts)		1,000
Fergus	(secretarial time to prepare remaining transcripts)		500

AMOUNT REQUIRED TO COMPLETE
1986 COUNTY TAX APPEAL BOARD HEARINGS: \$80,900

ANTICIPATED COUNTY TAX APPEAL BOARD EXPENDITURE
THROUGH JUNE 30, 1987: \$80,000

TOTAL COUNTY TAX APPEAL BOARD EXPENSES: \$378,900

EXTRA SUPPLIES, POSTAGE, ETC. FOR
HELENA (STAB) STAFF TO HANDLE APPEALS: 5,000

CLERICAL STAFF WORKING EXTRA HOURS
TO HANDLE CASELOAD: 6,521

WORKERS' COMPENSATION AND UNEMPLOYMENT
INSURANCE FOR COUNTY TAX APPEAL BOARD
SECRETARIAL HELP 1,000

SUBTOTAL: \$12,521

PAYOUT FOR RETIREMENT: 11,120

SUBTOTAL: \$11,120

TOTAL: \$402,541

VISITORS' REGISTER

General Government COMMITTEE
& Highways

BILL NO. _____

DATE 1-8-87

SPONSOR _____

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Bob Terry Lazure	1025 Hannaford Helena		
Bob Huchel	1057 CCE		
Susan Hansen	Abby Glen		
Jaymie H. Weston	Helena, MT		
Earl Jay	Helena MT	X	
Bill Westfall	Bozeman MT		
Gary Thompson	Helena Revenue		
John Ellem	Revenue		
Ellen Jean	Helena		
St. Louis			

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.