

**DRAFT – NOT APPROVED BY BOCC**

**SUBDIVISION MEETING**  
**December 22, 2005**

Chairman Ed Tinsley called the meeting to order at 9:00 a.m. Commissioner Murray is present. Commissioner Varone is absent. Others attending all or portion of the meeting included, Ron Alles, Jerry Grebenc, Sheldon Bartel, Ron Solberg, and Maria Penna.

**Pledge of Allegiance.** Everyone recited the pledge.

Chairman Tinsley: Good morning and welcome to the regularly scheduled Thursday morning subdivision meeting. I'm Commissioner Tinsley. Commissioner Varone is on vacation this week. To my left is Maria Penna our Executive Assistant. To my right is Commissioner Murray. To his right is Ron Alles our Chief Administrative Officer. To his right is Jerry Grebenc our Director of Community Development and Planning.

**Consent Action Items.** There are no consent items.

**Public Elevator Discussion – Law Enforcement Center.**

Ron Alles: Mr. Chairman, Commissioner Murray: Staff just wanted to make the public aware the public elevator down at the Law Enforcement Center. We're looking into the alternatives of getting it fixed. If someone needs elevator services we can make arrangements to get the person where they need to be. We're exploring the funding options in order to get the elevator fix, hopefully in January.

Chairman Tinsley: Questions for Staff. Ok. Thanks Ron. There's no action required on that?

Ron Alles: No.

Chairman Tinsley: Ok, thanks. The next item on the agenda is the Gateway Economic Development Corporation. Sheldon Bartel is here, the Director. The Commissioners will consider the 2006 budget for Lewis and Clark County Revolving Loan Fund. Mr. Bartel, welcome.

**Gateway Economic Development Corporation.**

Sheldon Bartel: Thank you very much Commissioners. I have a brief presentation about where Gateway's been over the last few years, where we're going, and just about the County's revolving loan fund.

Gateway is a 501c 6 non-profit founded in 1998. We're a public/private board with representatives for regional business and from local governments. We are certified by the State of Montana as a Regional Development Corporation serving Broadwater, Lewis and Clark and Meagher Counties. We still continue to provide some service to Jefferson County, particularly the northern section. Today we have 7 staff members, 5 at Gateway Corporation and 2 at the Economic Development District, soon to be 3.

We provide lending assistance. We manage 9 revolving loan funds, which includes the County's loan fund. We provide business assistance via our Small Business Development Center and a Micro Business Development Center. Those two offices help out both portfolio clients and non-portfolio clients with everything from how to start, expand, buy, sell, improve turnaround in business. They do that in one-on-one training or one-on-one consulting, or we do

class room training with CTI and others in the community. We also have marketing and trade program, we like to know where the businesses we work with are going to sell their product. We've established some trade relations with Alberta, Canada and we've done market research at the Helena Retail Survey, as an example. We now also instituted this year our membership program where we refer our clients to specialists in the community. Gateway Staff has no specialization in legal service, commercial legal, so we make referrals out for our clients. We also do business creation at the Economic Development District and that's part of the SIDS. To be involved in that program you must be in a specific sector of the economy and your product or service must meet specific criteria to be considered. We market the region. We travel around the state and we've started going north of the border to and a little bit to the west to market our counties and the opportunities we have. Essentially they're looking for new markets for their regional businesses. We have a Business Expansion and Retention program. That's where we go out and visit our businesses in our communities, asking them what's going right, what's going wrong, what can we do to keep them, what should we do, what are their needs. We are also now doing a little bit of community development through the Economic Development District. We've participated in 2 resource assessments in Broadwater County and one in Lincoln, which is in Lewis and Clark County. We also partnered with the Helena Education Foundation on Helena 2015 and recently we have worked with the Stewart Homes with the Helena Housing Authorities Re-development. Finally, we've also instituted this posture of Plan 2 Succeed where we have a business plan competition at regional high schools. It's up to \$2,000.00 in scholarships for the winner. So, the GEDD as well offers some capacity building for local governments. We're trying to provide some coordination in Broadwater and Meagher Counties and also help their boards develop off of grant writing skills and assistance, business park development and redevelopment of brownfields and planning studies for business and community facilities. Now today the GEDD has it's own executive director, which is Debra Hayden, staff, BOD and they're now located on Last Chance Gulch. It's been 3 years in the making and it grew from the closure at ASARCO.

Since 2002 the Lewis and Clark County RLF has invested about \$313,000.00. The average loan size is about \$40,000 to \$50,000 per loan. Today there's about \$260,000 outstanding in 10 loans: 7 active, 3 inactive. The inactive includes the Photo Center. The average interest rate is 10%; the average term is 6 years. We have created 15 jobs since 2000. 1.5 jobs per loan, \$20,000 vested per job created or retained. What that tells us is that in the County we are doing a lot of investment in mom and pop businesses. On average the Counties contribution to the Gateway budget is about 5% of our total budget.

The County RLF the current investments are 1) Big Sky Handicapped Services, he provides rental vans to disabled visitors to the national parks, it's a real thriving business. He has 3 handicapped vans working right now, 2) Fire Sprinkler Specialties, they do fire suppression business for commercial across the state of Montana, 3) The Scoop, which is in the process of a sale. We're hoping to sell the building and the business; we have a buy/sell in hand. 4) Calling Success, it's closed but still in re-payment. 5) Helping Hearts/Helping Hands, for juices, organic vegetables for local restaurants. Other interested parties: Lakeside Decoys who manufactures art, kind of like that Big Sky Harvest down in Bozeman. She does the same thing. Unfortunately the Photo Center is closed. The Montana Canneries: They can and bottle all of the different sources that are made in Montana, everything from Willy Dee's Mustard to the Silo's Bar-b-Que Sauce, to products that come out of the place down in the valley that makes the tomato sauce and the salsa's and then Work Wright, Inc. which is a medical business, they do testing for repetitive stress disorders.

Overall for the Gateway Loan Portfolio we've seen about a 3-year growth of almost over 130%, annualized about 42%. The Total assets we've had a 3-year growth of about 83%, almost 30% annualized. The County RLF has seen growth of about 5% per year, so it's real steady, ahead of inflation. Overall for the Gateway Loan Portfolio we've had no write-offs, well this year we wrote off \$8,900.00 in Broadwater County, 0 in the County RLF but as I said in my letter we're

expecting to write off about \$40,000. Since 2000 we've created almost 850 jobs in the region. Lending programs have created 307 jobs, about 20 in the county. Technical Assistance results are 537 jobs – that's the SBDC, MBDC. We've had 0 staff turnover since 2003. Average cost to deliver all of the services that I went through for Lewis and Clark County, if you exclude the City of Helena, it's about \$.70 per capita, if you include the City of Helena it turns out to be about \$1.01 per capita. The Tri-county area costs us almost \$6.80 to deliver all of the services per capita, and if you add all of northern Jefferson it drops down to \$6.10 per capita. And those are right at national averages for corporations of similar size.

And this next to last slide compares us to other business loan funds across the nation with the assets between \$3 and \$10 million and there were 24 of them. Community Development Financial Institutions. As you can see we're younger by about 6 years. We're almost at the average, we're younger but we're growing quickly. We have \$4.2 million capital. The national average for similar organizations is about \$5.7 million. We have a 94% loan out ratio; on average it's 70% on loan out ratio. Our interest rates are lower but not significantly. Loan term is somewhat higher. The average dollar invested is lower in the Gateway region than the national level. We have a little high delinquency rate but that's all tied into a specific loan that's in Broadwater County. We have the half the number of Full Time Equivalence and deliver the same amount of services. As you can see we have 6 FTE's, 2 for finance, 3 for technical training and assistance and 1 admin, whereas the national average for organizations of similar size, they have 11 FTE's, 5 for finance, 6 for TA and training. Our personnel expense is about 50% of the national average and our operating budget is also at about 15% of the national average.

So we deliver a good service through the region for half of what the national average is.

For 2006 we are seeking to raise \$1 million in new capital. We're actively seeking some CDBG opportunities in all of the Counties in our region. We'd like to make about \$825,000 in new loans across the region. I have to point out that in 2005 Gateway had a record year. We loaned out \$1.75 million dollars this past year. It was a very good year for us. We'd like to keep the loan quality high by meeting our default, delinquency and payment targets. Our policies and procedures call for us to keep delinquencies, which are loans that are not making payments under 90 days at 10% of the total outstanding value loans and default at 6%. Our mission is to create 220 jobs in the region. In 2005 our total tally was 200 jobs so we'd like increase that. We'd like to implement NxLevel (entrepreneur) training in the fall and build on our initial successes with the Alberta Trade Program. And the final thing we're going to look at is to rename/re-brand the corporation, to better capitalize on the Montana regional theme. When we travel outside of the area people say "Gateway?" Computers, right? We wouldn't want them to think that, we want them to think something about Montana or our region, so we'll take a close look at that.

And that's my presentation.

Chairman Tinsley: Thank you Sheldon. Questions for Mr. Bartel? From Staff?

Ron Alles: I just want to thank Mr. Bartel. I know the organization of which the County is a part of, we have membership on the Board and Gateway has advanced tremendously in the last 10 years and it's been pretty outstanding and continues to grow, so I just hope the County and City continues to be involved and support the organization.

Chairman Tinsley: Thank you Ron. And we can all attest to Ron's comments. Thank you Sheldon. Do you have any questions for us?

Sheldon Bartel: I think I need you to approve the budget request for \$18,000.

Chairman Tinsley: Right. Thank you very much. Is there a motion?

Commissioner Murray: So moved.

Chairman Tinsley: We have a motion and I'll second it. Ron, is there a actual document to sign?

Ron Alles: No there isn't.

Chairman Tinsley: Ok. Any discussion? All in favor of Gateway's 2006 budget signify by saying Aye.

Commissioner Murray: Aye.

Chairman Tinsley: Aye. Motion passes 2-0.

Chairman Tinsley: Next item on the agenda is a public hearing on the consolidation of the Office of the Public Administrator with the Office of the County Attorney. The Commissioners will consider consolidating the two offices. Mr. Alles.

**Public Hearing. Consolidation of the Office of the Public Administrator with the Office of the County Attorney.**

Ron Alles: Mr. Chairman. A few weeks ago the County Commission passed the resolution of intent to consolidate the Office of the Public Administrator with the County Attorney's office. Today is the noticed public hearing and you have before you the resolution that would actually order the consolidation of the Public Administrators office with that of the County Attorney.

Chairman Tinsley: Great. Well I will open the public hearing and we have one opportunity here if he's interested. This is a public hearing on the resolution ordering the consolidation of the Office of the Public Administrator with the office of the County Attorney Open public hearing. Are there any comments from the public this morning? For the second time, for the third and final time. This closes the public hearing. Mr. Alles, I assume we can go ahead and act on this, this morning?

Ron Alles: Yes.

Chairman Tinsley: Is there a motion?

Commissioner Murray: Discussion. One of the reasons for move is that the Public Administrator's function has shown up as a negative, the only negative on the County audit for the past 3 years. Because of that negative that shows on the County audit, it's incumbent upon us as the County Commission to do something to correct the audit problem we have and obviously the problem we have within the Public Administrator function. Because of that and because of the legal work involved in the Public Administrator function I support and I believe that moving it to the County Attorney's office is the proper office to locate this in, where the Public Administrator will have the support of the County Attorney and his staff as he or she enters into the resolve of the estates, mostly small but some with extensive resources upon the demise of the individual and no relatives living in our community. For that reason I support the resolution and after your \_\_\_\_\_ I'll make my motion.

Chairman Tinsley: I concur with your statements Commissioner and I will second the motion. Now any discussion?

Commissioner Murray: Mr. Chair, I would move a resolution ordering the consolidation of the

Office of Public Administrator with the Office of the County Attorney and authorize the Chair to sign.

Chairman Tinsley: I thought you had already made the motion, that's why I seconded it, so I will second it again. Now, any discussion on the motion? All in favor of the motion signify by saying Aye.

Commissioner Murray: Aye.

Chairman Tinsley: Aye. Motion passes 2-0.

Chairman Tinsley: Are there any public comment on matters not mentioned this morning? Any comment on matters not mentioned this morning? Hearing none, we stand adjourned. Thank you.

**Public comments on matters not mentioned above.** None

**Adjourn.** Adjourned at 9:21 a.m.

---

*Announcements*

*Holidays. Monday, December 26th and January 2nd.*