

City Council Work Session

5:30 PM
Council Chambers
March 7, 2016

ATTENDANCE:

Mayor/Council (please check) Hanel, Cromley, Yakawich, Cimmino, Brewster, McFadden, Friedel, Swanson, Sullivan, Clark, Brown.

ADJOURN TIME: 9:10 pm

Agenda

TOPIC #1	Facilities Master Plan
PRESENTER	Bob LaPerle, CTA
NOTES/OUTCOME	Evidence Building is FY17 SBR; Schedule Future Meeting on Rest of Plan

- Partnered with CGL, which did most of big numbers.
- Four steps: Needs assessment with survey to dept. heads. Then met with them and CGL to discuss important functions, how interacted; then evaluation, taking information and looking at staffing to 2029 and existing square footage, measured against national standards; third, to develop options and determine which made sense. Began with four, ended with two. Fourth step was to develop long-term plan.
- Identified depts. Didn't fit with primarily public and office functions. Didn't look at sewer, water, library, fire, airport or MET.
- Growth steady but at 2% year goes to 134,000 in 2025 and 147,000 in 2030.
- Priorities established by RFP: Municipal Court, growth, security and safety; Police forensics and evidence; third, consider public contact points—public works, admin., etc. Way to put closer together.
- Need to have vision or guiding principles. Had two work sessions with steering committee. What is important? Public points of contact, quality of city spaces, image of city hall and finally ownership – own or lease? Right now, doing both.
- Combining space and staffing requirements, compared in 5-year intervals. Need for additional space for existing staff that will grow with future cycles. Substantial growth over next 4-5 years. Operations Center needs growth because of equipment. City Hall needed public contact space, for contact, meeting rooms, etc. PD2-forensics and growth.
- Three facilities – Depot, GW and Miller Building, are leased, additional room will be needed.
- Three major components – downtown, BOC with Police facilities and others, such as how to improve operations and be more efficient with staffing. Major focus of study on first part.
- Told not to focus on parking or specific sites. Work on what needed. Also concerns about staffing in 2029, pretty far, so fell back to 2024 to look at square footage and costs.

- First option was start new. Cost in two parts – courts/police and administrative. Impact on staff and public low because aren't working around remodel. Cons—costs higher and hard to find. Administration – 67,141. Courthouse Annex would include Municipal Courts, City Attorney and Police. Total need 118,000 square feet.
- Cromley: What is factor? LaPerle: 30% added on top of actual offices for corridors, etc. For courthouse, 50%.
- Second option to create new Administrative Building and remodel current building for Courts, Attorney and Police. By repurposing some of basement, could fit all in existing PD and Admin Building. Pros: Reusing existing facilities at lower cost of remodeling, not building new. Cons: Finding space for 60,000 square feet and impacts of staying functional while remodeling existing space.
- Construction based on 2014 numbers from RS means data base and CTA and CGL in formation. Also compared if don't build, accommodate growth by leasing and remodeling.
- Brewster: Factor in Davis-Bacon Act. LaPerle: That is, but not some site costs. Costs per square foot vary depending on type. Basic Option 1, \$25 million; Option 2, \$21 million.
- Projecting out 4-5 years, which is what it would take to find funding, escalated costs 3%. Also included owner costs like hooking up utilities, IT costs and some furnishings such as reception desks. Two new facilities, \$38 million. Keeping current building and building new administration \$33 million and leasing \$13 million. CGL looked at financing costs. If went out for bonds at 4% for 30 years gets to yearly \$67 million for two new bldgs. \$58 million for one new and one remodeled, and \$74 million over 30 years, including O&M. Cost of leasing far higher to pay than building something new.
- McFadden: Leased going to cost more now or because own facilities paid for? LaPerle: Considers lease increases in addition to construction and operating. Will have to lease additional space to accommodate growth.
- McFadden: If built new, cheaper than leasing Miller? LaPerle: Yes. McFadden: need to look out 30 years.
- Sullivan: What is cost for 30 years if took out escalation? LaPerle. Didn't calculate.
- LaPerle: Another element not listed but affecting O & M is quality of materials, may be better to spend more up front to last longer. Terrazzo tile, for example, will hold up longer than linoleum, which would be replaced 10 times. Energy efficiency also important for HVAC and plumbing, advise as part of master plan.
- Yakawich: What is longevity? Would they have equal longevity? LaPerle: That would be the intent. Design for 30-50 year building. Yakawich: If did option 2, effort in remodel would quality last 30 years? LaPerle: Yes.
- Cimmino: Options 1 and 2 show 2014 costs, which in 2016, even more expensive. In practicality, why not start with 2016? LaPerle: did study year ago and those were numbers had. Cimmino: Important to note would want to update every five years. LaPerle: Intent of escalation number. Five years, need to re-look at numbers. Numbers consistent with recent economy in last 4-5 years. Good to relook every five years.
- Clark: Costs per square foot, why courthouse higher than anything else. Not building grand building like federal. Why so much higher, almost twice as high? LaPerle: Space requires built-ins, and police facilities with technology and other components in office-type functions, as well as security corridors, sound locks, higher facility quality. Clark: Why? LaPerle: National standard, how done. Clark: Don't handle felons, handle municipal court. Cromley: Take into account municipal. LaPerle: yes, take higher costs federal and district court.
- LaPerle: Another component was to look at PD2, additional laboratory and evidence space, at capacity now. Unimproved land behind existing facility could use to store and

expand facility on property currently own. On right, new shop building to allow growth at space across the street. Move PRPL there; give PRPL space to other side of street.

- Swanson: City owns all? LaPerle: Land outlined in white.
- LaPerle: Site across the street would allow growth in Public Works for additional storage. Locker rooms and other personnel sites not needed. Logical to move PRPL to give more room.
- LaPerle: Last element was remote maintenance yards. PD needs remote facilities so vehicles don't come back downtown, accommodate at remote sites like FS #7, find one like it in Heights. PW has space in Heights, could expand to include PRPL and PD.
- Cromley: Source of quote? LaPerle: One out of report. Need public comment. Also need to look at financing. Traditional financing options include traditional plans plus private/public partnership that would lease/construct and buy back or build a larger development of which a small part is built for and leased back or sold to City (P3 partnership). Makes it easier on city. Pros: Allows purchase if desired, get private sector efficiencies in getting materials, etc. Approval process doesn't require bid, different process, maybe easier, if leased. Overall development time less, more efficient. Finance can address lesser impact on debt load, and can increase tax base. Can be used in MT.
- LaPerle: Look at goals and short-term growth on yearly basis internally; update plan every 5 years; create building standard re who get offices, materials, efficiencies, could be standardized that could be implemented right away.
- Yakawich: Like public engagement. Some of conversation to be downtown. What would be a timeline for the City to move forward? LaPerle: Depends on how soon want to implement. Sooner make decision, better, to get public validation downtown.
- Brown: P3 already had people interested? LaPerle: got feedback from two companies, one which came out and presented couple of weeks ago. Interested. Could create RFP or interview process that would help make decisions. Brown: What difference in costs depending on who built? LaPerle: Obviously want to make profit, but will look at it from terms what make apartments, parking. They can develop more efficiently, don't have to worry about Davis Bacon, save in long term.
- Brown: Another option to buy and renovate buildings? LaPerle: Looked at possibility of buying and renovating or building one big building. Lot of factors.
- Sullivan: Copy of report? Volek: Yes.
- McFadden: If Federal Courthouse available, suitable? LaPerle: limit options, bit small, take more studying.
- Yakawich: Master Plan 2 years old, if need to revise in 5 years, should move forward in 3 years or renovate? LaPerle: if work in 5 years, might want to look at Ops Center in 3-5 years, less in scope than master plan.
- Cromley: Immediate steps? LaPerle: Want to proceed with something, and what look like. Master Plan helps narrow discussion. Quick decision in next year. If decide get P3 partner, sooner, better.
- Cimmino: Where does money come from? Where is land if downtown? Part of this scope? LaPerle: Funding outside study. Cimmino: Real estate downtown getting more precious. How public engaged? LaPerle: This and other previous presentation only. Cimmino: Why not consider parking? LaPerle: Not certain downtown, parking more available depending on site. Parking, how much, cost, hard to analyze this early stage.
- Cromley: Where from here? How to involve Council and staff? Some sort of direction?
- Cromley: How to proceed? Brewster: Put on agenda. Sullivan: Not next two months. Volek: Propose work session. Cromley: Put on work session. Yakawich: Community conversation could be source, tends to be in fall. Cimmino: Report tends to be complete, file away until work session? Volek: Yes, but do not put away on shelf.

- Sullivan: BOC this year? SBR in budget. Volek: Not complete plan – evidence only.
- **Public comment:**
- Connie Wardell: PO Box 21432, Billings, MT, has been involved in process in seven cities. All instances, decision keep together or separate. P3 has attractions, but feel burned by people in downtown housing. Post offices popular in 1970s. Most creative was city with depressed downtown, created TIF, built City Hall, all land surrounding made available downtown housing. City participated demolition. Results one of most attractive downtowns. Takes long time, but by building City Hall, whenever build significant building like medical corridor, changed housing and other buildings. Significant City Hall will upgrade property value. Well worth time talking it through. Dehler Park involved extensive public, same thing with Library, finally brought in professional. Some of best seen. With both Dehler Park and Library attempted take downtown, rejection of bonds said don't, likely same with City Hall.
- McFadden: P3 notion good or bad? Wardell: Careful, best interests of City at heart.

TOPIC #2	CIP/TRP/ERP
PRESENTER	Vern Heisler-Deputy Public Works Director, David Watterson-Chief Information Officer, Dave Green-Planner
NOTES/OUTCOME	Schedule for Public Hearing and Future Action

- Mr. Heisler: Rolling 5 year CIP. Overview on process and document as whole. CIP is at least \$25,000. Go out every other year, did not do this year. Opportunity tonight and public hearing on document, as well as input with Vern or the Council.
- Council adopts, and then becomes part of budget for each fiscal year. Good planning tool giving Council insight on future fiscal years. Public gives input on concerns. Dynamic, as time goes one, some projects may change, some may stay.
- Work sheets sent to departments in November, draft in their hands put together on that basis. City web site has link to document. Not done—draft form and has ways to go before adopted and finalized. Can accept, adopt, or choose not to act. Takes a Council vote.
- Draft documents, i.e. parking, put on FY 16 to show what adopted, show 17-21. Bottom line shows what departments want see this year. Orange or gold new projects. End of department has summary page.
- 143 projects over five years, \$361 million. Public works one of bigger, 61 projects over five years. Talk about funding sources: Varied, shows list, some projects have number of sources. Funding specific to use and can't be transferred from one project to another.
- Tonight is general overview; April 11 is tentative public hearing. June 17, included in budget.
- Yakawich: Water – hear best in state. Mr. Heisler: Happy if were, can't confirm. Staff works hard, take a lot of pride in work. Yakawich: First time saw this format, concise and draws upon manual, encourage other dept. heads to do same.
- Cimmino: 143 projects, amended encourage phase 2 inner belt loop, only project unfunded, studied over 20 years. Response? Mr. Heisler: When talking CIP noted a CM had brought it up as not being in document, at that time noted fiscally constrained document. If IBL included, have lot of other projects out. Mr. Pitman asked to be included as unfunded, was at that time. April 18 work session.

- Sullivan: If there are items be added or deleted, at April 18? Mr. Heisler: Yes. Can be done ahead of time through note, or at meeting.
- Mr. Watterson: TRP, put together to review and understand replacement of anything more than \$5K, three years. Look at PC standards. Establish guidelines for device age. Funding is identified by each department, in contrast to ERP, where money put in in advance. Have a committee, reviewed, make sure inventory accurate and reviewing with departments.
- Capitol items, \$626k, operations and maintenance \$209k, totaling just over \$1 million. Reviews totals by department. Shows breakdown of capital: Airport, Public Works, Administrative Services are largest users. Shows breakdown by technology class, example how much on printers, GPS etc. Last shows trend line over use in last six years. Some years, quite large. Some capitol 80-100k replacement items, planned over several years. Up and down environment because of cyclical nature.
- Brewster: Lease or buy? Mr. Watterson: Buy Brewster: What happens to old. Mr. Watterson 4-5 year span, recycled into other departments, like CPC, kiosks for HR and Health Insurance so employees can access them. Most departments have hand-me-downs. Crushed if not usable or auctioned.
- Cimmino: How often buy new PC? Mr. Watterson: Depend on position for any equipment, every 4-5 years. High end users and WW plant 3-5 because of corrosion, use. Cimmino: Library has asked update 2-year-old. Brought existing or update at the end of two years. Mr. Watterson: Don't have list, will provide information. Cimmino: Has list. Mr. Watterson: Public access use get 3-5 years because of heavy use, not quite high end. Cimmino: Crushed or recycle? Mr. Watterson: dept. recycle or disposal
- Sullivan: Any way delay to make more predictable. Is committee looking at making long-term obsolescence more predictable? Mr. Watterson: Plan covers vast, wide swath. Try to get most longevity. As depts. look at it, some of 10-year items been put off for 3 years. Hard to project what each dept. will do to push off or fund. Sullivan: See 17 but look out five years for long-term technology plan, helps make predictable. One year cut? Mr. Watterson: Plan projects replacement costs. FY 18 looks heavy because people say not going to replace this year. Projections done for three years. Purchased this year, replacement for FY 20. Obsolescence could be added. Sullivan: like to see.
- Yakawich: What is included in OM, and how projected? Mr. Watterson: Items up for replacements are identified, 20 pages long. Laptop, printer, PC makes up lions share. Inventory of entire city projects replacement, with costs, by looking at current market, and for each item in FY 17 goes into O&M if less than \$5k, otherwise goes to Capital.
- Yakawich: Capital is what actually purchased? Mr. Watterson: Purchase all. Depends where falls as whether it is budgeted to capital or O&M. If capitalized, put on books as asset.
- Cromley: O&M cost less than \$5k, capital costs more.
- Brown: Airport and Transit looks big. Don't have PCs, lot are 3rd party, Flow through IT, Mr. Watterson: Don't traditionally have large piece of pie, this year have \$100K for replacing bus system cameras, plus CCTV, close-circuit items at AIRPORT. Large projects. \$110k large busses, \$41k smaller buses, radios coming due. Brown: Failing?
- Mr. Watterson: on replacement plan in busses. Ploehn: First time had bus cameras; terminal cameras last 15-20 years, but vibration from buses create failures. Brown: Depts. can choose not to replace, at what point fail, come out of their budget? Mr. Watterson: At PC designed to encourage depts. Increases stress on staff. Plan

mechanism to get budgets approved, zero O&M. Encourage depts. to replace, but others push out. Have 5-15 as back up; help make it through to New Year.

- Friedel: Bus GPS locations? Mr. Watterson: Looking at it. Kevin Ploehn: Director of Aviation and Transit, have special transit so can identify next closest location, through Verizon cell phone. Lot of money on buses, less of issue because have to be certain places at certain times.
- Brewster: How push out changes in operating systems. Mr. Watterson: As each purchased, add to computer. Microsoft pushing toward office 365. INPD, push out updates. Some done manually when purchased. Brewster: Push out through system. Mr. Watterson: working on system.
- Mr. Green—ERP—Vehicles or equipment around 16 years. Guidelines developed including 20 year replacement, based on mileage. Each dept. puts aside money monthly to replace at future date. Provisions through SBRs for replacement, which is reviewed by committee, which has knowledge vehicles in their depts. Responsible stewards public funds. Examples of buses, dump trucks, inspector, equipment. Some equip may not meet guidelines but no longer in use, doesn't serve purpose meant for, or end up with lemon. Even when time to replace, may be postponed. Trucks gone up from \$137 k in 2000 to \$245K. Regulations on exhaust have caused increase. Factor in monthly payment put in to offset this (usually 4%).
- For FY 16, had 148 vehicles at \$12.7 million deferred \$88 mat \$7.2 million; replacements were 60 at \$5M. Defer equipment to other depts. for FY 17; Used as needed extend replacement another year, often less use. When departments looking for vehicles, which are matched when possible for few more years' use.
- Vehicles removed from service may be traded in for new purchase, reviewed to see if trade in fair and try to auction. Damaged or inoperable vehicles are used or sold as salvage.
- With vehicles pushed forward, looks like FY 18 heavy, but will be evaluated so will be postponed. Vehicles scrutinized at committee.
- Showed flow chart on funding sources
- Sullivan: Natural gas station completed? Mr. Heisler: Close. Sullivan: Asking depts. other than PW to get natural gas, hybrids? Mr. Green: Not sure. Volek: gelling issues in cold weather. Larry DuSchene: Fleet Services Manage, ran several cars, found bio diesel more expensive, gelling issues. Electric vehicles more expensive.
- Sullivan: put more into PW, going to apply to other vehicles. Mr. DuSchene: Reconvene next year; look at it, garbage trucks pilot program.
- Yakawich: No amount of salvage on budget, was there an amount? Mr. Weber: If traded in, comes off price, if auction, goes to misc. revenue. Yakawich: Possible to budget return, beneficial to see. Mr. Weber: In documents shows trade-in value. In section II, shows salvage %. On page 3 of 28, expecting going to get 10% for salvage. Yakawich: Wants lump sum showing how much saved. Next year is fine.
- Cimmino: Introduce members?
- **Public Comment:**
- Doug Amstan: 769 Fallow Lane, Billings, MT, Here June 15, 2015, College of Business Research Study, Growth potential infrastructure. Rich project. Second board meeting mid-May. Hand up to under class, build Billings health care needs. With Supreme Court decision, reserve right to appeal. Will get mid-May info, meet with committee.

TOPIC #3	Public Safety District
PRESENTER	Tina Volek, City Administrator & Pat Weber, Finance Director
NOTES/OUTCOME	Schedule work session on other options in Fall 2016

- Ms. Volek: Brief presentation and history about current policy. Cemetery, parks, museums, fairgrounds, etc. were excluded. If petitions presented it requires 25% of voting population to sign to bring forward for vote. Schools and churches do not currently have a property value. McFadden: must be put on ballot? Ms. Volek: Council can put on ballot. More than 25% to 50% approval must go on ballot. Over 50% does not need to go on ballot.
- Mr. Weber: Had to receive 50% protest, now fails if less than 10% and if more than 50% can reconsider for year. Have to mail out to public with ballot question, send back to City Clerk.
- Looked at square footage of lot, no market or taxable values, so can't use like for PMDs.
- Reviews difference in payment between property taxes and assessments based on square footage. General Fund transfer still would have to be transferred.
- McFadden: If put referendum on ballot, wouldn't have send out, but if resolution, would have mail notices.
- Brewster: Transfer much smaller. Mr. Weber: Can set dollar amount whatever want.
- Sullivan: What is number if we take everything out of general fund and PS I & II, more flexible if had to add other taxes. Mr. Weber: Double numbers.
- Clark: When started, didn't have figures showing where GF comes from, some comes from State, charges for services. How much of GF is property taxes? Mr. Weber: 34%
- Mr. Weber: Decrease mills, effect on tax increment districts because based on total mills. If did away with general funds, amounts would double. All 3 districts have revenue bonds, business commitments.
- Sullivan: Ways around it. Shooting down, if choose go forward, figure alternative ways to figure out the problem. Don't want to work this anymore? Mr. Weber: Consequences have to work on.
- Brown: Either or? Mr. Weber: Could levy mills.
- Brown: If district to over what trying to do for levy, would be less than 11 mills. Mr. Weber: GF reserves to go through, could create and assess less,
- Swanson: How much TIFDs loose. Mr. Weber: Shown
- Clark: Does TIFD get money off Park I & II? Mr. Weber: Yes Clark: When lowered 10 mills, affect TIFDS. Mr. Weber: yes, but small amount.
- Swanson: How would City and County property be handled. Mr. Weber: County and State would pay.
- Yakawich: Exploring new idea, but got calls about how park district initiated. Not received well. Would go forward with referendum.
- Friedel: 56% come from non-property tax revenues? Yes, and 65% from GF goes to PS.
- Yakawich: Need to get message out, but support process putting it on ballot.
- McFadden: PMD was sneaky deal, should have right to vote on tax issues. Hope put out before public.
- Friedel: Intent to get PS and spread out through everyone. Non-profits use almost 10% of police force in one year, yet don't pay mill.
- Clark: a lot more complicated and has more ramifications than realized.
- Brown: Worried about taxing non-profits, if they weren't here would have a lot more issues. That disappears, place to stay. Big numbers for non-profits.

- Ms. Volek: reevaluate who will be included and how staff should spend their time researching. Very difficult to put on FY17 budget. Clark: not needed by FY17.
- Cimmino: Library was successful due to Library Foundation contracting with outside firm.
- **Public Comment:**
- Connie Wardell, PO Box 21432, Billings, MT, furious at amount of fire equipment had to buy for hospitals, they didn't pay taxes, and 55% of patients come from outside city. Special fire truck to get people with special handicaps, lot fire or ER services. Doing square footage worst way to assess – be by the building. Special zoning for medical corridor. Schools pay for resource officers, could look at giving credit for costs for entities paying toward using facilities. Never lived in another state didn't have nonprofits taxed.

TOPIC #4	Council Discussion
PRESENTER	
NOTES/OUTCOME	

- Swanson: Ask Urban Land Institute to look at Facilities Master Plan.

TOPIC #5	Public Comment
PRESENTER	
NOTES/OUTCOME	

- Connie Wardell: PO Box 21432, Billings, MT, Dehler Park graduate architect students from Bozeman helped, found out 3k spaces, price went down considerably. Let people decide what doing, support if understand need. Same with Library, showed need, used graduate architects got Skate Park and remodeling Arcade Building. MSUB Business College did senior public project cost of \$500. Do an amazing job.
- Ms. Volek: still trying to schedule dinner for outgoing Councilmembers. Would Tuesday, March 29th work?