

A Meeting of the
MONTANA HERITAGE COMMISSION

September 20, 2013
Rehearsal Hall, Virginia City, MT

MISSION

The Montana Heritage commission preserves and manages historic resources in Virginia City, Nevada City and Reeder's Alley and promotes the appreciation of history through quality visitor experiences.

Commissioners Present

Bill Howell, Bob Lawson, Philip Maechling, Andy Poole, Jerry Walker, Marilyn Ross, Cyndy Andrus, Jason Davis, Shera Konen and Barbie Durham in the afternoon session.

Commissioners Absent

Bruce Whittenburg, Timothy Lehman

Staff Members Present

Elijah Allen, Director of Operations; Dianne Carey, Administrative Assistant, Garrett Norcott and Bonnie Martello, Legal Staff from the Department of Commerce

Interested Persons

Kirk Belding, Bill Koch, Leanne Kurtz from Legislative Services, Linda and Russ Hamilton, Patty Dean

Call to Order

The Montana Heritage Commission was called to order by Chair Ross at 9:00 am.

Introduction of New Commissioners

Chair Ross introduced, as new commissioners, Shera Konen from Ennis and Jason Davis, Architect from Helena. Chair Ross noted that a letter from Tom Donnelly, regarding the steam train, was not included in packet but was included in the binder for their review.

Approval of June 14, 2013 Minutes

Chair Ross made a motion that the June 14, 2013 minutes be approved with requested changes. Jerry Walker seconded the motion. Motion carried.

Public Comment

Kirk Belding introduced himself and commented on how well things have been going since Elijah began the marketing and business development plan. Kirk has a numerous employees and would like to see Daylight Village improvements made for accommodations to attract better, more consistent personnel. Kirk feels positive about the future of VC.

Bill Koch made an appreciative comment about Elijah's marketing plan and suggested offering mid week specials to draw in more of the public from the surrounding areas and states. He suggested we install a billboard at the state borders as additional marketing strategies. Bill Howell noted the increase in traffic from the Asian countries in West Yellowstone and feels we would greatly benefit by getting the Asian buses to come to Virginia City in the middle of the week. He suggested we reach out to the tour operators to see what we could do to have them route their tour buses to our area. Cyndi Andrus said the office of tourism has a marketing group that attends tourism associations and feels that is the avenue to work through.

Director's Comments and Report

Elijah Allen extended his thanks to the Town of Virginia City and the Commissioners for coming together for the 150th anniversary. Elijah also thanked local representative Ray Shaw and Debbie Barrett for their tireless support of Virginia City and the Montana Heritage Commission. Ray is currently drafting a bill to apply for additional funding for the preservation of our buildings.

How do we thank people who support us? Seeing the recognition list of donors at the Virginia City Depot is eye opening to how many people are passionate about this area. Elijah also thanked the Commissioners for all their time and efforts and presented all seasoned commissioners with a plaque in recognition. Elijah noted this was an outstanding year and that a lot of volunteer hours from organizations like AmeriCorps, Elder Hostel and our Living History volunteers helped with our success. Elijah thanked staff for all the hard work they put in. Elijah noted that he has had no complaints about seasonal workers or staff, which is unusual given all the functions we perform and the number of tourists we encounter.

Governor Bullock was in awe of Virginia City and was very moved with the town's response to his family's visit. Elijah Allen reported on the increased traffic to Virginia City obtained by the traffic counters he installed. Traffic reported by MHC Visitor Services has increased by 165% since 2011. Additionally, earned revenue increased 120% since 2011. Elijah gave his thanks to Governor Bullock, Director Meg O'Leary, and the Office of Tourism for all their assistance this year.

Elijah Allen noted there are many locations in Virginia City that need work. However, at this time we are waiting on bid quotes for needed improvements and repairs to Reeder's Alley before we see how much is available to spend from the Office of Tourism Grant to help with buildings in Virginia and Nevada Cities. Elijah reported on the archeological dig on the parking lot behind content corner that is the subject of the requested Scott Kelly land swap. He told the story of the historical bare knuckle fighting that took place in history and passed around archaeological finds of a tooth, a cleat and an opium pipe.

Marilyn Ross asked the Commission for any comments or questions. Bill Howell asked if the archaeology assessment on the site was completed. The SHPO requirement has been satisfied. Bob Lawson asked if we had held a public hearing on the land swap, to which the answer was not as yet.

Bob Lawson suggested we reach out to the new state parks commission and get them on board as a contributing partner and learn from them. Bob would like to see us cement positive relations with the state parks commission.

Bob also questioned if we had reduced our insurance coverage. Marilyn suggested that Bob work with Elijah on the insurance to make sure we were adequately covered.

Jerry Walker suggested that Marilyn attend a parks board commission meeting and offer to partner with them. Jerry will see that we are added to the boards email list so we can be notified of the meetings.

Philip Maechling asked for clarification on the plan for the parcels on the Kelly land swap. Elijah offered to show Philip what the plan would be.

Cyndi asked if we have looked into a tool called "survey in a box" and suggested we might find it useful. Cyndi also requested that prior to the Commission meetings, Elijah provide highlights to the Commissioners, what he would be reporting on.

Financial Report

Elijah Allen noted our budget is tight but feels that we are doing remarkably well with what we've faced from the past financial issues. We are allocated \$400,000 from the bed tax, and we get .38 from the 'opt out' park license fee. Jerry Walker reported the license fee is 77% compliance which was a 1% decrease and noted that Madison County is one of the few counties that actually ask if the public wants to opt out. Bob Lawson registers by mail and notes there is no process to opt back into the system. Feels the language on the description on the renewal could be improved. Jerry said the current language has been improved upon and that discussion on opting back in has been occurring.

Elijah reported that earned revenue for MHC visitor services increased by 14% over last year. Investment earning is used to allocate funding. Merchandise revenue also exceeded expectations. Donations and grants from corporations are not represented in the budget report. Expenses and personnel services have dropped by \$30,000. Water utility charges in Virginia City have more than doubled.

Elijah asked the commission for clarification on whether the Office of Tourism grant we were rewarded \$230k has to be reimbursed or not. He indicated he will get with Director Meg O' Leary and Jeri Duran at the Office of Tourism to clarify.

Philip asked if we could show the in-kind contributions (volunteer and commission members) we receive. Elijah said Taylor Schultz has those numbers that we could show the Commission.

Elijah asked that if, in our current state, we could have a hiring freeze until our budget and revenue would allow for personnel services increase. Marilyn asked that when we contracted with the Montana Preservation Alliance, was it not our intent to replace the Cultural Resource Manager function with that? Elijah feels we could utilize in-house talents on the commission and through the help of other state agencies to help satisfy the need for additional staffing. Cyndi Andrus stated that if we don't have the money then it's not needed and is not in favor of a motion to freeze hiring. Philip Maechling is not in support of it either as it sends a message that we do not need this function. Philip would like to see another person in preservation and we need that hiring flexibility. Bob Lawson noted any motion made is only good until the next board meeting. Bob Lawson made a motion that we institute a hiring freeze on full time staff and that Elijah come up with a reduction of force plan for cutting back all staff during the off season. No second motion. Cyndi Andrus asked if the commission actually has the authority to do that, to which Marilyn advised, yes. Motion was rejected/denied. Marilyn advised that we could make a motion that we not hire additional staffing until such time that monies are available.

Andy Poole reiterated that our budget is tight and feels Elijah has the latitude he needs and that any motion made would remove Elijah's latitude to determine the level of staff needed. Andy also noted that any budget discrepancy between our budget figures and those of the legislature would be looked into by Elijah. Andy feels we have done a good job to at least break even and does not feel it is the commission's job to manage revenue and day to day operations.

Cyndi asked if there was a FY 2014 budget as yet. Marilyn noted that the budget for the next year is worked on after the tourism season was over. Cyndi feels we should have the ability to project regardless of the tourism season numbers and feels it would help to see where we are and may be going in the future.

Bob Lawson requested a profit/loss statement for Reeder's Alley.

Old Business

1. Madison County Land Transaction

Marilyn Ross reported that the public hearing was noticed in the paper and on the Department of Commerce calendar. She reported that those who attended the meeting determined the property was not of historic significance to be concerned about. Elijah noted he spoke with DNRC and indicated the next step would be a public hearing. Elijah said he would also like to order an appraisal. Garrett Norcott noted there should be an additional procedure such as a proposal sent to the Director of Commerce on the commission's request. Cyndi Andrus asked if there was any requirement with regard to the appraisal. It was confirmed that we have to sell at the appraised value. Philip Maechling reported on the land site visit. Philip feels that Madison County should do a site analysis prior to the purchase of the property. Jason Davis felt a survey was performed on that lot in prior years regarding a bond issue and that Madison County already has that information. Jason Davis also remembers soliciting archaeologists to do a certain amount of digging on that site but does not recall the work actually being performed.

A motion was made that the Commission proceed with the sale, on the condition that a soil and hydro analysis be performed; and a site report on the land's ability to support a parking lot without any affects to other properties. A motion was made that the real estate committee move forward with the process in the sale of the lots. It was further determined that no motion was needed to move forward. The subcommittee can move forward according to the ARMS. We need to make a formal report of the Commission's intent regarding the sale of the property to the Department of Commerce. Garrett Norcott suggested the Commission review the ARMS. Andy Poole asked if this item could be suspended off the agenda until the committee proceeds with the process.

2. Report on MPA – Patty Dean

Patty Dean reported on contracted activities performed by MPA. A building by building assessment was made by their intern as well as interviews with local historians. Patty shared reports on work reported by the intern with the Commission. During the next few months they will be working with the Alliance of Museums to set base line information on the collections. They will be doing a collections stewardship assessment to summarize discussions on aspects of collections needs and setting a baseline. What we have in Virginia City and Nevada City is a treasure but not a unique challenge. Philip Maechling inquired about Nevada City getting listed on the National Register of Historic Places noting that buildings moved to Nevada City prior to 1963 would be eligible for listing. Philip is tasked with determining how we go about doing this.

3. Discussion on Steam Locomotive and Train

What are our intentions with the steam locomotive? Do we intend on operating it again? This is in reference to the letter from Tom Donnelly who funded the original VCPA, along with being a long time supporter of Virginia City. Bill Howell sees strong sentiment in the community regarding the steam engine. Bill discussed the incidents that prompted the State of Montana to require the rules and regulations involved to run the steam train and why the state would not allow us to continue running the steam train without a licensed engineer or a boiler inspection. He also discussed the historical events leading up to the financial costs related to getting the steam locomotive back on the tracks and the profit/loss relationship. It was not financially viable and doesn't see the possibility of future use. An engineer is required to have 400 hours per year running a steam locomotive which we don't operate enough to meet that requirement. The land availability required to run this train in light of the recent land issues is another problem. If we do go ahead with getting the ultrasound performed on the train, then what would be the next step? It is Elijah Allen's opinion that we ask the Montana History Foundation to ask its donors to see if they want their money returned or if they would like to contribute their donation to repairing the small train or have it go towards building a static exhibit for tourists to come and see during tourism season. Cyndi Andrus made a motion that we sell the steam train and ask the MHF donors to look into donating to the small train. Jerry Walker seconded the motion.

Philip Maechling suggested the train committee meet with the community to fully advise them of the

situation and get their input before we decide to sell it. Cyndi noted that the Commission Meeting is a public meeting with the discussion on the agenda and they did have an opportunity to speak. Elijah cautioned on the selling of the steam train as it falls under collections and we could not utilize the funds from it as under current statutes we can only collect the interest of the proceeds. It was advised that the Commission speak with the Montana History Foundation. Andy Poole asked Cyndi if she would consider not including the sale in her motion. Andy noted its value as a display item for the public and tourists. Cyndi revised her motion to reflect that the commission determined that the engine will no longer run. That it will remain as a static display, and that Amy Sullivan will advise donors of the situation and will determine if they want the donations to go towards helping with the small train or used to help with a static exhibit for the Steam Engine. Philip Maechling added he would like to suspend the license efforts on the steam engine. Motion carried.

Update on MCA Statute recommendation changes/EQC Update

The Commission wants to look at the ARMS rules and statute. Andy will draft what is being proposed to be reviewed at the December meeting.

Bob Lawson said local representation at the recent EQC meeting was great and the background presentation was thorough, but is not certain on what will be pursued. He suggested the Commission reexamine why we have Reeder's Alley. We are not fulfilling our visitor experience portion of the mission statement in Reeder's Alley. Bob would like to see maps included with the documents presented on the work proposed in Reeder's Alley. Funding issues were discussed regarding the bed tax. Additional funding is also being examined with coal tax, and increasing license fees. Bob felt the meeting was productive and it would be helpful if they looked into a change in the MCA and our funding sources. Noted it was more of an information session. Bill Howell felt it was beneficial to have people from Virginia City in attendance along with the Madison County commissioners. Marilyn commended Elijah on an excellent job. Philip Maechling felt the field trip to Reeder's Alley was important to the members of the EQC and that it went really well.

Strategic Plan

Colleen Rudio presented the Strategic Plan retreat outcomes. Goal is to take the current state of the strategic plan to the future state of operations. Asked if there were there any priorities that we feel should be different. Philip Maechling would like to see the Virginia City Institute added to the list of priorities that would eventually result in an educational institution. Barbie Durham noted that the problem with the institute was that we lost money versus making money. Colleen suggested this be placed under the partner category with an objective to research and expand it. It could hopefully later come under the sustainability category.

Public Comment

No further public comment. Marilyn requested Bob Lawson have an insurance report at the December meeting.

The December meeting will be held in Helena, December 12, at the Reeder's Alley conference room.

Adjournment

Meeting adjourned at 3:10 pm.