

REGULAR MEETING OF THE BILLINGS CITY COUNCIL

February 11, 2019

The Billings City Council met in regular session in the Council Chambers located on the second floor of the Police Facility, 220 North 27th Street, Billings, Montana. Mayor Cole called the meeting to order at 5:30 p.m. and served as the meeting's presiding officer. Councilmember Neese gave the invocation.

ROLL CALL: Councilmembers present on roll call were: Cromley, Yakawich, Neese, Ewalt, Joy, Friedel, Gibbs, Ronning and Brown. Councilmember Clark was excused.

MINUTES: January 28, 2019 – Councilmember Yakawich moved for approval, seconded by Councilmember Cromley. On a voice vote, the motion was approved unanimously.

COURTESIES:

- Councilmember Ronning recognized the State Speech and Debate contestants competing for the National competition.
- Councilmember Yakawich recognized a MSU-B political sciences student in the audience.

PROCLAMATIONS:

- There were no proclamations.

ADMINISTRATOR REPORTS - CHRIS KUKULSKI

- Mr. Kukulski stated that the ex parte notebook contained emails to the Mayor and Council from Lee Humphrey and John Brewer concerning Regular Agenda Items One Big Sky District.
- Mr. Kukulski reminded Council that the following Monday was a Federal holiday and City government offices were closed in observance of the President's Day holiday. Therefore, the Work Session would be Tuesday, February 19th. The meeting would start at 4:00 p.m., rather than 5:30 p.m. and it would be held at the Community Center, 390 N. 23rd Street, Billings, MT. The meeting would be not televised by Community 7 TV. The Work Session would be a continuation of the January 26th planning session.

PUBLIC COMMENT on "NON-PUBLIC HEARING" Agenda Items: 1, 2 and 3 ONLY.

Speaker sign-in required. (Comments are limited to one (1) minute for one item, or three (3) minutes for multiple items. Please sign the roster at the cart located at the back of the Council chambers or at the podium. Comments on items listed as public hearing items will be heard ONLY during the designated public hearing time for each

respective item. For items not on this agenda, public comment will be taken at the end of the agenda.)

The public comment period was opened.

The following citizens spoke in favor of Regular Agenda Items 2 and 3, concerning One Big Sky District:

- **Kris Karpenter, 3 Heatherwood Lane, Billings, Montana**, stated she was representing the interests of Billings NOW as a co-chair. She stated the group was a grassroots think tank comprised of many businesspersons who are seeking ways to help Billings grow bigger, bolder and better. She stated the members of Billings NOW supported the vision of One Big Sky District and presented a handout to the Mayor and Council featuring many of those businesses and business people who supported One Big Sky District.
- **Robert Struckman, AFL-CIO, Billings, Montana**, stated the AFL-CIO look for job creation and OBSD had a strong plan and held real merit. He stated it was a great opportunity to train new workforce and create good, quality jobs.
- **Brian Brown, Marketing President, First Interstate Bank, 401 N. 31st Street, Billings, Montana**, stated the owners and employees of the bank are committed to the community and fully support OBSD.
- **Patrice Elliott, Vice President, Stockman Bank, 2323 Crimson Lane, Billings, Montana**, stated she is the Board Chair of the Billings Chamber of Commerce. She stated OBSD would attract millennials to help keep the Billings economy going.
- **Aaron Iverson, 2336 Westfield Drive, Billings, Montana**, stated he was employed at Avitus Group which had its main offices in Billings. He stated it was difficult to locate qualified workers in Billings and because of that, many positions were moved to other offices in other areas of the country. He stated that Billings was losing money because it could not retain workers to contribute to the economy. He stated OBSD seemed to be the best option for now to improve Billings.
- **Kim Kaiser, Executive Director of YMCA, 2022 Avenue B, Billings, Montana**, stated the YMCA was a valuable resource for the community. She spoke about the power of partnerships with the medical community, colleges and senior centers. She stated that OBSD could help establish a health and wellness district that would benefit all and the YMCA strongly supported OBSD.
- **Jennifer Haarr, YMCA Board of Directors, 3589 Spaulding Avenue, Billings, Montana**, stated the Board supported OBSD and noted the importance of developing partnerships between civic, public and private organizations.
- **Lee Humphrey, 528 Avenue C, Billings, Montana**, stated he supported the comprehensiveness of the OBSD plan in redeveloping the downtown and not just one project.
- **Sean Lynch, 712 N. 23rd Street, Billings, Montana**, stated he was the owner of the Pub Station and Yellowstone Valley Brewing and offered his support of

OBSD. He stated that downtown did not happen by accident, but by design in the late 1970s and the OBSD partners were ready to take Billings to the next phase.

- **Laurie Smith, Chief Nursing Officer, Billings Clinic, Billings, Montana**, spoke on behalf of Billings Clinic, and voiced support for OBSD. She stated it was difficult to keep or attract nursing staff, even if they were students from the nursing program at MSU-B in Billings. She continued that nursing wages were competitive with others in the region, but some reasons nurses left were due to spouses not being able to obtain suitable employment or opportunities for children in Billings were limited.
- **Mike Hornsby, Realtor, 2930 Walden Place, Billings, Montana**, stated he was concerned about attracting and retaining millennials to occupy some of the larger, more expensive homes in the area that contribute to the tax base. He stated it was common for private and public dollars to partner in larger venues.
- **Scott Brown, owner of Base Camp, Billings, Montana**, stated he supported OBSD and was involved with the Billings Symphony Board, Billings Trailnet and Montana State Parks Board. He saw that all of those entities would benefit from OBSD.
- **Andy Patton, 4517 Rio Vista, Billings, Montana**, stated he was the President of the Downtown Partnership, which was comprised of people who owned property in the downtown area. He stated the Partnership fully supported the OBSD. He continued that his property, along with other property owners property in the downtown area would be affected, tax-wise, whether OBSD succeeded or failed. He stated competition was not a bad thing and our country was founded on competition.
- **Joshua Toenyes, 501 S. 44th Street West, Billings, Montana**, stated he was the co-founder to a software company. He voice his concerns about whether his company could stay in Billings and locate adequate staffing. He stated he was not certain OBSD was the best approach, but he saw it as a great approach.
- **Brandon Eggart, President of Entre Computer, 118 N. 29th Street, Billings, Montana**, stated he was a partner in a commercial development group and that Billings has a strong and diverse economy that would continue to grow whether OBSD was developed or not. He stated that OBSD would have a positive effect on his businesses.
- **Johnna Jablonski, 501 S. 44th Street West, Billings, Montana**, stated she works for Wells Fargo and half of their building was vacant because they were not able to find qualified workers. She sees an aging workforce and Billings as becoming stagnant.
- **Mike Nelson, Owner of Northern Hotel, Billings, Montana**, stated he was the Secretary/Treasurer of the Billings Chamber of Commerce. He supported doing something big in Billings and encouraged Council to seriously listen to the presentations and say "Yes" to the plan.
- **Dennis Ulvestad, 3040 Central Avenue, A102, Billings, Montana**, stated his concerns about whether Billings could afford the OBSD, but offered his support for the plan.

The following citizens spoke against Regular Agenda Items 2 and 3, concerning One Big Sky District:

- **Joe Holden, 316 N. 26th Street, Billings, Montana**, provided handouts and referred to numerous subsidies available to bring rental rates down that concerned him. He stated that OBSD would compete with other properties in the downtown area and that parking garages could not be built as indicated in the plan due to the water table. He provided figures to Council based on the facilities study concerning a new City Hall and stated the Stillwater Building had approximately 80% vacancy.
- **Kevin Nelson, 4235 Bruce Avenue, Billings, Montana**, stated there was a Plan B and referenced the Montana Convention Center site located in the southwest area of Billings. He stated the hotel was willing to partner with the City to build a new convention center. He continued that there were several hotels in the area that could address attendance overflows and Midland Road construction was completed. He continued that there was already a TIF district in place in that area and it was not necessary to create a super TIF district.
- **Larry Seekins, 380 Camel Place, Billings, Montana**, provided handouts and reviewed them with Council. He stated he was supportive of OBSD, however only if it would not cost the taxpayers and was wholly paid for by private entities. He continued that One Big Sky needed Billings more than Billings needed One Big Sky.
- **Pam Ellis, 2000 Outlook Drive, Billings, Montana**, stated that the comments Mr. Holden had made were on target with what had gone wrong in Allentown, PA. She continued that Allentown's project had been 30% subsidized and it was being sold at a sheriff's sale. She stated she was appalled that Billings was considering a project that undermined investments already made in Billings. She stated money needed to go to support those businesses that were already in Billings.

There were no further speakers, and the public comment period was closed.

A. Mayor Cole recommends that Council confirm the following appointments:

1.

	Name	Board/Commission	Term	
			Begins	Ends
1	No Applications	Animal Control Board*	02/11/19	12/31/21
2	No Applications	Board of Appeals - Electrical Contractor	02/11/19	12/31/21
3	No Applications	Board of Appeals	02/11/19	12/31/22
4	No Applications	Community Development - Lod Mod*	02/11/19	12/31/19

5	Jessica Schmidt	Community Development - Lod Mod	02/11/19	12/31/22
6	No Applications	Community Development - Lod Mod	02/11/19	12/31/22
7	No Applications	Housing Authority	02/11/19	12/31/23
8	Todd Morgan	Billings Parking Board - City Employee	02/11/19	12/31/22
9	No Applications	Traffic Control Board	02/11/19	12/31/22

* 1 Unexpired term of Jeannette Vieg

* 4 Unexpired term of Rebecca Bey

B. Bid Awards:

1. **Two Fire Pumpers.** (Opened 1/22/19) Recommend Pierce Manufacturing, Inc.; \$1,217,169.
- C. **Professional Services Contract** for W.O. 18-15, Voelker Pump Station Improvements and Staples Generator; Morrison-Mairele; \$260,000.
- D. **Professional Services Contract** for W.O. 19-05, Hydrogen Sulfide Mitigation Plan; HDR Engineering, Inc.; \$167,145.
- E. **Professional Services Contract** for W.O. 19-11, WRF Nutrient Recovery and Biosolids Facilities Plan; HDR Engineering; \$195,000.
- F. **Grant Application Request** to submit FY19-FY20, Montana State Historic Preservation Office Certified Local Government (CLG) Grant application; \$5,500.
- G. **Resolution 19-10781** authorizing a grant application to Land Water Conservation Fund to reconstruct the Central Park Tennis Court Facility; up to \$250,000.
- H. **Resolution 19-10782** relating to \$21,990,000 Solid Waste Revenue Bonds, Series 2019; authorizing the sale and prescribing the forms and terms for the Landfill Construction Project.

I. Bills:

1. January 14, 2019
2. January 22 and 23, 2019

Councilmember Brown separated Items 1C and 1I2 in order to abstain.

Councilmembers Cromley and Neese separated Item 1I2 in order to abstain.

Councilmember Yakawich moved for approval of the Consent Agenda with the exception of Items 1C and 1I2, seconded by Councilmember Ewalt. On a voice vote, the motion was approved unanimously.

Mayor Cole asked Mike Whitaker, Parks Director, whether the grant required that there always be tennis courts in perpetuity or could the area be utilized for something else in the future. Mr. Whitaker responded that the City committed to using the area for outdoor recreational use and it was much broader than just tennis courts.

Councilmember Yakawich moved for approval of Consent Agenda Item 1C, seconded by Councilmember Joy. On a voice vote, the motion was approved 9-0, Councilmember Brown abstained.

Councilmember Yakawich moved for approval of Consent Agenda Item 1I2, seconded by Councilmember Joy. On a voice vote, the motion was approved 7-0, Councilmembers Brown, Cromley and Neese abstained.

REGULAR AGENDA:

2. RESOLUTION 19-10783 adopting the One Big Sky District Development Plan. Staff recommends approval. (Action: approval or disapproval of staff recommendation.)

Chris Kukulski, City Administrator, gave a brief presentation and stated there were a half a dozen critical community partners that collaborated on the plan. He outlined the history of how the OBSD Development Plan had developed into its current version and commented on the numerous public meetings held in recent months to engage the community in the conversations. Mr. Kukulski stated that the item was at a critical point due to the State legislature's timing. He stated it was essential that the Plan come before the Council now to provide to State legislators Billings' stand on the project. He continued that Billings has an aging workforce, with significant ratio differences between young and old populations compared to those in other Montana cities, and the opportunity for significant urban revitalization was real. He spoke about economic challenges in the core of the City. Mr. Kukulski outlined goals contained in the plan: 1. Creating a larger work force; 2. Building a lifestyle around Montana heritage and natural beauty; 3. Building civic and community amenities; 4. Improving economic vibrancy. He warned Council that Billings needed to accelerate the growth in its tax base or face a consistent demand on property owners already in the community. He stated community members have said they are willing to pay more if they get more. He pointed to the 4 catalyst projects being in line with the 4 goals in the plan and that the plan was not a silver bullet one project approach, but was 4 catalyst projects. Mr. Kukulski reviewed the 4 catalyst projects and explained how the private and public partnerships would work throughout the district. He explained the financial modules in his presentation and reimbursements that expected as development moved forward. He clarified that by adopting the resolution, Council was adopting the development plan as set forth, much like adopting neighborhood plans and growth policies. He reminded

Council that the development plan was not an exact, detailed plan of what would happen, as that was too difficult to predict. He stated that if the Council agreed, the Plan had identified the correct goals and objectives; and provided a framework for where the Council would like the community to move. He continued that by adopting the resolution, Council was not agreeing to or committing to any project design or location, policy or public funding proposals contained within the Plan.

Mr. Kukulski introduced Bob Dunn of LandMark, who provided a presentation that outlined the path, strategy, vision, and structure to better position Billings in the future. He reminded Council he was not a consultant for the City, but a private investor. Mr. Dunn provided an outline of the progression of the project since its initial conception in which it had started as a single project – a convention complex, and now it had developed into a much larger district that would be more transformative. He explained the market and economic analyses of Billings and stated the gap in the market in downtown Billings prevented investments. He stated the costs of new construction and rents did not add up. He stated Billings was in a good place to move forward, it was not struggling at this time or crawling out of a hole. He stated it was time for Billings to become a powerful economic center of commerce and a growing tax base for Montana. Mr. Dunn stated that three independent analysts/consultants were hired to evaluate, from different angles, many factors to bring a valid development plan. He continued that community engagement, analytical support, good planning and visionary ideas, unlike anything Billings had ever experienced before, aided in the development of the Plan. He said it was one of the goals of the Plan to bring the market into balance to attract private investment to invest capital in downtown Billings.

Mr. Dunn stated he saw significant opportunities to invest in Billings. He stated that by design, the Plan shifted the risk to the private sector and away from the public sector. Mr. Dunn explained the drafting of the bill to be presented to the State legislature. He emphasized that it was not a subsidy. He explained that subsidies had been used in the past to stir economic growth, however, that was not the case with the bill. He continued that the bill was intended to: 1. Build civic infrastructure that would improve amenities; 2. Allow for shared infrastructure that operated 365 days a year; and 3. Induced demand that drew employers, residents, and visitors and business to downtown. Mr. Dunn urged Council to support the Plan and give private investors the message that Billings was interested in partnering to drive economic growth and re-urbanizing the City.

Charlie Johnson, President of Johnson Consulting, in Chicago, Illinois, spoke about his involvement in the analysis of the Development Plan.

Mayor Cole called for a recess at 7:57 p.m.

Mayor Cole reconvened the Council meeting at 8:05 p.m. Councilmember Brown returned at 8:07 p.m.

Steve Arveschoug, President of Big Sky Economic Development, thanked Council for its support. He spoke about the workforce in Billings being 55+ and that Billings was in competition with other communities for talent. He stated that Billings was serious about supporting higher education and stated Billings catch area is 600,000 people for healthcare. He continued that Billings was a hub for agriculture, and energy development and was a regional trade center. He said Billings was in a strong place to be successful. He stated the Council would decide later on individual development agreements as elements of the Plan moved forward. He encouraged the Council to adopt the resolution to establish the framework in the Development Plan. He stated the draft bill, LC-11-82, would, hopefully, go before the State legislature in early March. He continued that he would testify on HB-52 to remove the sunset on existing economic development tools that were now 20 years old.

Councilmember Friedel asked what would happen to the Plan should the bill die. Mr. Arveschoug stated the Plan would not set on the shelf, but without the passage of the bill, it would be very difficult to implement.

Councilmember Cromley asked if the Governor was onboard and whether Maco, MLCT were supportive. Mr. Arveschoug responded that all wanted to see the bill.

Discussions continued concerning engineering plans, transportation and circulation plans and providing those to the Council.

Councilmember Ewalt asked why a consultant was not hired for the City's interests. Mr. Arveschoug responded the City should hire a consultant at the time a specific project was identified.

Councilmember Neese voiced concerns about affordable housing and increased rents and how that may impact low income residents who have lived long-term in the downtown area. Mr. Arveschoug responded that there would be multiple rent levels, but currently there were few options available, especially for workforce rents. Bob Dunn added that growth was in response to increased demand. He gave examples of changes to office space demands declining and therefore the amount of rents had declined. He continued the same was true for compression of residential rentals. He spoke about increased hotel room occupancy through higher demand, which would add to the tax base. He explained that rents would increase, but those needed to be offset with increased amenities. He stated cities gentrify over many years and would not displace the residents of today any time soon.

Discussions continued about whether a new City Hall would be a necessary anchor. Mr. Dunn explained that City Hall was identified as a possible anchor project and was used as an example of a public component to the Plan, but Council would decide later what the public project would be.

Councilmember Gibbs asked whether the County Commissioners were supportive. Mr. Arveschoug stated the Commissioners were concerned about

competition with MetraPark. He continued that a new venue would be constructed to draw business that MetraPark currently could not support. He stated it was an opportunity to enhance one another.

Charlie Johnson responded to various financial analysis questions posed by Council concerning convention center pre- and post-stay visitors. Mr. Johnson stated the Plan was to stop the leaking of money from the community and recapture monies for things like shopping, entertainment, etc.

Councilmember Ewalt asked why all of the elements in the Plan could not be supported privately, and the City just provide the infrastructure with water and sewer, streets and garbage. Mr. Arveschoug stated the private sector would lead the Plan.

Councilmember Neese inquired about the proposed parking structure owned by the City, which could be perceived as a subsidy, when new businesses on the Westend were building parking lots with no City subsidies. Mr. Dunn responded the City could continue growing and sprawling on the outskirts and parking lots would be surface area only. He said that was the most expensive infrastructure. He continued that the downtown area already has infrastructure in place, except parking space. He stated it must exist in order to create density.

Discussions continued concerning the differences and similarities of the Development Plan to neighborhood plans and master plans. Mr. Dunn stated the State required the adoption of a Development Plan to be utilized as a tool for future funding.

Discussions followed about funding and spending of public monies. Mr. Kukulski stated that other than what had already been spent, and the staff time it had taken, adoption of the Development Plan would not obligate the City to any money. He continued that should the City continue and enter into development agreements, the City's cap would be \$125 million. He continued that should the Council not enthusiastically adopt the resolution, it would make it difficult to get the bill passed at the legislature.

Councilmember Yakawich moved for approval Item 2, seconded by Councilmember Ronning. On a roll call vote, the motion was approved 7-3. Councilmembers Cromley, Ewalt, and Friedel voted in opposition.

3. APPROVAL of contract revision of One Big Sky District Development Plan Agreement between Big Sky Economic Development (BSED) and Landmark Development Services Company, LLC. Staff recommends approval. (Action: approval or disapproval of staff recommendation).

Chris Kukulski, City Administrator, introduced Steve Arveschoug of Big Sky Economic Development, to explain the revisions of the contract that was entered into in June of 2018. Mr. Arveschoug explained the details of the original agreement and described reimbursement to LandMark should the City decide not to agree to LandMark

developing any of projects in the Plan. He outlined the new scope of work in the contract revision. He stated BSED would contribute the lion's share and nothing would come from the City or tax increment district. He explained the 90-day approach to reviewing progression of the Plan and other details of the contract revision.

Mayor Cole asked about next steps and concerns that the contract would be retroactive to January 1, 2019. He was concerned about the 9 categories in the contract, specifically land acquisition within 48 days, and that it may create false expectations. Mr. Arveschoug stated the scope was really a 6-month scope and some of it was dependent on the legislature's outcome. He stated conversations would continue with landowners, etc. to keep the momentum, advocacy and implementation of the Plan.

Councilmember Neese asked for clarification on exclusivity for LandMark to build the civic/convention center and hotel as outlined in the original contract. Mr. Dunn stated that the intention was that LandMark would be involved, would negotiate and provided for reimbursement to LandMark should that not occur. Councilmember Neese confirmed that Council was asked to revalidate the expired contract and add the new dollar amount to the contract revision. City Attorney, Brent Brooks, stated that even if a contract had expired, as long as all parties to the expired contract agreed to a retroactive date, the contract could continue with a new effective date. Councilmember Neese reaffirmed that the original exclusivity clause in Section 2.2 of the original contract would remain in effect for 5 years from January 26, 2019. Mr. Arveschoug stated the scope of work in the amendment and anticipated the funding for the scope of work would cover the first quarter. He continued that beyond that, there was no reference to when the amendment was due to expire. He stated the amendment extended the partners obligation of the original agreement as it related to the developer's capital costs. He explained that when the legislature passed the bill, that was when a development agreement would be negotiated for a catalyst project, but that was a different phase altogether.

Councilmember Ewalt stated he was not supportive of a contract that had no expiration date and wanted to wait for the bill to pass at the legislature.

Councilmember Ewalt made a motion to delay approval of the contract revision until after the bill came out of committee at the State legislature, seconded by Councilmember Cromley.

Mayor Cole stated he was concerned about waiting because the revision addressed reimbursement to the partners who were currently working toward getting the bill passed at the legislature. He continued that he would support a delay to work on the language of the contract revision, but not until the end of the legislature. Councilmember Brown supported the Mayor's comments and would not support the motion.

Councilmember Friedel clarified that should the bill fail, that the City would not be held, fiscally, to anything beyond the 5-years. Mr. Arveschoug agreed.

Councilmember Neese stated he would not support the motion to delay, but he also did not support the contract revisions because the language was worded too loosely. Mr. Brooks encouraged Council to move for delay if they were not comfortable with the language.

Councilmember Cromley supported drafting a new contract as the original contract had expired. Mr. Arveschoug spoke to the amendment to the original agreement and stated renegotiating the original agreement was not what was asked to be approved. He stated out of fairness, the partners had been working toward implementation beyond the expired original contract and were prepared to continue. He said he did not want to question where the partnership stood. Mayor Cole asked Mr. Arveschoug if he would be agreeable to a delay to the next Council business meeting to give the City time to review the language of the amendment.

Discussions continued about the amendment and future obligations of all the partners.

Councilmembers Ronning and Friedel stated their opposition to the motion. Councilmember Friedel asked clarification on the \$355,000. Mr. Arveschoug responded the money was held under the Tradeport Authority's, a quasi-governmental component, opportunity fund account. He continued that the funds were derived from the sale of the GE Capital Building, which had been built using state and local government incentives.

Councilmember Friedel made a substitute motion to delay approval on the contract revision until February 25th Regular Business meeting, seconded by Councilmember Neese.

Discussions followed to clarify Council's language revisions to the amendment. Councilmember Friedel called the question.

On a voice vote, the motion was approved 9-1. Councilmember Joy voted in opposition.

PUBLIC COMMENT on “NON-AGENDA ITEMS”. Speaker Sign-in required.
(Restricted to ONLY items not on this printed agenda. Comments are limited to 3 minutes. Please sign the roster at the cart located at the back of the Council chambers or at the podium.)

The public comment period was opened.

There were no speakers, and the public comment period was closed.

COUNCIL INITIATIVES:

There were no Council Initiatives.

There was no further business, and the meeting adjourned at 10:51 p.m.

CITY OF BILLINGS



BY: William A. Cole
William A. Cole, Mayor

ATTEST:

BY: Denise R. Bohlman
Denise R. Bohlman, City Clerk