

Don Peoples, Chief Executive of Butte-Silver Bow, interviewed in his office by Teresa Jordan, January 14, 1987. Notes taken at time of interview; not audited against tape.

Q: It seems to me that one of the first turning points in Butte was the Federal monies that came into Butte starting in the 60's, and the development of expertise to administer them.

Yes. Model Cities has been criticized, but here it was a smashing success. It's of absolutely primary importance, for it brought about a fundamental institutional change. People expected more from government, and government became more efficient. City government up to that point had been a disaster. That was the beginning of what has now turned into a public and private partnership. We developed the public side before the private side. We have developed an ability to develop strategies to deal with problems, and that came out of Model Cities. Fundamental changes in the way we think and do things.

Q: What's amazing is that Butte developed virtually a showcase program, and there had been little in Butte's past to indicate it would have that success.

Jim Murphy was key to having a good program. Jim and Don grew up together, good friends. He was a plumber, essentially. He got a degree in economics. He is extremely bright -- Don doesn't think anyone realized, back then, just how bright. He graduated from college, came home, went into the family plumbing business. He was getting bored with it, tired of plumbing. He had been a free spirit, kind of wild. He'd had a number of jobs, gone into the family plumbing business, learned the trade. Powers was mayor when Butte was designated a Model City. Butte was selected because of Mansfield. It certainly didn't have the ability, at that time, to do a proper proposal. The idea at the time was that if you put a nice cover on it, you had a proposal. But Butte got the MC designation. And it was a political decision to hire Murphy.

Murphy came to Don. Don was coaching at Butte Central and had been for a year. He asked Don to go with him. Don was happy where he was. Jim said, "You don't think I can do it." Don had his doubts:

didn't want to go to work for him. Earl Singer from HUD came to town. Don remembers it well; it was the day Bobby Kennedy was shot. Singer, Murphy, and Don went to lunch. Singer said, you are dealing with an extremely complicated program; he indicated serious doubts that they had the expertise to put it together. He was that blunt. And Don had doubts, too.

Don stayed teaching for another year, and he began to watch how Jim worked. He'd drive by the Medical Arts Building late at night and the lights would be on, even at midnight. He saw Murphy put it together, and it was good stuff. Murphy had Bill Mulligan and Charlie Rice working with him, other good people. And then he hired a consulting firm, Marshall, Kaplan and Gans (sp?). Kaplan had been one of the originators of the Model cities Program. They were expensive, but it paid off.

Powers was mayor; Micone defeated him in a landslide the following spring. The Great Falls Tribune had had a series on prostitution and vice in Butte, people were fed up with it. Don thought that Micone would dump Murphy; the group of people behind Micone viewed him as a political hack. But Micone surprised them. He was his own man. He held onto Murphy. And then Don went to work for Murphy the next year.

Don was still not too sure he wanted to work with the MC program. He liked his work with Butte Central, but he was starving, not making any money. He went w/ Murphy in the Fall of 1969. He saw the program develop, and saw Butte develop a national reputation for how well it ran it.

Murphy was not an easy guy to work for. But he developed a great program.

For instance, Butte became part of Planned Variation -- [a further experiment on Model Cities that pretty much doubled the amount of money through the program. Only a small percentage of the original Model Cities were chosen.] Butte did not in any way actually qualify for the program. There were ten points to qualify; Butte didn't meet any of them. But Murphy pulled it off, and Butte got it because of its performance -- NOT because it qualified for it

Model Cities was phased out; Community Development followed. The first year, they were guaranteed the same amount of money they had had under Model Cities, year after, 80%, year after, 60%.

These Federal dollars made them able to do things in the community; essential for the economic turnaround, and also for the physical turnaround. The infrastructure was a shambles, it helped build sidewalks, streets. Federal money made the physical improvements. Butte was in *terrible* shape before. And it helped develop the Butte "Can-Do" attitude.

It's important to stress that this was the beginning of institutional change. People began to expect more of government, and government developed the expertise to provide it.

City County consolidation wouldn't have happened without Model Cities. Consolidation had been attempted several times before; each time it failed miserably. Model Cities sponsored a Governmental Research Study, which was the document that led to City-County consolidation.

And Consolidation was vitally important. the City of Butte was going broke in a hurry. The tax base had decreased substantially.

Consolidation was part of what Don called the "Micone Syndrome." People respected him. He was hardnosed, pragmatic, effective; an administrator more than a politician. He was the driving force.

Q: Can you talk a bit about your political education?

Don went to work for the city in 1962. He was recreation and parks director (get exact title off tape.) He worked for Hannah (sp?) Griffith [Vern]. Griffith was a good mayor; left to become state administrator for the EDA -- Economic Development Administration.

Don worked for Tom Powers for four years. Tom was a nice guy. The last person to talk to him shaped his thinking. Tom and Don were nice friends; now Tom won't talk with Don because Don went with Micone.

Don grew up with Butte politics. His father had been the road foreman for the city. In high school and college, Don worked as the garbage man for the city. Even teaching at Butte Central, he ran the neighborhood Youth Corps Program, a job program. At the time of

Micone's election, he had real concerns with the way things were being done. But Powers had been really good to Don. Don supported Powers over Micone. So when Murphy hired Don, it caused problems. The people behind Micone were upset. Micone had a frank discussion with Don about it; told him that he was not happy that Murphy had hired him.

Don has a great respect for Micone; he is now one of his best friends.

Working with Murphy, Don was the one who, sometimes, had to put the brakes on Murphy.

Q: Can you give me an example?

Yes. Murphy was very demanding. Worked long hours and demanded that of everyone else. Every spring they put together the Model Cities plan. Don and Bill Milligan would work 16 hours a day; there were two shifts working, and they were both expected to be there for both shifts. Staff people would write their part; Don would edit, Bill would edit; then Murphy would take after it with his red pen; write nasty comments in the margins about people's ability to write; would raise hell, put them down. Everybody would have to work on Saturdays. Sometimes, there was no real reason for them to do it.

One year, before Easter, on a Saturday, 8:30 or 9:00 a.m. everyone was there, waiting for assignments. Murphy came in, got on the phone, got tied up. 1:00 rolled around, everyone said they were going on strike. Don went in, talked with Murphy, said, "You can't treat people like that." Murphy listened, came around.

Other examples -- if a staff person didn't do well at a public meeting, he would catch hell. Murphy set expectations, but didn't always tell his staff people what they were.

But he was good, too. He had a PhD working for him who came at the same time as Don. He wasn't working out; Murphy told him he could stay until he found a job. He had trouble finding a job; stayed 9 months, doing very little. But Murphy was good to his word.

Through the years, Murphy has learned a lot. Just came back from a 4-month business program at Harvard. He has learned a lot; Don expects he is a first class executive today. At the time he wasn't.

Q: I've heard a description of the "Jim Murphy School of Public Administration." Jim would throw out an idea everybody hated; have a meeting with 100 people and 95 people would hate the idea. Murphy would take it all down; have a second meeting; 50 would show up; 25 would hate it. Have a third meeting; a dozen would show up and only 6 would hate it. Then it would go before the Commission as an emergency measure and pass. Is that accurate?

Don smiles -- says its not entirely accurate, but pretty close. Murphy had great ideas, but some of them were off the wall. That's a pretty good description of how he would test things. And he would keep people on a project long enough that it would finally go. He had a fight with contractors. Contractors in the city thought he should contract out more of the street and sidewalk work rather than having city crews do it. Murphy didn't think so. Kept having meetings about it until fewer and fewer contractors showed up and finally none did.

Murphy accomplished amazing things. To think that he could have done it with his management style -- it's a credit to his intelligence.

Q: Can you tell me a bit about working with Micone?

After Murphy left, Don became Model Cities director and that evolved into Community Development program. Then he became Public Works Director and became, essentially, Micone's administrative assistant. Micone would get people, then let them do the job while he fought the political fights. He was gutsy, took on issues head on. The annexation issue, for instance -- a hard fight. Even those who didn't like him respected him. He was a hard headed little Italian. You knew where he was coming from.

When Don took over, the Public Works Department was not in good shape. They had some money to work with. Don and Micone worked very hard for consolidation. It was a heated election; they won comfortably. That was in November. In February was the election for chief executive. Bill Driscoll, clerk of court, ran against Micone. That race went down to the wire. Micone won by something like 269 votes. It was very CLOSE. Micone thought he would slide right in. Don had a time to convince him it would be a close race. Wasn't decided until the absentee votes were in. That showed that Bill Driscoll had to be very honest, for the Clerk of Court counts them. The saying was that the

incumbent always got the absentee votes. That's not to say that there was cheating; the people who worked for the incumbent helped people in old folks homes, etc., vote, and if they asked who to vote for... But this had to show that Bill Driscoll had impeccable integrity

The new charter said that the Chief Executive would appoint the Public Works Director and he appointed Don. Then Micone left 18 months after unification, took a job with the state. Micone fought the transitional battles, and there were lots of them. Within Public Works, for instance, the city and the county had different labor agreements. The County had an agreement with the Teamsters. The city paid less than the county. When they were merged together, often had guys working side by side who were not making the same amount, and the difference could be significant. They were able to renegotiate, and in most cases wages came down rather than went up.

Don negotiated labor contracts for the city. Then there was the fireman's strike, and it was vicious. Micone's house was vandalized badly. He had to leave town with his family. Don and Jim Murphy negotiated the contract with the firemen; Don didn't know anything about the fire department; didn't know difference between ranks, etc. But they got it done; it was an 11 day strike; the toughest negotiation Don had ever been involved with. A man from Chicago was here for the firemen (check against tape). Very tough.

Micone made a tremendous impact -- courageous, honesty, absolute integrity.

Don was the natural to come into the job when Micone left. And he has been surrounded by good people--Tom Cash; Jimmie Johnson, Gary Rowe.

Q: Who would you say is your closest advisor?

Probably Evan Barrett. But he bounces off his staff people a lot. He picks up ideas, bounces them off them, lets them figure out how to do them, finds the people to implement them.

Q. At the time of the shutdown, you needed to get the community working together. How did you accomplish that.

Don says it's hard to say in a step by step way. We were at a point where we had to. The real success has just been in the last year or two. There was the battle at the Local Development Corporation. He would meet with them, go away mad, upset. They weren't doing anything; they had bad business practices; they were selling assets to operate; they didn't have a plan.

The Economic Futures Program was probably the start, sometime earlier. That program got folks who wanted to help involved. MERDI gave John Orth. All sorts of people involved. Interestingly enough, LDC, as an organization, boycotted it; they said we were getting our nose in their tent, stepping on their turf.

The EDA had always been good to Butte. Tom Cash just told Don that EDA monies have allowed 135 people to be employed in Butte full time for the past ten years. Don talked with them about the business incubator; they were very cool. Later, called Don up, said they were short with him; were mad about the LDC. It had a \$120,000 grant to set up a plan; they hadn't done it. Don hadn't known about it before; got hold of Daryll Lee; asked to look at the plan. It was a joke. Anaconda had already shut down. The plan said that mining would remain the base of the economy, suggested development of service industries around mining. Don knew if EDA saw it, they'd never get another dime.

So Don hired Dan Dennehy to take over the LDC. He, Tom Cash, and Don rewrote the strategy, based on work that had come out of the Economic Futures Project. Took it to EDA and they loved it. EDA was grateful that they had been able to pick up the pieces; they had thought the grant had gone down the tubes. That gave us a chance to get people working together. Daryl Lee left in January, a year ago.

Evan came into the picture through the mining development committee. Senator Melcher gave us Evan's time for the committee. ACM had said it either had to sell its operations here or tear it down. We had a year to get something done; we did it in six months.

The mining development committee worked together to solve the problem. Now, the Chamber, Montana Tech, MPC, the Skating Rink - everyone is coordinating. But the Economic Futures Program was the starting point.

Q: Can you tell me how the MDC came about and worked?

Frank Gardner and Ray Tilman at Anaconda/ARCO came to Don, said either they have to sell this thing or they are going to tear it down. Help! They suggested that the city get actively involved. That pushed us into action. Up to then, had been getting \$3 1/2 M a year in taxes. Knew that wasn't going to last forever, but this really pushed them into action.

Got folks together; talked in new ways. "We don't care if it's union or non union, just so it goes." Got people like Barney Rask, Harp Cote, Ossello, etc, involved. Laid out the problem clearly, said "we gotta do something." Identified the obstacles.

Relationship with the state: Had to settle the EPA superfund issue through the department of health. Had to transfer permits with the state. Had to settle the taxation issue. Had to get financing. Went to the State, said, we need your help. Impressed upon Schwinden how important it was that his department people get on board and help get the mine opened. Schwinden said, basically, don't break any laws, but I don't want the law to stand in your way. Very cooperative, supportive.

Getting the permits done was hard. Taxes, though, seemed impossible. The Department of Revenue came up with the idea of new industry rate. If you keep running hard enough and keep hitting away at something -- you will come up with something. And if you get enough people working for it long enough and hard enough. In this case, public policy had to change.

They got over the hurdles one by one.

Power rates. Got MRI people face to face with MPC; found a way to get utility rates at a reasonable level. Committed both sides to get it done. And they just kept hacking away at it.

Financing -- the board of investments had gone thumbs down on the project from the beginning. Joe Reeves was on the board, from Butte. They got the right people to talk with him, convincing him that it was a good project. Had to change people's attitudes -- the word, around the state, was that this wasn't a good project. Once they convinced Joe, he began working with other people on the board.



Q: How about the Incubator?

Don's first exposure to the incubator idea came in 1983, at a meeting on economic development in Great Falls. Baucus had brought in people from Control Data. Don thought it was a good idea; others said "you'll never make it happen in Butte. Don was the only one in the group that thought it could. Two months later, went to the Minneapolis area with Bill Keavey (sp?) of LDC and Ray Tilman representing the Chamber for a tour of a Control Data facility. When they came back from that trip, Don was convinced they could do it in Butte; Bill and Ray were not so convinced, weren't willing to put a lot of time and effort into it. It was really Don's one-man effort. His staff was not convinced, either.

He met Peter Hardwick at a National League of Cities meeting; he's from England. Had him do a feasibility study. Had more contact with Control Data.

Don was in Denver; took a Trailways Bus to Pueblo, where they were getting started; spent a day at their center. When Don was writing the final document plan at LDC, put in a section about the Business Incubator. And when that went through EDA, said, let's look into a business incubator for Butte. They put him in contact with people in D.C. He contacted an old friend, Paul Dempsey, involved with Title IX. Working with Dempsey's staff assistant, Felicity Gillette, got application developed and submitted the application in 30 days. Then Don got MERDI excited about it. EDA funded a feasibility study. Eventually got \$700,000 from EDA. Then Don went to the Roman Catholic Diocese, said, you've been talking about "Jobs and Justice"-- this is a chance to put it into action. They gave Boys Central for \$1; it was appraised for \$200,000. the Urban Revitalization Agency kicked in \$200,000. so it was a \$1.1 Million project. And five businesses are in it today

On that trip to Minnesota, Don had seen an incubator in Grand Rapids Minnesota -- not to be confused with Grand Rapids, Mich; the Minn town has about 13,000 people. He thought, if they can do it, we can. He is still concerned that it will work. Delighted that it has gone so well so far. This is the one project that has really been Don's all the way through.

(Check with tape for specifics on how this was developed; notes may not be too accurate)

Now, Butte is at the juncture point. They have got to develop an industrial policy for Butte and Southwestern Montana to make it continue to work. Now they need to look at it, make a plan to take what we can produce, add value, and ship it out. For example, talc - the best in the country is in western Montana. Need to add value to it, ship it. Malt Barley is another example. Mustard seed -- it can grow very well arund here; need to add value before shiping it out. They have the economic plan; now they need an industrial plan. That's Phase II.

We can't be satisfied with what we've done. Lots of "what ifs" can throw things into disarray. What if the mining doesn't succeed? It looks like it will suceed; they are breaking even now, and didn't think they'd be doing that for a couple more years. But it might not succede. What is Stauffer closes? You gotta have stuff on the shelf. Figure out how to do it. We have the expertise in town. We can't sit back and relax now just because things seem to be going well.