

PUBLIC MEETING – FEBRUARY 8, 2006

The Public Meeting was called to order at 1:30 p.m. by Chairman Bill Carey. Also present were Commissioner Barbara Evans, Commissioner Jean Curtiss, Chief Civil Deputy County Attorney Mike Sehestedt, Deputy County Attorney Colleen Dowdall, County Public Works Director Greg Robertson and County Building Inspector Steve Hutchings.

Pledge of Allegiance

Public Comment

None

Routine Administrative Actions

Commissioner Evans moved that the Board of County Commissioners approve the routine administrative items adopted the past week and approve the weekly claims list in the amount of \$490,885.54. Commissioner Curtiss seconded the motion. The motion carried on a vote of 3-0.

Hearing (Certificate of Survey): Hanson Family Transfer

Colleen Dowdall presented the staff report.

This is a consideration of a request to create a family transfer parcel for that parcel described as Tract 59B of COS 5475, located in Sections 16 and 17, Township 14 North, Range 20 West.

Susan Hanson has submitted a request to create one parcel using the family transfer exemption to the Montana Subdivision and Platting Act. The current parcel is approximately 15.72 acres in size, located near Missoula, Montana. Susan proposes to create one approximately five to seven (5-7) acre parcel for transfer to her son, Kurtis J. Hanson, for residential purposes and keep the remaining approximately eight to ten (8-10) acre parcel for residential purposes as well.

The history of the parcel is as follows: COS 1925 was filed in April, 1979. 62 tracts were created, all being in excess of 20 acres. COS 5475 was filed in September, 2003, creating a security parcel, leaving Tract 59B as a remainder. Stanley C. Hendricksen filed a Warranty Deed in February, 2003, deeding the parcel to Susan Hanson.

According to the records kept by the Missoula County Surveyor, the applicant has not previously used exemptions to the Subdivision and Platting Act, except as listed below:

COS 5475 09/22/2003 Mortgage Exemption and Remainder SE Secs. 16 & 17, T14N, R20W

Dick Ainsworth: For the record, my name is Dick Ainsworth, I'm with Professional Consultants. I'm here representing the applicant or claimant here and I think Colleen covered the details pretty well. Susan Hanson is here. She and her husband live on the parcel that was created as a security parcel and their son Kurtis wishes to build a home on the parcel proposed to be created and live next door to them. It's a legitimate deal and she's here to answer questions for you, as am I, if you have any.

Chairman Carey: Thank you, Dick. Ms. Hanson, would you step forward. Would you identify yourself for the record please.

Susan Hanson: I'm Susan Hanson.

Chairman Carey: Ms. Hanson, we ask our Deputy County Attorney to ask questions of folks in here for a family transfer, to answer on the record, because we want to have indicated that there's not an attempt to evade subdivision review, which is a misdemeanor, and that's why she's going to ask you some questions.

Colleen Dowdall: So, how long have you owned the parcel?

Susan Hanson: The 15 acre parcel or the entire 20 acres?

Colleen Dowdall: When did you buy the entire 20 acres?

Susan Hanson: Probably about three or four years ago.

Colleen Dowdall: And then you created the mortgage parcel?

Susan Hanson: Yes, before we built our house.

Colleen Dowdall: And so the house you live on now is on 59A, is that right, or was 59B created with the parcel?

Dick Ainsworth: Their house is on 59A.

Colleen Dowdall: Okay, so your house is on 59A and then 59B, you are seeking to divide to give a parcel to your son?

Susan Hanson: Yes.

Colleen Dowdall: Does he intend to build a house?

Susan Hanson: Yes.

Colleen Dowdall: And where does he live now?

Susan Hanson: He lives here in Missoula.

Colleen Dowdall: And how old is he?

Susan Hanson: 28.

Colleen Dowdall: The remainder parcel that will be there after you divide it, you'll have 59A and then 59B will be two parcels. What are you going to do with that remainder parcel?

Susan Hanson: We don't have any plans for it right now, but we have two other sons, they don't have the financial ability to build a house at this time, but that's always the future.

Colleen Dowdall: Do you or your son intend to transfer either of those parcels within the next year?

Susan Hanson: No.

Colleen Dowdall: Have you talked to anyone at Missoula County about going through subdivision review instead of doing the exemption?

Susan Hanson: No.

Colleen Dowdall: Are you in the business of building houses or developing property?

Susan Hanson: No.

Colleen Dowdall: Are you attempting to evade subdivision review?

Susan Hanson: No.

Colleen Dowdall: You understand that we are not reviewing this request for adequate access or whether you can get there at all times of the year. We would do that through subdivision review but we don't do that in an exemption.

Susan Hanson: Yes.

Colleen Dowdall: And do you understand that this is just approval to divide the land, you still have to get permission for zoning compliance, all the other permits, floodplain, any permits that might be required and those aren't automatic just because you get the parcel divided.

Susan Hanson: Right, yes, okay.

Chairman Carey: Thank you. This is a hearing, does anybody care to speak to the matter? Commissioners, any questions? Thank you. Alright, I'll close the hearing.

Commissioner Evans moved that the Board of County Commissioners approve the request by Susan Hanson to create one parcel by use of the family transfer exemption based on the fact that there does not appear to be an attempt to evade subdivision review. Commissioner Curtiss seconded the motion. The motion carried on a vote of 3-0.

Chairman Carey: Thank you. You're welcome to stay, you're welcome to go, whatever you please, and you'll be getting a letter in a few weeks that we've taken this action. Thank you. Thank you Colleen.

Hearing: Amendments to the Building Code Enforcement Program

Greg Robertson: Good afternoon, Commissioners. For the record, Greg Robertson, Director of Public Works. Before you is an amended resolution, part house keeping and part glaring error, all of them on my part. The house keeping items are to correct an inappropriate section of the MCA. That has been corrected, as well as the term for the Appeals Board, we changed it from four to five years to promote a staggered line for replacement representatives on that Board. The glaring error, and I'll fall on my sword, it was my fault, I didn't have all the information though, and in my rush to get things done, I neglected to include inspection fees for electrical, mechanical and plumbing – a minor thing! We previously went over these with you and if you have any questions, we're here to answer them. I'm going to excuse myself for a minute, I need to go talk to Mr. King about something, but I will be right back.

Chairman Carey: This is a hearing. I'll open the hearing. Does anybody have any comments, questions, problems?

Commissioner Evans: Maybe before we go on, we could ask Steve, our new Building Inspector Director, to please let the folks know in the audience what all we're doing.

Steve Hutchings: What all we're doing – well, as you know, the Commissioners authorized the creation of a Building Code Enforcement Program, County-wide. It will obviously not include any areas within the incorporated limits of the City of Missoula. The Commissioners have designed the program to allow for some exemptions for owner-built/owner-occupied single family dwellings. There will be no exemptions given for any electrical permit requirements, that's a Statewide requirement that there can't be any exemptions granted for that, but under certain conditions, an owner/builder can be exempt from a lot of the permitting requirements that would be required normally to build a single family dwelling. Contractors will have to get permits for all the work they're doing and I've had a lot of support from many of the contractors I've talked to hoping that this will create a little more level playing field and put everyone on the same page as far as how things are built. We've got our staff in place, we've got some very qualified people on the staff. We're going to shoot for a shortened review process. We're hoping to have plans issued within two weeks for single family dwellings. We're contracting with a large corporation to do plan reviews on commercial projects so we can have those things reviewed in compliance for code without having to have a staff person on staff, full-time, to do those reviews. Any general questions you have, I'd be happy to answer them, but we expect to be submitting the program now, after this hearing, to the State for certification and we are anticipating that we'll be certified by the State to enforce the building codes and do inspections by March 1st. There is absolutely no guarantee on that, but I've been told by the State that it's a one to two week process, so in the timeline that we are right now, I anticipate that it will be right around the first of March that we'll be up and running.

Chairman Carey: Thank you Steve. We're very pleased, by the way, with the work you and Greg have done so far. Thank you. This is a hearing. Anybody care to comment? Seeing no one, we'll close the hearing. Is there a motion to sign the resolution?

Commissioner Evans moved that the Board of County Commissioners sign a resolution amending the Building Code Enforcement Program, as adopted by Resolution No. 2005-074 dated August 17, 2005. Commissioner Curtiss seconded the motion. The motion carried on a vote of 3-0.

Hearing: New or Expanding Industry Tax Benefits Application (Roseburg Forest Products)

This is a request to conduct a public hearing on an application from Roseburg Forest Products for tax benefits for a new or expanding industry. The amount of tax reduction is shown in Resolution 91-101. The affected taxing jurisdictions were notified by certified mail.

Mike Sehestedt: We have representatives of Roseburg Forest Products here. Just to orient everyone that's been around a long time, this is the LP, what used to be the LP particle board plant. They are adding and the application is made pursuant to State statute that allows us to grant tax incentives to qualifying industrial, either new industry or expanded industry. The project in question is expanded industry. What they're adding is a capability to coat with melamine the particle board they currently produce there. The purpose is to meet changing market conditions and to keep them competitive. The result of the change, they'll be adding, I believe, about 7 or 8 new jobs – well, 17 once they're up and running. It meets the qualifying requirements in that it's in excess of \$250,000, they've shown, pursuant to our policy, that they have a building permit, they have obviously zoning compliance, it's an addition to an existing plant and there are no environmental concerns or no issues raised by the Health Department with regard to adding this process to the plant, so, with that background, I guess I would ask that Roseburg Forest Products folks give you a little more detailed explanation of the project and explain exactly what they're doing.

Chairman Carey: Thank you Michael. I'll go ahead and open the hearing officially, if I haven't already. And would you like to step forward and introduce yourself.

Ken Farago: Hi, I'm Ken Farago, I'm the controller for Roseburg Forest Products and this is Glen Roberts, and he's going to be our new melamine superintendent. Right now we're in the construction phase and what I thought maybe I'd just even do is spend just a quick minute, actually, I went to school here, started here in 1970 at U of M, I'm a native of Montana and I really knew virtually nothing about the plant when I was here, even though they're one of the largest employers and all of this kind of thing in town and as I kind of go around, I know there's still a lot of people who have no concept of what we are, so I thought I'd spend just a minute, give you a little history of what we do. We were built in 1969 by Evans Products. We sit on 189 acres. We're, of course, right up against the Interstate and, kind of, Reserve and we were – we sit on 189 acres. We were purchased by Louisiana Pacific in 1976 and then by Roseburg Forest Products in 2003. Some of the major things we have done – we started off with a single press that produces the particle board, and of course, particle board is made out of sawdust and shaving from the plants in the surrounding area and we actually have a – you know, it's becoming very, very common to have various kinds of certifications in terms of how your product is produced and whatever, and we have a certification that actually 90% of our product comes from residual, or wood waste, which, of course, is the sawmills in the area, and actually, even those it's 90%, we're actually at 100%, which means we don't actually grind up any logs, we don't actually cut any logs for our process, we're using all recycled material. And we have been doing this since the facility has been in existence. I say we started with one press in 1987. We put in another press which increased our capacity and we're constantly looking for various things to improve our production process. We're capable of producing 200 million board feet a year and it goes all over the United States and Canada and to kind of give you an idea of what that means, that's 3,225 rail cars of product a year, or 12,500 semi-truck loads of product a year. And in fact, for some time period and I'm not sure where we sit right now, but we were Montana Rail Link's second largest customer in the State and since our production has increased, I think it's probably still in that same range. I thought I'd get into, for just a minute, in terms of what kind of impact we have on the community, but just again to kind of give you an idea, we brought some samples. This is one of our main products and stamp, and I can pass these around if you want. I'm kind of proud of that one, actually, the Montana, it goes all around the County. It's not very light material, you can see why we have to move it around in semis and in rail cars, but that's actually called underlayment, you'll find that in houses, that's what carpet goes on top of. Another common product, this is just called stair tread, where all of the stairs are and, in fact, I would halfway guess that most of the homes in Missoula have our product in it. Another very common use of product of that nature is in countertops, like in bathrooms and kitchens. This is actually – since we've been around since '69, obviously we've had to be successful and match what the market wanted. These are some – this actually comes from our paint line, these are painted products with our particle board underneath it. You find a lot of this in shelving, you can buy this at Home Depot. These are just some of our shelving products. In fact, in a lot of people can't believe that that's actually paint on that. Just one of the other products that we've just recently developed, and we've kind of identified it, you can look at it and you can see there's like a little pencil line in here. But this product, it's not that much different than the other, other than it's formaldehyde-free. Formaldehyde is becoming more and more of a concept that people are questioning in terms of the environmental impact and health impact on people. So again, we're kind of jumping on the band wagon and we're one of the few plants in the United States, or actually in the world, that can produce this, so that when the market's actually ready for it, we have the product. Then to kind of move forward, what's our next line, this is the start of our new melamine plant and actually, kind of a shot of kind of before and this is a shot of the building going up and what it's going to do, it's going to house a new press that will produce this product, and maybe Glen, you can jump in

here if you want, in terms of – I'll just pass around a few of these, but you can see, these don't look too different than this (painted), but the difference is this is not paint, where as that product is paint, this is like a paper that's pressed into the board. This building that we're producing will house the press that can press these papers into this board and it's just something that's becoming very, very popular and it will help expand and keep us going and just give us another outlet. Essentially what this melamine plant will be, it will be kind of like one of the main plants, main customers, just a way of pushing more product through the market place.

Commissioner Evans: Compare the finish on this with Formica?

Glen Roberts: This is a poor man's Formica. Why I say that, it is mainly used for furniture, so it's not used for counter tops where it has to hold up to the strength of pots and pans and heat test. Most of the furniture that you see, if you go over to Wal-Mart, knocked down furniture, is melamine and what they do is they take a mixture of melamine and they'll take a mixture of painted products where the surface is a lot harder and they'll use this for back drops and do color matches and that kind of stuff to make it cost feasible for the consumer. The press we purchased is from Germany. One of the issues you run into, everybody says, well, why did you buy it overseas? Well you can't buy those kind of items in the United States. There's only basically four manufacturers of melamine presses and we choose Dieffenbacher because of their reputation and they're moving toward America, which is a good thing. They're into Canada now, so half of our process line is being manufactured in Canada and the other half is coming from Germany and is going to start arriving next week, so we need to get a roof on our building. What it is, is a continuous process. The more you run it, the better it likes to run, and there's variables to what you, you can actually run veneers on the back side for cabinet manufacturers and you'll see a lot of that especially in apartment building where you see a lot of melamine cabinets. It keeps costs down, it's a good product, good by-product. It's basically environmentally friendly. It's all dry product. We bring particle board in, and what this is, just a melamine-saturated resin paper. Most of the paper, believe it or not, okay, it comes from Europe again, because it comes in like 10 foot wide sheets, big huge rolls. They just haven't mastered it quite yet in America, but they're getting there, they're duplicating well. And then over in areas like Seattle, they will saturate the paper with what is called a melamine resin and then it's dried and then it's clipped and then it's sent to us and we basically, how we work is, you can't handle this paper, it's like – I don't know how to describe it – but it tears in your hands, you can't hardly touch it, it leaves fingerprints and so you have to automate and it's all done through vacuums and it picks the paper up and lays it on the board and those kind of things. How it works is you have the resin in the paper and it becomes active again under heat and pressure, thermo-reactive, and it just flows right into the board and you have textured cull plates, you can get extremely rough surfaces, high gloss surfaces, those kinds of things and everything's packaged up and ready to go to the customer right off the line, it's a full automated process.

Chairman Carey: So you're using a European designed and built factory?

Glen Roberts: Yes, and we've got a lot of our ideas built into this too, because we've been in the melamine business since 1978 and this will be our fourth production line.

Ken Farago: And just as far as what the economic impact will be to Missoula, which I was told is kind of one of the main emphasis of this, we're currently, at year end, we had 160 hourly employees, we had 29 salaried employees, we had an \$8.5 million payroll and that averages \$45,000 an employee, and I'm actually pretty happy to be a native Montanan and say we can produce those kinds of jobs here. I know they're really proud of the fact Missoula is bringing in DirecTV company. Those are good jobs, but they don't touch ours and actually, the melamine, which is, of course, the direction we're heading, this is what would be our goal in manufacturing, the melamine jobs are actually higher paying than the standard, because these are more technical, you have a very expensive press, Glen explained that a little bit, so you need more craftsmen to operate it and our plant average is just under \$17 an hour, but the melamine people, the lead people, would be at \$17.35 an hour and the press operators would be just under \$17, and actually, our maintenance people will be in the \$20 an hour range. So, that by the time you add benefits and overtime and all of that, that will be well over \$50,000 a year, in terms of the positions that will be created through this. It will be kind of a step up, we'll start with four people, in fact we're in the process of hiring four people right now, actually Glen was a Roseburg employee and he came over, he's an employee of the plant, he's actually the first employee of the plant and is helping with the construction. As we ramp up production, because our main plant operates 24 hours a day, 7 days a week and that's what you'd prefer to do, but as market conditions and that dictate, and whatever, we can keep adding shifts and we feel we could be at full bore with 17 employees and it will take us awhile to get to that, but we hope to be at a two shift operation by November, so that would be a total of 10 people.

Commissioner Evans: Is your building going to be an enclosed building? The picture we saw doesn't exactly look like it's closed.

Glen Roberts: Oh, yes, it is closed now.

Chairman Carey: Thank you, it's been very informative, we appreciate it. This is a public hearing. There may be some folks in the audience that will want to step forward and ask a question.

Tony Tweedale: I'm Tony Tweedale, a resident here, environmental activist and not at all necessarily against this project, I may be in support of it. As I understand this law, which I'm very unfamiliar with, I guess there have to be some economic benefits to allow you to grant the tax credits, economic benefits to the community, and looking at the last time that I'm aware of that you used this law in the wood products industry to grant, at the time Stone Container, tax credit for open up their recycling plant, cardboard box recycling plant, it was very unclear if you used the number of new jobs generated from the project as the measurement of economic activity. As far as I'm concerned, the Commissioners failed to demonstrate that there were new jobs created from that project. My vague recollection, so don't take this as final word, is that there may have been two – in the long term – two additional jobs created, but even that was unclear. So, I guess I'd like a clarification, it was said that this is going to be 17 new jobs, but does that mean that production is not increasing, basically, and therefore, roughly 17 current employees at Roseburg Products will, in effect, be transferred into this new plant. Those individuals may not be literally transferred, but would that be the net effect. That would be my main question.

Glen Roberts: Fortunately, I'm the only immigrant and that's because I've worked in this business for a long time and we want to do it right, but all the employees that will staffing the melamine line will be from in-house and they would be people that we've promoted in our process and then we'll back fill from wherever, from Missoula, to fill those positions.

Chairman Carey: So you're saying that 17 new jobs will be created?

Glen Roberts: Absolutely.

Chairman Carey: I see, okay, thank you. Michael?

Mike Sehestedt: I should be clear on this too. The statute makes available this benefit merely based on adding an investment amount of \$250,000 for expanding industry, within the community. The economic benefit is in the discretion of the County Commissioners. One of the easiest ways to look at that is number of new jobs and salaries. A second way to look at it is increase in tax base, which even with this benefit, the benefit functions so that in the first five years, the new property is taxed at 50% of its taxable value, then moving from that point over five years, to full taxation. So a second way of looking at it is even with the benefit, there's an increase in tax base. The third way of looking at it, I would characterize it as "other," does it protect the longevity of the particular business in the community, even though it doesn't, per say, add new jobs. Does it serve some other socially useful purpose, for example, making use of materials that would otherwise be waste, or so on or so forth. I don't really recall the Stone Container tax incentive, by way of explanation, that may have been part of it. Our policy asks them to tell us what they're adding in terms of new jobs, but it is not a dispositive item.

Tony Tweedale: Just briefly follow up. I didn't hear that these are, this is 17 jobs worth of additional payroll, but aside from that, I think I agree with what Mr. Sehestedt was getting at in general. We heard from Roseburg that, for example, they're likely to be higher paying jobs and that the amount of revenue from sales generated locally is likely to increase and therefore that would affect the tax base in a general manner. So, I'm perfectly happy to accept that there are economic benefits from this project. The second point I wanted to raise and maybe I can get a response from Roseburg on this, regarding other indirect benefits to the community, namely environmental costs and benefits. I know that there is melamine formaldehyde resin that used and there's also a melamine resin. I'd like some clarification, and maybe the Commissioners would too, on what exactly this plant is going to be using to make its products. To clarify a little bit more where my question is, the underlying substrate, the particle board onto which the melamine is imprinted, can be made either with or without formaldehyde, and I'd also love to hear what that formaldehyde-free particle board is made with. As I understand it, formaldehyde is used because it's incredibly quick evaporating molecule, so it's basically the solvent to carry the resin and because on these production lines, the products have to dry very fast, formaldehyde is an ideal molecule to use, so if there's an alternative, it would be great to hear about that, so that's for the substrate. Then the second area would be the melamine resin itself, is that actually a melamine-formaldehyde product.

Chairman Carey: What I heard them say is that 16 new jobs are going to be created, that 16 folks are moving from the existing operation to the new melamine production and then 16 new folks will be added to the plant. Would either of you care to respond to those questions.

Ken Farago: First of all, of course, we have to abide by all environmental regulations, that's part of our permitting process, so this plant has already passed those things. In regards to the substrate, yes we are currently, that was this sample right here, this is formaldehyde-free board and we're capable of producing that. In the future, some of our melamine will be on formaldehyde-free board, but it kind of depends on what the market dictates. Some people want it, some people don't care. So, it just depends upon what the customers order, it will just depend upon that, and in some cases, from what we understand, especially, California tends to be the leader in this, a lot of their public building and that kind of thing are potentially going to require this formaldehyde-free board. Again, that's somewhat guess work, so we're just prepared for it at that point. Formaldehyde is one of things that's becoming slightly more controversial, but we go through constant tests, that's part of our testing process, to make sure that formaldehyde meets certain levels. In fact, the one stamped products, that's one of the things that it's certifying, that it is under X-number of parts per million. So, that's part of that certification right there, saying that it matches that, I think that's a HUD requirement.

Tony Tweedale: My second question was is the melamine resin actually melamine-formaldehyde resin?

Glen Roberts: It is melamine-formaldehyde resin but fortunately, during the drying process in Seattle, they have to deal with the emission there and one of the things we will do on any new process is we will test the atmosphere at start up. When we establish a good production run, we will bring in a third party and we will measure formaldehydes and dust levels and all those kind of things and those are basically public record for anybody who wants to view them and it's more for the employees sake even than probably it is for the environment.

Cindy Wulfekuhle: I'm Cindy Wulfekuhle, I'm actually here for another agenda item, but I wanted to take the opportunity to speak as president of the Missoula Westside Little League and let you guys know that not only is Roseburg providing good jobs, well-paying jobs, but they also are committed to our community. These guys sponsor one of our little league teams and every year, we deal with – serve approximately 350 kids. So that's really important to have businesses that are committed to our community and I thank them for that.

Chairman Carey: Okay, anybody else, this is a public hearing? Okay, I'll close the hearing. Commissioners?

Commissioner Curtiss moved that the Board of County Commissioners approve the application from Roseburg Forest Products for tax benefits for a new or expanding industry, based on their explanation of their process and that it appear to be in the public interest. Commissioner Evans seconded the motion. The motion carried on a vote of 3-0.

Hearing: State HOME Application on Behalf of Human Resource Council

Chairman Carey: We have another hearing on the State HOME Application on behalf of the Human Resource Council. Ms. Wulfekuhle, are you going to brief us on that one?

Cindy Wulfekuhle: For the record, I'm Cindy Wulfekuhle with the Office of Planning and Grants. Missoula County has been asked to submit an application to the State HOME Program on behalf of District XI Human Resource Council, or HRC. Since 1999, HRC has assisted more than 275 lower income households achieve homeownership through its Homebuyer Assistance Program. Although our largest minority population in the County is Native American, only one American Indian family has participated in the program. The proposal to be submitted to the State is for a homeownership program that will target underserved, lower income American Indian families. HRC is proposing to purchase five homes in Missoula County, three of which have already been identified and purchase prices locked in. These homes will be offered first to underserved American Indian households that cannot qualify initially to purchase the homes. They will be offered the assistance through a lease with option to purchase. For up to three years, HRC will provide ongoing homebuyer education and credit counseling to assist the participants in meeting qualifications necessary for them to be able to purchase their homes. When they are ready for homeownership, first mortgage financing, and possibly second mortgage financing, will be available from the Montana Board of Housing and/or Rural Development. The difference needed between the purchase price of the home and the first or second mortgages will be available through the HRC program, using HOME funds and HRC program income funds. The assistance will be in the form of a zero percent deferred payment loan. If an underserved family is able to qualify for a first mortgage without going through the lease option, then they will be approved immediately for homeownership. Although Native American households would be initially targeted beneficiaries, over time HRC hopes to expand its program and assist other underserved households. Other underserved households may also be served by this pilot project in the event that their initial targets cannot be met. The amount to be requested from the HOME program is \$216,000. \$200,000 will be used as direct benefit assistance and \$16,000 for administration of the program. So, today

you're being asked to conduct a public hearing on this proposal and then, hopefully authorize submittal of the application by signing the resolution that's in front of you. And, today, Jim Morton, who is the director of HRC, is here. If you have any questions, also Brendan Moles, who has done an outstanding job with their homeownership program and Leon Stewart, who I know has been working really hard to develop this proposal that's in front of you. Thank you.

Chairman Carey: Thank you Cindy. I'll go ahead and open up this hearing. Is there somebody who wishes to make a few remarks?

Jim Morton: Good afternoon. I hope you can hear me, my voice comes and goes. In terms of who is renting and who is a homeowner, I looked up on the 2000 census to get some sort of idea about how many people are renters. In Montana, about 31% of the households are renters. In Missoula County, about 38% of the population rents. Now, when you get down to Native Americans, you're looking at over 60% of the households are renting, so it's a flip, so the non-Indian population has a homeownership rate at about 60%, the Native American population has a homeownership rate of about 31% to 32%, so we're concerned about that. In Missoula County, according to census, there are about 3,200 Native individual in the County, or about 3.4% of the population. One of things that we did in terms of looking at this particular project was to look at the census data to look at the range of income one has to qualify for a mortgage from a local lender. That means you have to meet the underwriting criteria and have the income to sustain a first mortgage and so after review of that spread of income, we feel that there are enough families to warrant even a much larger program than five, but our initial concern is to start with five. Now, why lease to own? Well, one of the things we're finding in the Native community is that there are credit concerns that are preventing them from getting loans immediately. We want to work with those families in order to correct their credit. The households that will be chosen will not have extensive credit problems. These are households that have minor credit issues but could not get a loan immediately, but after a series of months, hopefully, working with our program, we will then be able to get them qualified. Now, because it's a public hearing and the HOME program in the State of Montana asks us to show support, I am not going to read, but I could.

Commissioner Evans: Please don't.

Jim Morton: One of the hallmarks of this program is the concern and cooperation of our local lenders. They have been invaluable in working with us, because, remember, the household goes to the lender and gets qualified for the first mortgage. We come along with what's called gap financing and the lenders have been very receptive and very, very supportive of this, so just for the record, we have letters of support today from Mountain West Bank, First Interstate Bank, Bitterroot Valley Bank, Capital Family Mortgage, Heritage Bank, Community Bank of Missoula and First Security Bank, Missoula Federal Credit Union. Also, for the record, I have letters from about 25 individuals in the community who are of Native American descent who are adding their support to this proposal, indicating that they feel it is important for the County and the Human Resource Council to go forward with this application, and given it is a hearing and these hearing minutes are submitted to the Department of Commerce and the competition, as you might know, is pretty steep in terms of the number of grants requested versus the number actually awarded. I'd like to have Leon Stewart come up and talk to you a little bit about what he's seen in working with Native families and we did send out a notice in conjunction with the Missoula Indian Center and the Title VII Indian Education Committee and we had a rather large turnout a couple of weeks ago. So, thank you.

Chairman Carey: Thank you Jim. That was Jim Morton.

Leon Stewart: Good afternoon Commissioners. For the record, my name is Leon Stewart, I am the housing specialist for the Human Resource Council and I'm working under the Native American homeownership project. As Jim had mentioned, we've already started the process of recruiting and doing outreach work for Native American families within the Missoula community. On January 25th, we had our first activity, basically it's a first class to see what kind of response we'll get from the community. We had 22 individuals that showed up and we had actually 19 families that participated, individual families from those 22 people, actually become 19 families and previous to that, we've done some outreach work and we've had 18 families that were actively participating or following through with some of the recommendation and were very interested in seeking out the assistance that we will provide in the future. Basically, right now, we have approximately 35 families that are very interested and with turnout that we had, we had a generic application for everybody to fill out with the hope is to see where they are in the process of homeownership process, whether they are at the very beginning stages of considering or some folks are actually further along wanting to get a house inspected or whatever have you within that process. What we're trying to do with those families now is to divide them up into individual groups within the continuum of the homeownership process so each group will have a core group of individuals that they can discuss things with

and we can have a group session with and then as required by some of the lenders, we'll have these home education buyer classes with them and then they can further along their own knowledge of homeownership and the process of homeownership.

Commissioner Evans: Can you give me an idea of what the prices of the houses are?

Leon Stewart: Right now, the homes that Mr. Morton had mentioned in East Missoula that we're looking at, they're right about \$167,000.

Commissioner Evans: Thank you.

Leon Stewart: Previous to the class that we've had, we actually, we had an assumption of whether there's an interest with the Indian families within the community and whether there's credit issues and the lack of information on the homeownership process, our Real Estate terminology and stuff, so we had ourselves a survey that went out through the Missoula Indian Center, Title VII Indian Education. The reason we keep mentioning Title VII Indian Education, that's the most comprehensive Native list we have within the community, so we utilize their newsletters to incorporate some of our mailings, so that really helps out with some of the turnout that we get and that's been proving pretty positive. And with that survey, the three assumptions that we have, have been validated, and that's one of our big push is to continue serving the Native community in Missoula.

Chairman Carey: Thank you Mr. Stewart. Anybody else like to say something? This is a public hearing. Yes ma'am.

Andrea Dahl: Hello, my name is Andrea Dahl, I work with Summit Independent Living Center. The consumers that we work with are usually people in a low income category. Many have been able – some, I should say – have been able to look into purchasing homes that are accessible for them, but they have to work through a program like this and so, from Summit, we would like to see your support in this so that more of our consumers can actually look into purchasing a home and becoming a taxpayer here in Missoula. Thank you.

Chairman Carey: Thank you. Anyone else? This is a public hearing. Okay.

Mike Sehestedt: I need to ask a question and somebody can resolve it for me very quickly. This, on its face, is a race based housing program in which the race of the recipients is the initial consideration for eligibility. Can someone state for the record what exemption to the Montana Human Right Act we're using to do a program on this basis?

Jim Morton: Again, Jim Morton. Mike, I'm not prepared to state the exemption, but one of the things that HUD requires is that we – Housing and Urban Development – show that the program's funded by the Federal government are reaching a wide variety of individuals and when that attempt is not met, then they allow for targeting to ensure there's parity and equity and so, one of the things that we are suggesting today is that parity and equity has not been reached and that an attempt to move toward parity and equity that we will then target – we have a loan from the Montana Board of Housing for this program. They ran it by their counsel and also we have suggested to the Montana HOME program that we will be targeting Native Americans and so far in the context of trying to equalize or have parity in terms of the Federal dollars going to homeownership, they have seen no objection to it. I can get a response to your question but we have not asked for any kind of an exemption from the Human Rights.

Mike Sehestedt: It is a real concern to me because, for example, in the 9th Circuit, in a case involving Washington State Department of Highways, got just struck the disadvantaged business enterprise set aside and requirements as essentially denial of equal protection in the absence of documented correcting past discrimination and it concerns me, admittedly, less than it would if it was the reverse, in which we were excluding Indians, but I am not concerned about the social justice or whether or not this would be sound public policy, but the fact, on its face, it violates the Montana Human Rights Act because it is providing housing related services and using race as a major initial consideration. I don't know whether that's enough to keep us from going forward and I don't think it probably should be at this point, but I think it is a major potential issue in terms of implementing this program.

Commissioner Evans: So how do we proceed then Michael, if we wish to support this. Do we make it contingent upon something.

Mike Sehestedt: I would simply – if you believe this is sound public policy, I would say to go forward with it, but I think I'd be remiss as your counsel if I didn't say there is an issue here and probably if we start addressing it before we get called on it down the road, we'll be a whole lot happier bunch of campers. The fact that it's a good program, Indians are a disadvantaged group, for whatever reason, they are falling behind on homeownership, probably does not, in and of itself, establish a justification for a racially directed consideration in program availability, so I would suggest you look at some of the case law and at the exemptions under the Human Rights Act and see if you can build some documentation to support doing this.

Jim Morton: One thing we have termed this is, is a pilot and that's why it's five, so that might, I don't know if that's going to be something that mitigates that concern, but we certainly would do that.

Mike Sehestedt: And there are, I know, some specific exemptions under Federal law that allow, at least as far as Federal law is concerned, discrimination in favor of Indians, in employment at least and in some other context. If you could document that some of that is carrying through to this program – I haven't looked at that in ages so I can't tell you whether or not it works, but I mean, everybody, for years before they amended the law, accepted senior discounts as – well, of course you get a senior discount. Well, the fact is under the law, it would be the same as giving a discount to a white dude. Discrimination on the basis of age was prohibited. So was discrimination on the basis of race and it works uniformly unless you can bring yourself within some exception or exemption to it and I'm just saying, if we go forward with this program, you need to be prepared to do that if you get challenged.

Jim Morton: That a good point, then, we'll make some calls and see if there is, whether it's a pilot or some sort of exemption and get that back to the Commission.

Mike Sehestedt: I think from the Commissioners point of view, if they think this is a socially desirable and appropriate program, they authorize going forward with the grant, with the knowledge that this may be an issue. There might be some legal impediment to implementing what is an otherwise socially desirable policy.

Commissioner Evans: So am I correct, this goes to the State for final approval, or are we making final approval?

Jim Morton: You are making – my understanding is that you will make an approval to submit to the State Department of Commerce for competition with other entities in the State.

Mike Sehestedt: You're approving the application.

Commissioner Evans: So you'll need to build your case to send to them, right?

Mike Sehestedt: Well, I'd suspect it won't even come up, I'm just one of these kind of nervous sorts that when we start sorting stuff like this, I like to at least be ready with some sort of explanation.

Jim Morton: And I think we have also thought along those lines and that's why we originally talked to the HOME program and then, it started more as a pilot and we'll check into that, whether that meets whatever test is necessary, but it is a competition and we don't want to have our application knocked out because somebody raises those questions. What the State does is has a group of reviewers rate each proposal and again, they might have three or four million dollars and might have nineteen million dollars worth of requests, so we don't want to prejudice our own application because somebody on a reviewer might be asking those same questions, so it's a good point and we'll try to make sure we address it in the application and do some research.

Commissioner Curtiss: The program does say that if you aren't able to find five families, Native American, that will qualify or be interested, that it could serve other people.

Mike Sehestedt: Like I said, I don't want the Commissioners to misunderstand my concerns here and I certainly don't want you to not authorize them to go forward, I just want us to be aware that on the face of the law, there's a problem using race to provide housing related services and you need to build a way to either bring yourself within an exemption to that statute or find other authorizing legislation, if this is a Federal pass through program, Federal law may well provide you with that authorization and basis.

Chairman Carey: Thank you Michael. Anything else?

Jim Morton: The only thing I'm concerned about is my senior discount.

Mike Sehestedt: Actually, they finally fixed that and Montana statute actually now authorized a senior discount, but for years it did not. I would drive down the street and see 10% senior discount on a billboard and think, well, nobody thinks anything of it but, 10% discount for Indian persons in Browning or a 10% discount for non-Indian folks someplace else and we would have got the place torched, probably.

Jim Morton: Well, you are correct, we have several senior housing projects in the three counties and when we go to advertise those, we have to send in a contract from the Montana Board of Housing or whatever State department we have funding, which indicates it's allowed to call it a senior project and allowed to only have 62 and over, or else the paper will not publish it.

Mike Sehestedt: And that's another specifically authorized exemption and there are very specific requirements to qualify for.

Jim Morton: Yes there are.

Chairman Carey: Anything else, anybody else? Yes, Brendan.

Brendan Moles: My name is Brendan Moles and I'm an employee of the Human Resource Council and I just want to make sure it's on record that Jim has admitted that he is a senior!!

Commissioner Evans: Very good.

Brendan Moles: No, I just wanted to say with concern with what was brought up is that, as Cindy mentioned earlier, the Human Resource Council has provided homebuyer assistance in excess of 200 households and those funds are on a revolving basis that they come into the program as they're repaid and with those funds, we lend them back out into the communities from which they were originated, so I wanted to let them know there are funds continually coming in that are available to other households. I know it doesn't directly relate to the request but if other households are interested in pursuing it and they don't fit or are tailored or fit to this program in the initial phase of it, there is a possibility of them getting assistance from us through our other programs.

Chairman Carey: Thank you Brendan. Anyone else? Seeing none, we'll close the hearing.

Commissioner Evans: I move that we approve the request and authorize the grant request to be sent to the State.

Commissioner Curtiss: I'll second the motion.

Chairman Carey: All in favor?

Commissioner Evans: Aye.

Commissioner Curtiss: Aye.

Chairman Carey: Aye. Thank you.

The motion carried on a vote of 3-0.

Hearing (First of Two Hearings): Proposed Amendments to the County Animal Ordinance (Changing Impoundment Fees and Times of Public Adoption)

Ed Franceschina: I'm Ed Franceschina, Animal Control Supervisor. The changes that we'd like to make to the County Animal Ordinance are pretty simple and straight forward. The impoundment fees we wanted to change them slightly to put them in line with the already adopted fees that were passed by the Missoula City Council, so basically, it will just mirror what they have. The second thing we were going to do – right now it states that public adoptions are held five days a week, Monday through Friday, and that's always been in error. We wanted to correct that, it should be six days a week, Monday through Saturday. The last thing we wanted to do was add two words, "cat" and "ferret," to the ordinance, where it speaks of adopting. Right now it speaks of adopting a dog for \$25 and further down in the sentence, it also address the cat and ferret there, but not previously. So we just wanted to add those two words. That is in Section 5, under Impoundment, on Page 8. If we're looking for the part I just mentioned about the five days of the week to six and the cat/ferret issue, it's in Paragraph F.

Commissioner Evans: Why do we have ferret as an unusual creature, instead of any other ones.

Ed Franceschina: Because right now ferrets can transmit rabies.

Chairman Carey: Okay. Thank you, Ed. This is a hearing, I'll open the hearing up. Is there anybody who wishes to make a comment about this proposal. Seeing no one, I'll close the hearing. Are there any questions?

Mike Sehestedt: Procedurally, because this is an ordinance, this is First Reading. Under ordinance procedure, we'll have to do a Second Reading and I believe that's scheduled for the 22nd, two weeks hence, before it can be finally adopted. So, what we do is close the hearing on First Reading and continue the matter until the 22nd.

Chairman Carey: Okay, we've done that.

There being no further business to come before the Board, the Commissioners were in recess at 2:35 p.m.