

Good Afternoon.

I am pleased to be here today to give the annual State of the County address. First, I'd like to make sure you know we have two newly elected county officials, Sheriff Carl Ibsen and Superintendent of Schools Erin Lipkind. We're thrilled to have them at the County and they're already making exciting changes in their departments.

I'd also like to recognize my fellow commissioners, Michele Landquist and Bill Carey who are with us today.

We're in some lean times and lean times should inspire us to take an even harder look at our operations and customer service. Missoula County is in the midst of some exciting changes that will make our operations more efficient and enhance our customer service. We're focusing on accountability, sustainability and efficiency at Missoula County and I'm glad to have this chance to share our efforts with you.

Times are tight, but that doesn't mean Missoula County isn't financially sound. They say the key to success is surrounding yourself with smart people. The County Commissioners have an amazing senior leadership team that helps us take an honest look at revenue projections, future needs and the cost of providing services. That team helps us safeguard taxpayer dollars by developing and maintaining a strategy of conservative fiscal management.

Some economists have projected that Missoula is heading out of the recession, but we believe that Missoula County government is heading into one. During the slow down, we saw a decrease in many development related activities such as Clerk & Recorder fees, building permits, and subdivision review. We were able to make adjustments to the budget to reflect the decline in these activities. This included a reduction in staff in all of these offices. Luckily, most of this reduction was accomplished through attrition and re-assignment. We also held the line on mill levies more so than most counties.

The county requires departments to live within their budget and maintain at least a 5% reserve each year. To help you understand how our budgets work, here's an example. If a department's budget is \$100,000 and with good fiscal management, they only spend \$98,000, they are not penalized for the savings. The next year's base will be the same. The \$2,000 becomes cash to fund one time expenses which means there is no incentive for department's to spend down their budget each year. In fact there is an incentive to save money.

It's also important to note that the County doesn't use one-time money to fund ongoing expenditures. Local and state governments across the county are experiencing record revenue reductions, and some are forced to balance their budgets with one-time revenue. We disagree with that approach, and have maintained financial sustainability with very limited tax increases during this recession. Unfortunately, as we've been predicting for several years, we are facing a decline in property tax revenue growth. The growth in property tax revenues is largely based on new construction, which creates additional tax base. It takes about two years for these new buildings to get on the tax rolls. This will affect our provision of core services such as roads, public safety, and public health. Additionally, decisions are being made in Helena and Washington DC to cut funding for programs that provide important services in our communities such as road and bridge maintenance, infrastructure projects, economic development, reclamation efforts, services to seniors, and tobacco use prevention to name a few.

What does this mean to the citizens of Missoula County? It means we'll be facing tough budget choices for the next few years. In the last couple of fiscal years, we made cuts, but were able to maintain the same level of service. Future budget discussions will have to include prioritizing programs at the expense of services. We'll also have to consider whether mill levies need to be increased. We have been preparing for this eventual downturn and the County is well positioned to handle it, but it will not happen without sacrifice. We have maintained strong cash reserves, even improved our credit rating, and held the line to the extent possible on mill levy increases. As County Commissioners, we take this role very seriously. We want the community to participate in our budget discussions and help us prioritize critical services. Our budgeting process will begin this spring. We'll send out press releases and post budget documents online as often as we can. We'd really like your input.

Looking to the future, we have identified the sectors of county government that are projected to grow, those that need more or different space and those that will see efficiencies through the use of technology. Our department relocations, remodeling projects and building projects reflect those future needs.

2011 will mark the year the County begins to implement its space needs planning efforts that have been underway for the past several years. When our neighbors at Garlington, Lohn, & Robinson decided to build their beautiful new building across from the Courthouse, it provided us the opportunity to acquire their old facility right next door. Once we are done with some minor renovations in April, we intend to move many of our administrative services to this building, including the County Commissioners office.

This will allow for the renovation of the Courthouse and Courthouse Annex which we hope will begin in earnest this summer. These renovations will bring much needed expansion to District Court, Justice Court, the Sheriff's Office and 9-1-1.

- We will have six full-service courtrooms and functional jury rooms to serve District Court and Justice Court. And those of you who have ever served on a jury in our courthouse know that more and better space is badly needed.
- The Sheriff's Office will take up the entire 2nd floor of the Courthouse Annex and will have enough room to run their operations for the foreseeable future.
- All of Vickie Zeier's operations as Clerk & Recorder/Treasurer will be centralized on the 1st floor of the Annex, including motor vehicle transactions, document recording, and voter services. The Election Center will continue to be located at the Fairgrounds during elections so voters will have more room and free parking, and election workers have more space to keep their operations more secure and better organized.
- The Commissioners' large public meeting room will move to the first floor of the annex and will also double as the emergency operations center in the event of a large scale incident. We look forward to having a meeting room that will better accommodate the needs of the public. Our administrative public meetings – held Tuesday, Wednesday, and Thursday mornings – will be in the new administrative building.
- Emergency Services and 9-1-1 will expand to the entire basement of the annex which will house a new dispatch center and emergency operations meeting and training rooms.
- Fred VanValkenberg, our County Attorney, will expand his operation to the entire 4th floor of the Courthouse Annex.
- The County Commissioners, along with County Auditor Barbara Berens and other administrative departments such as finance, human resources, and information systems will move to the new administrative building across Ryman Street.

We'll also begin renovating a portion of the space at our warehouse by the mall. This will become our Records Center and will provide much needed space to the public for historic records research. This will be the first time Missoula County will be able to dedicate space for the public to access the thousands of historic documents we're proud to preserve.

We expect to accomplish all of these changes for about \$15 million and believe it will solve most of our space issues for 20 years. When our 2008 bond issue for the public safety building failed, we immediately set to work developing our next plan. Before the recession, our original plan called for the construction of a new public safety building for \$22 million and a new administrative building for \$15 million. By purchasing the GLR building that needs only minimal remodeling, we're able to shave an exciting \$22 million of the \$37 million project and still meet the goals of our original space plan. We have already secured over \$8.5 million and hope to finance the difference primarily through current resources. We're thrilled that our friends at Garlington have created a beautiful new asset for

the community and enabled us to maintain the core of our services in downtown Missoula.

These renovation projects will be the first test of the County's new green building initiative. Last year, the Commissioners passed a resolution requiring LEED certification on all major construction projects. The goal of this policy was to promote local materials and to improve energy efficiency for long term financial and environmental sustainability. We expect that this will represent one or two percent of the project cost, but we will be able to re-capture this cost in long term energy cost savings. We're excited to join entities such as Missoula Federal Credit Union, Garlington, Lohn and Robinson, and the University of Montana in sustainable building practices.

In addition to saving \$22 million in capital improvement costs, the County's going to save money in interest expenses. I'm proud to announce that Missoula County received our first stand alone rating from Standard and Poor's Rating Agency at the AA- (double A minus) level in 2010. This means issuing debt without having to purchase insurance to enhance the rating. To achieve this in the current economy was nothing short of amazing. The analysts judged the County not only on its financial strength but also the quality of its leadership and management. This AA- (double A minus) rating from Standard and Poor's will only improve as the economy recovers and Missoula County's leadership maintains its conservative fiscal management style. These actions will save Missoula County taxpayers millions of dollars in interest expense from future debt issuances.

In 2010, the Commissioners designated Missoula County as a recovery zone as enabled by the American Recovery and Reinvestment Act of 2009. This designation allowed Missoula County to act as a conduit for five separate businesses by providing low interest tax exempt financing through the ARRA program totaling \$7,221,000. This allowed local businesses to grow even in the recession and jump start the economic recovery by providing work for local contractors and new jobs in these expanded businesses.

We're looking to technology to improve accountability, sustainability and efficiency throughout the County. The backbone of this initiative is the implementation of an enterprise-wide electronic content management system. At the most basic level, this system will provide the infrastructure to manage all the documents generated at the County. As you know, the County is responsible for most public documents, from the real estate transactions in the clerk & recorders office to the court records of district court. Currently, the County has approximately 33 million paper records, not to mention millions of others in microfiche. ECMS will allow all of our future records to be accessed electronically by staff and eventually the public via the internet. While we don't have the budget to digitize all of our historic documents, we hope to have all new documents electronically archived with this system. Additionally, the system will help automate the workflow of many of our processes like applying for a job, or

tracking a permit. ECMS will also enable the County to make these documents easily available on our website. This should help speed up our processes, foster communication among our departments, and most importantly, provide better access to information for the public. We intend to issue the request for proposal for ECMS this month with the first process conversions happening this summer.

We are also transitioning to a new Financial Management and Taxation system. This new system will help us increase accountability and efficiency in all departments. The efficiencies gained by not shuffling documents through multiple employees and various levels of management will save an estimated 1500 employee hours per year. The new system will also give our grants, public works and facilities management staff the ability to track grant and capital improvement expenditures in real time. This enables these department heads to better plan and manage large grants and projects through more accurate and timely cost benefit analysis. There are a dozen more features in the new system that offer additional benefits, but most importantly it will be easier to access and share information with the public both from a customer service standpoint and, ultimately, by making the information available online.

Our public works department is excited about some new technology, too. Fifteen of our 20 snowplow and patching trucks have been outfitted with GPS tracking hardware, with plans to expand to 20 trucks in the coming months. Public Works vehicles use about 100,000 gallons of fuel every year, with the lion's share going to plowing operations. Gathering information from the GPS will allow managers to review plow routes for efficiency. Improved plow routes means being able to reduce the amount of time trucks are idle which in turn results in lower fuel costs, greater productivity, and fewer greenhouse emissions. Eventually, we hope to make this information available to the public as well. Which means, on a snowy day like yesterday, you'll be able to see which direction the plows are headed.

Based on strategic planning efforts around information technology, the County is also looking at moving from a PC environment to a virtual desktop environment. The County spends approximately \$150,000 each year on PC replacement and approximately \$300,000 every 4 years on desktop software. Virtualizing desktops and moving our servers to the cloud warrants closer examination. Our IT staff estimate savings to be in the neighborhood of \$715,000 in the first 5 years for hardware costs alone. This will free up a tremendous amount of money that can be used to offset ever increasing operational costs.

As you can see, we're working hard to make County functions more efficient and accessible to the public. We're in the middle of planning and implementing a lot of changes and we hope you'll notice the difference in the coming year.

I don't have time to highlight the work of each of our departments, but here are just a few that I'd like to share with you.

Missoula County and the State of Montana have some statistics that we need to change: our suicide rate is one of the highest in the nation, the number of vehicle accidents involving alcohol and /or marijuana are high, the number of people living in poverty are high, childhood immunizations are down and the incidence of whooping cough is up, the price of housing for working families is high. Addressing these issues will take partnerships and education, both public and private. They are community problems and will need community solutions. We must work together.

Our public health department looks at the Community as the Patient - what is the health of our community and what can we do to improve it? For example, we know that 50% of babies born in Missoula County qualify for WIC. We know that it is important to focus on the body mass index of our youth. We know that our childhood immunization rates in Missoula are too low. We know the tobacco companies are marketing products to future nicotine addicts - our kids. Your City-County Health Department is working on these issues. They recently received two new grants for a diabetes prevention program and a program to send visiting nurses to families with children with asthma. Director Ellen Leahy recently brought together community leaders to discuss how to reverse the trend of childhood obesity because chronic diseases - cardio-vascular, diabetes, and cancer are truly childhood onset diseases. Unfortunately, we continue to have to monitor cuts to public health programs proposed at our state legislature this year.

On a positive note, our Rural Initiatives office continues to work on behalf of our rural residents and built the framework for the Seeley Lake Regional Plan that the Commission adopted this winter. The public process and community survey about parks and trails in Missoula, city and county, confirmed that residents, young and old, love trails – paved trails, dirt trails, hiking trails, nature trails, and commuter trails. To stay up to date on planning and preservation efforts at Rural Initiatives, visit their website to read their monthly e-newsletter.

The Commission and our Fairgrounds Director are pleased to have so many qualified individuals apply for the Fairgrounds Advisory Committee. We're in the process of interviewing and appointing those members. We agree improvements to the fairgrounds have been a long time coming and we're excited to roll up our sleeves and get to work on phasing in our master plan. Our charge to the advisory committee will be to look at the fairgrounds with sustainability in mind.

We're also excited to announce that our Clerk & Recorder/Motor Vehicle/Treasurer's office will begin providing some services to residents in the Seeley Swan area in March. Starting March 10th on the 2nd and 4th Thursday of the month local residents will be able to renew their motor vehicle registrations, license their dogs, pay their taxes, and obtain moving permits and birth and death certificates. Unfortunately, folks needing new license plates or title work will still need to visit the Missoula office. We hope this is just the beginning of providing more services in the Seeley Office.

Missoula County took a lead role in bringing together commissioners and economic development organizations from the 7 western counties to talk about economic development in the region. We have improved communication and coordination across these 7 counties. I also serve as the President of the BitterRoot Economic Development District. BREDD is the federally designated economic development district for the Western Montana Region covering Ravalli, Mineral and Missoula Counties. We recently were awarded \$627,000.00 for the Community Trade Adjustments Grant from the U.S. Department of Commerce. One of the exciting projects from this grant will be to develop an economic gardening strategy for the region that will support and grow local businesses. We have also been excited to be involved with the Missoula Economic Partnership but I will let the Mayor fill you in on this initiative.

On a final note, I'd like to talk about civil discourse. Sometimes we let the media color our world and influence our opinion of government. Recently, there have been a couple stories that paint a pretty negative picture of public services. I am happy to report that, in Missoula County, those are the exception, not the rule. We are fortunate to have citizens who come to us and sit down for a civil discussion looking for solutions. We appreciate that and hope that all of you will remember if you hear something that makes you think 'what are they thinking' you'll give us a call. We enjoy talking about what we do. We believe in it.

Thank you.