

City Council Work Session

August 18, 2008

5:30 PM

Community Center

ATTENDANCE:

Mayor/Council (please check) Tussing, Ronquillo, Gaghen, Stevens, Pitman, Veis, Ruegamer, Ulledalen, McCall, Astle, Clark.

The meeting was called to order by Deputy Mayor Ulledalen

ADJOURN TIME: 8:25 p.m.

Agenda

TOPIC #1	<i>Public Comment</i>
PRESENTER	
NOTES/OUTCOME	

There were no speakers.

TOPIC #2	<i>State Legislative Priorities</i>
PRESENTER	
NOTES/OUTCOME	

City Lobbyist Ed Bartlett distributed an article about him from the recent issue of the Montana Chamber magazine to allow Councilmembers to learn about his background. Mr. Bartlett said he was a lobbyist and lawyer, and lived in Billings. Mr. Bartlett advised that he had met with the City Administrator, Assistant City Administrator and Department Directors, and also attended a prior Council work session when legislative priorities were discussed. He circulated a list of preliminary priorities for discussion and finalization later. He noted he wanted Council to discuss the list that evening; and then refine and finalize it within the next couple of months. He said his goal was to have a final list of legislative priorities by the end of November or early December. He noted that minor adjustments could be made depending on the bills introduced at the session.

Mr. Bartlett referenced the primary topics that were identified for the 2007 Legislative Session that were used to prepare the list, along with the addition of specific items, such as LC 7776 (medical cost responsibility for law enforcement) and local option tax proposals. He advised he would attend a meeting of the sub-committee of Law and Justice August 28, in Helena, when the medical cost issue would be discussed.

Mr. Bartlett advised he would like to attend another work session in October to finalize the list of priorities. He also suggested a meeting with area legislators in November or December to discuss the priorities identified.

Mr. Bartlett advised that he, City Administrator Volek and Assistant City Administrator McCandless were following the titles of bills of legislators who were entitled to request drafts of bills.

Councilmember Ruegamer advised that he spoke with Senator Kim Gillan and she was going to talk with someone on the Taxation Committee about the option tax. Councilmember Ruegamer said he felt it was important that it was a non-partisan effort. He suggested that Mr. Bartlett call Ms. Gillan.

Councilmember McCall mentioned that the categories were basically the same as the previous years, and some were general statements to help guide staff, rather than specific legislation.

Councilmember Astle asked if the law enforcement medical cost bill caused the City to pay medical expenses for someone who had been arrested. Mr. Bartlett said that was correct.

Councilmember Astle asked if the Casino item under Public Health, Safety & City Employee Relations meant that the state was willing to give up some control. Mr. Bartlett said he included it as a topic because he heard the discussion at the work session; but no bills had been introduced yet.

Councilmember McCall said the last topic under that title regarding mental health treatment costs, was tied into the law enforcement bill. She explained that the hospitals were trying to get local government to pick up the tab and vice versa. City Administrator Volek added that the law enforcement medical cost responsibility required the City to pay the costs of treatment for anyone arrested who needed medical attention as a result of interaction with law enforcement. She said there was also a collection period and at the end of it, the hospital could turn to the City for payment. Ms. McCall said she thought that started with mental health and evolved to general health treatments. Ms. Volek stated that it was a cost to the City because if an incident occurred at the jail facility, the medical treatment for its prisoner would likely get billed to the City as payer of last resort.

Councilmember Gaghen referenced the reappraisal issue and asked how we could focus efforts to try to get a fairer value assignment. Mr. Bartlett said what he heard from Council's discussion was fairness, timing, and alternatives related to the overall topic. He said he attended a couple of meetings and it did not appear that much would develop until November. Councilmember Clark stated that part of the problem was the charter and mill limits. He noted that other cities and counties floated the mills if they lowered what could be taken by a mill and we could not, which was the real problem.

Councilmember Clark asked why workers compensation was on the list. Assistant City Administrator Bruce McCandless explained there was a statewide task force working on workers compensation and the recommendation would likely affect the City's finances so it was something to watch.

Councilmember Ulledalen asked about the issue with fire sprinklers in residential properties. Mr. Bartlett responded that there was talk about legislation that would require fire sprinklers in all new residential construction. He said he did not know if that legislation would actually get introduced.

Councilmember Ulledalen asked Councilmember Veis if he knew of anything else DEQ could promulgate. Councilmember Veis said he heard 12 new people would be hired for public water supply information and then the Legislature would be asked to fund those positions. He noted that DEQ's issues would be mostly rulemaking, not legislation.

TOPIC #3	<i>Policy Coordinating Committee Process & Responsibilities Review</i>
PRESENTER	
NOTES/OUTCOME	

Councilmember Ulledalen said the item was a Council initiative to address how the PCC operated and if changes should be made. He noted that an outline was provided in the Friday packet. Councilmember Ulledalen said he found it interesting that the process had not been amended since 1992.

Transportation Planner Scott Walker said he hoped the item would be interactive so questions were welcome. He began his presentation with an explanation of a Metropolitan Planning Organization (MPO). He explained that MPOs were created as the conduit to spend federal highway funds. He said the MPO planning boundary was the city and anything urban surrounding the city. He noted that the Transportation Planning employees staffed the MPO and Planning Staff tried to tie all projects into transportation planning to maximize the federal highway dollars used.

Mr. Walker said the City was bound by a couple of agreements and explained each. He said the PL Agreement provided for the distribution of federal transportation planning dollars. Mr. Walker explained the Memorandum of Agreement (MOU) with the City of Billings, Yellowstone County Commissioners, the Planning Board and Montana Department of Transportation. He said those four entities made up the Policy Coordinating Committee. He explained that a Technical Advisory Committee (TAC) was developed under that MOU as well and was comprised of city and county personnel, and local and Helena-based MDT personnel. Mr. Walker explained that TAC was the first step for any item to be reviewed, and then a recommendation was made to PCC members, the Planning Board and MDT. He noted that PCC provided the final approval for anything that involved federal transportation funds. Mr. Walker mentioned that PCC actually made recommendations to MDT for items to include in the state transportation plan for project funding. He advised that the Mayor currently represented the City, but the representative could be anyone that the Council designated.

Mr. Walker provided a graphic display of the process and how projects worked through the review/approval process. He said the local wishes were translated to the state level, and then transmitted to the federal level.

Mr. Walker explained that the planning process was guided by 3Cs; Continuing, Comprehensive and Cooperative. He explained the key MPO Process: Transportation Plan, Transportation Improvement Program (TIP); Unified Planning Work Program (UPWP); and public participation throughout.

Mr. Walker stated that Federal and State funding was reviewed by PCC. He reviewed the annual allocations which totaled a minimum of \$8.5 million and included: urban funds; MACI guaranteed which was air quality money; CTEP program; PL funds which are funds used for personnel; transit funds; transit planning; and state and county fuel taxes.

Councilmember Clark asked who chaired the PCC. Mr. Walker said it rotated among members with the exception of the Planning Board, and County Commissioner Reno was the current chair. Councilmember Clark asked if the PCC was the only way to allocate the

federal highway dollars. Mr. Walker said it was as long as the City was an MPO, based on a federal requirement established in the 1960s. Councilmember Clark asked if the State would fund any projects requested. Mr. Walker said projects could be approved but some may be low on the priority list.

Councilmember McCall asked for further clarification of which funding categories were federal or state monies. Mr. Walker advised that all the items were federal funds except the County fuel tax.

Councilmember Astle asked if the money went to the State, then back to the City. Mr. Walker answered that it worked that way in most cases unless there were earmarked funds.

Councilmember Veis stated that he, Councilmember Ronquillo, and former Councilmember Boyer served on a committee that reviewed the PCC operations. He said his suggestion was to amend the MOU to change the PCC membership to three Councilmembers and three BOCC members. He said if the BOCC was not interested in that makeup, the agreement could be amended that the Council could designate the PCC representative.

Councilmember McCall said she agreed that the Council did not have enough influence on PCC and the County Commissioners dominated the discussions. Councilmember Ulledalen stated he felt there was not enough communication about what happened on PCC and the Council should have a stronger presence. Councilmember Clark said he agreed also because sometimes the elected Mayor was not interested in the process and it was important to have representatives that were interested in the planning process.

Councilmember Veis suggested attending a County Commissioner work session to discuss MOU changes. Councilmembers Veis, McCall and Ronquillo agreed to represent the city in that session. Councilmember Ulledalen commented that it was an important job for the City and if the elected Mayor was not interested, it was good to have three dedicated Councilmembers. Councilmember Gaghen added it was extremely important to have continuity.

Mr. Walker explained that the PCC structure had formal representation with one voting representative per organization. He said for whatever reason, the County Commissioners took a strong interest in the PCC over the past few years, and all three BOCC members attended the meetings. He explained that anyone who attended the meetings was usually allowed to participate in discussion and the City Council could be represented by one individual but may need some backup from dedicated Councilmembers to offset the BOCC influence.

Councilmember Gaghen asked if Mr. Walker meant he thought it was practical for one Councilmember to represent the thoughts/comments of three Councilmembers. Mr. Walker said that was correct. Councilmember Gaghen said she liked the idea of the three Councilmembers reaching consensus and just one vote, unless the Council could have three votes the same as the County Commissioners. Councilmember Ulledalen said his concern was if three Councilmembers were allowed to vote and whether they would vote according to the Council's wishes or if each would vote differently. Councilmember Veis said once the representatives were approved, they could vote how they wanted.

Councilmember Clark asked what the Planning Board and MDT would do if there were three Council representatives and three Commissioner representatives. Councilmember Veis said he did not know, but it could be discussed later. He noted that the County Planning Board was the designated MPO so it had to be part of the process.

Councilmember Ronquillo stated that when he attended the meetings, all three BOCC members sat at the table and voted. He said they were allowed one vote and the others should sit at the back and not at the table.

Councilmember Ulledalen advised it was important to consider changes as federal dollars shrank and the state was unable to complete projects. He said the City would keep growing and he thought the sense was that the current process was not working.

Councilmember Veis advised that he read an article that the new transportation bill may consider rescinding MPOs, even though he did not expect it to succeed.

Councilmember Astle asked if the 2006 PCC bylaws were the most recent and if they superseded the Memorandum of Agreement. Mr. Walker explained that some updates were made and changes were currently being considered by MDT. He added that it eliminated some of the outdated members on TAC.

City Administrator Volek asked if Council wanted staff to attend the County Commission work session to hear the discussion. Councilmember Veis said staff should probably be there.

TOPIC #4	2009 Unified Planning Work Program (UPWP)
PRESENTER	
NOTES/OUTCOME	

Transportation Planner Scott Walker advised that the Unified Planning Work Program (UPWP) document was put together every year which showed how staff time would be spent during the federal fiscal year. He added that it determined how much money the Planning Department received and what work would be done. Mr. Walker explained that the new UPWP reduced work elements from 15 to 12, and each one had a different funding percentage. He noted that the work element reduction was requested by the federal government and the Planning Department agreed that it worked better. He advised that quarterly reports were sent the State for reimbursement from PL funds.

Mr. Walker explained that Planning Department funding sources were from fees, Yellowstone County's levy and federal PL funds. He said there were not enough local dollars to match the available federal dollars so there was a \$519,000 contingency of federal dollars that would be available if the local match was made. He said the county levied 1.17 mills and there was discussion earlier this year about whether to ask for more levy authority.

Councilmember Clark asked how much staff time was used complying with regulations to get the federal dollars. Mr. Walker responded that it was a lot of time and varied by work element. He displayed charts that showed how reimbursement worked and how much of each planner's time was allocated to the work elements, thereby determining how much federal money could be claimed for local planning efforts. He advised that a major change for the current year's funding was a restructure of a position; Neighborhood Planner Lora Mattox was moved to more transportation planning because the department could not afford to leave her in neighborhood planning and more transportation planning was needed. He said in the current year, all but \$600 of local money was used to match the federal grant for the PL funds received. He noted that still left \$519,000 of federal money on the table.

Councilmember Ulledalen asked about other ways local funds could be generated other than the mill levy. Mr. Walker said he was not aware of other costs that could be levied. Planning Director Candi Beaudry advised that revenue sources were fees, the mill levy and

transfers from other departments. She said the only variable was a fee increase, which was done and had been factored into the match amount for the current year. She noted that the mill levy was another variable that could be changed. She said an increase of one mill could raise about \$260,000 and would have permitted federal funding reimbursement of almost the same amount. She noted that reimbursement was usually less than the levy because work elements were not funded much more than 50%, but it depended on how the staff time was allocated.

Mr. Walker advised that the FY 2008 priorities were nearly accomplished. He said FY 2009 priorities included review of the growth policy, a new transportation plan, and others that were listed on a document provided to Council in a recent Friday packet. He explained that the UPWP would be on one of the September Council meeting agendas and the Council representative would take the recommendations to the PCC for its final approval.

TOPIC #5	<i>Park IV Garage Assessment</i>
PRESENTER	
NOTES/OUTCOME	

Councilmember Ulledalen provided background information for new Councilmembers and explained that the expansion of Park II used the bulk of available parking money. He said whatever could be done on 4th and Broadway would require parking. He said there were several groups interested in that corner for parking and an option to raise funds was to sell Park IV. He said the questions related to that were whether the City could do it, how it could be effectively merchandised to bidders, how a price was set, and what the City would accept.

Assistant City Administrator McCandless reported that a preliminary report was received from the firm the City contracted with, Strategy V who subcontracted to Carl Walker, Inc. to complete a cost and benefit analysis. He explained there were a number of reasons to consider the potential sale of Park IV because it was not located in the downtown core and was really not a critical element of the City's parking scheme even though additional downtown parking was needed. He explained that the project was divided into different stages and the first phase was intended to determine if there was a market for the garage and what kind of price could be expected for it. He noted that the first phase was done.

Mr. McCandless advised that the garage was constructed in 1986 and was in the tax increment district which paid for the construction of it. He said funding for the operations of the garage came from the annual operating income it generated. He noted that three primary tenants presently utilized the garage: First Interstate Bank, United Properties which owns the Transwestern complex, and the Billings Clinic. He noted there were approximately 1,100 surface parking spaces in the area, which meant there was considerable competition for the garage and it was difficult to fill it. He said it was never full in its 20 years of existence until recently and the reason it was full now was because the Billings Clinic leased about 80 spaces. He noted that the consultant surveyed the occupancy of the garage one time and it was at about 65% for the leased spaces and hourly were about 28% occupied. He advised that there was a need for hourly spaces near City Hall at Park III due to the Court operations. Councilmember Veis asked if it was possible to keep a steady count of the occupancy of the garage. Parking Supervisor Chris Mallow explained that staff tried to maintain an accurate count, but the technology available was difficult to manage for that purpose and was only

active when the parking attendant was on duty starting at 10:30 a.m. each day. Councilmember Veis suggested utilizing traffic counters to obtain an accurate count.

Mr. McCandless explained that Strategy V determined the value of the Park IV building was \$3.6 million, and the land it sat on was worth \$1.1 million, for a total value of \$4.7 million, which was based on the income it generated, not the market. Mr. McCandless advised that it would cost about \$17 million to build that same parking garage, based on the cost of \$22,000 per space, even though some entities have built garages for less.

Mr. McCandless pointed out that a possible purchaser would have the option to adjust pricing to attract more parking revenue or use whatever means to generate more income. He noted that the City generated about \$300,000 in net income each year from Park IV.

Councilmember Astle asked if there were interested buyers. Mr. McCandless said it was more that the City was interested in selling it. He said Downtown Billings Partnership had advised it was a good idea as well.

Mr. McCandless stated that potential purchasers in the area could hold vacant land that was currently used for parking that could then be used for other purposes and potentially generate more income.

Mr. McCandless advised the City needed to consider what it would do with \$4.7 million if it sold Park IV. He said at the current cost, a parking facility with just over 200 spaces could be built. He said there would be a benefit to the City if Park IV were sold because it would receive tax dollars from the private owner, unless that owner was tax exempt. Mr. McCandless estimated the tax revenue would be about \$120,000 per year, and the City's share would be about 25% of that.

Mr. McCandless outlined some options to sell the property such as: advertising it for sale; sealed bids, through an auction, or to authorize a commercial realtor to locate a purchaser and then negotiate a sale.

Mr. McCandless stated that the next steps in the process were to finalize the report and then Council would decide what it wanted to do with the property. He said if Council determined it wanted to proceed with selling the garage, Strategy V was prepared to develop a marketing plan and assist with implementing it. He said they had suggested there were three potential local purchasers.

Councilmember Ulledalen asked if Strategy V had any examples of similar sales. Mr. McCandless responded that he knew they had helped other cities market garages to private purchasers. He said he could check with them to get additional details.

Councilmember Ronquillo asked about the relationship with United Properties. Mr. Mallow explained that the City had a lease with United Properties until 2015, and the lease stated they would be charged a market rate for parking within the City and since the City had the largest market share, it set the market rates. Councilmember Ronquillo asked why the lease with Billings Clinic was not at a higher rate. Mr. McCandless responded that there was discussion of charging different rates dependent on the garage and the demand, but currently, the garages all charged the same lease rates.

Mr. McCandless explained that when funds were borrowed for the Park II expansion, the revenues from the parking operation were committed to the repayment of that debt. He said informal discussions were held with the lender regarding a release from that commitment if Park IV were sold. He said the lender indicated that as long as the revenue from the facility was sufficient to make the debt service payment, the lender was agreeable to releasing the property from that commitment.

Councilmember Astle asked if the City ever operated under the theory that there would be enough revenue generated to build a Park V. Mr. McCandless said he did not believe there was an expectation of that. Mr. McCandless said the property at 4th and Broadway was in the expanded N. 27th TIF District and had the potential to generate more income than it was presently. He said there could be current tax increment monies to fund a new parking facility.

Councilmember Ruegamer commented that he assumed Park IV had gone down in value because parking garages probably did not appreciate in value. He said he wondered if a private purchaser wanted to spend \$4.7 million on a parking garage. He said he did not feel the investment potential was there. Councilmember Ulledalen said that was the reason for considering the sale because the question was what to do with 4th and Broadway and that was a potential source of significant funds to increase parking funds.

Councilmember Veis said he believed Park IV was built to spur the development in that area, which it did, but it would eventually need to be replaced at a higher rate. He said the sale of it could possibly be used to spur more downtown development. He said it was a philosophical question.

Councilmember Clark commented that a private investor could probably build a parking facility at 4th and Broadway for less than the City, and the City could buy it back from that investor and likely save about one-third.

Councilmember Ulledalen said there was a group working on the 4th and Broadway issue. He said that group could be asked if it was worthwhile to invest the \$4.7 million for parking at that location before the next step was taken. Councilmember McCall said she agreed with what was said and thought it was a good idea to determine what could be done with it as seed money in that area. Councilmember Ruegamer said he did not think anyone would pay \$4.7 million for the facility.

City Administrator Volek said the issue was discussed with Downtown Billings Partnership and she understood a bank owned it and had a limited amount of money it could put into a building for its own occupancy so a co-developer was needed. She said the current market conditions slowed down their plans.

Councilmember Pitman asked if the parking revenue stayed in a parking fund. Mr. McCandless stated there was a fixed annual transfer to the General Fund of about \$233,000.

Mr. McCandless reported that a task for the parking operation was to conduct a parking needs assessment during the current year. He said the previous one done about 10 years ago identified a need for parking in the 4th and Broadway area and he anticipated the need was still there. Councilmember Astle mentioned that all of First Interstate Bank's technical operations were located in the Miller Building and would possibly move to the new facility being built in the North Park area, which could impact the need for parking at 4th and Broadway.

Mr. McCandless summarized that Strategy V would finalize the report, discussions would be held with Stockman Bank and Downtown Billings Partnership about the potential at 4th and Broadway, and that information would be returned to Council for further consideration.

Councilmember Gaghen mentioned that the talk of a new Courthouse could result in additional parking needs further east.

TOPIC #6	<i>Council Strategic Planning (Strategic Plan, Citizen Survey, Budget Priorities)</i>
PRESENTER	
NOTES/OUTCOME	

Councilmember Ulledalen reported that Councilmember McCall restated the Strategic Plan and responsibilities. He said feedback was needed from City Administrator Volek about what staff had done. He asked Councilmembers to identify ten key action items that were incomplete and should be high priority, along with groups or individuals to talk with about partnering or marketing it. He noted that goals and objectives may need to streamlined in order to focus on priorities.

Councilmember Ruegamer indicated he wanted to see the staff report first. Councilmembers agreed.

Councilmember Ulledalen commented there were a number of entities in the City doing strategic planning, but there was no communication between them. He noted that some objectives overlapped so there were groups that should be visited with. He said those objectives needed to be identified and partnered for more effectiveness.

Councilmember McCall stated that the strategic plan needed to be a living document. She suggested committing about 15 minutes once a month during a work session to review it and implement it as part of the Council's activity. Councilmember Ulledalen pointed out that after 2009, there was the possibility of five new Councilmembers and a new mayor, so some continuity would be needed with a new council.

Councilmember Veis advised the document needed to focus on high priorities. Councilmember Ulledalen used the example of land sales as something that should be reviewed.

Councilmember Ulledalen asked Councilmembers to identify and rank 10 high-priority items for review at a work session during the month of September. Councilmember Veis suggested designating the third Monday of each month for strategic planning. Councilmembers agreed.

Assistant City Administrator McCandless reported that he and Councilmember McCall had been conducting research about citizen surveys. He said the ICMA/Research Center recommended a process and structure that followed a particular format that was consistent with what was seen for other citizen surveys. He said he learned it was not required to follow the RFP process, but that process had already begun and a draft RFP was nearly complete. He noted that a Request for Qualifications could also be done and a selection could be made from it.

Mr. McCandless reviewed options for response methods, the survey design, and items to consider regarding selection of a survey firm. Councilmember McCall distributed a generic Citizen Survey and asked Councilmembers to review it. City Administrator Volek noted that a national survey firm would provide a comparison of like communities and a local group, such as Montana State University Billings, could address issues specific to the community.

Councilmember McCall asked if the RFQ could be used for the selection or if the RFP was needed as well. Mr. McCandless said the selection could be based on the RFQ and a follow-up interview process.

Councilmember Astle asked about the survey timeframe. Councilmember McCall responded that it really needed to be conducted in October or November. Councilmember Astle indicated that people may be tired of surveys due to political campaign surveys that would be done about that same time.

Councilmember Astle asked how to assure the surveys were completed. Councilmember McCall explained that the National Citizen's Survey had a response rate of one-third, which was excellent. She said there would be an active marketing campaign before the survey was distributed. Mr. McCandless noted that if the survey was not conducted until January, the responses might not be compiled soon enough to use to set budget priorities along with the cost of services study. Councilmember Astle commented that public service announcements on the local tv stations and the newspaper could contribute to active participation. Ms. Volek suggested including a question on the RFQ about numbers of completed surveys received. Councilmember Ulledalen asked if a local vendor had an advantage in that it was more recognizable and could generate a better response.

Councilmember Ronquillo suggested taking the survey to service clubs/organizations. Mr. McCandless explained that a random survey was the best way to assure a valid sample, and that would not accomplish that.

Councilmembers agreed the RFQ process was the preferred method to select the vendor.

Additional Information:

Councilmember McCall reported that Rachel at Senator Jon Tester's office informed her that Senator Tester's Chief of Staff would be in Billings Monday, August 25, and wanted to know if Councilmembers wanted to meet at noon that day to discuss community issues. City Administrator Volek said she would prepare a news release to serve as advertisement of a meeting.

Councilmember Ronquillo advised that the agenda meetings were poorly attended. He suggested eliminating the meetings, at least until October. Councilmember Veis stated he favored discontinuing them completely. Councilmember Ulledalen explained that the problem with holding the meetings was that those who did not attend them had the same questions as the ones asked at the meetings and it had become a waste of staff time. Councilmember Veis said it was important to understand the process; that it was not necessary to separate an item from the Consent Agenda to comment on it because it could be done after the motion to approve was made.

Councilmember Gaghen stated that the sessions were sometimes helpful with mechanics of issues and that would be lost if they were discontinued.

City Administrator Volek advised that the City Clerk sent draft agendas to the Leadership Team on Fridays and one could be sent to Council with added notes for clarity. Ms. Volek said she would review Council procedures regarding the Agenda Setting Meetings.