

City Council Work Session

May 4, 2009

5:30 PM

Community Center

ATTENDANCE:

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

ADJOURN TIME: 7:52 p.m.

Agenda

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

- **Kevin Nelson 4235 Bruce**, stated that the seven Councilmembers who participated in the charade the previous week should resign because they violated the public trust and right to participate and it was a criminal offense. He said the Council was held to a higher standard and it was a gross violation of people's trust.

Councilmember Ruegamer asked Mr. Nelson what he was talking about. Mr. Nelson referred to the story in the Billings Gazette about small groups that met to discuss the pool. He said there was plenty of time to notice the meeting.

TOPIC #2	<i>Overall Budget/Fire Budget Review</i>
PRESENTER	
NOTES/OUTCOME	

Ms. Volek advised that was the first of six budget meetings that would be held to allow staff to present the FY 2010 proposed budget. The final meeting would be the public hearing June 8 and action would occur by July 1, 2009.

Ms. Volek explained the modified accrual basis used for governmental budgets. She reviewed the City's budget policies including capitalization, investment, CIP, ERP, TRP, growth, a balanced budget, 0% increase in Operating and Maintenance for the 9th year in a row, and supplemental budget requests.

Ms. Volek advised that the city had recommended reserves for all of its operating funds and that policy would be reviewed during the current calendar year. She explained that five-year projections were made for most funds. Ms. Volek reviewed reserve requirements.

Ms. Volek reported that the city received the Distinguished Budget Presentation Award from the Government Finance Officers Association for the 17th year. She congratulated the Finance Department for that achievement.

Ms. Volek reviewed the projected revenues of \$230,779,814 for FY 2010. She noted that was an increase from \$221 million during FY 2009. Mayor Tussing asked where most of the increase came from. Ms. Volek explained that it was mostly debt proceeds and would explain in greater detail later in her presentation. She added that general fund taxes increased as well as public safety taxes.

Ms. Volek explained that increases were anticipated in personal services and operations and maintenance, while decreases were expected in capital, debt service, and interfund transfers. She reviewed the increases in personal services from salary and benefit increases. She noted that department heads voluntarily agreed to accept a lesser increase.

Ms. Volek reviewed the major changes to operations and maintenance funds. She said street service charges increased due to additional fees for street maintenance and street lighting districts. She explained that internal loan payments were for the fire station and the arterial fee that was being paid back to solid waste for the fire station and King Avenue West project.

Ms. Volek advised that interfund transfers were not real expenditures. She explained that government accounting practices required the funds to show in both departments involved in the transfer. She reviewed interfund transfers planned for FY 2010.

Ms. Volek reviewed major CIP and ERP replacement projects. She noted there could be additional projects funded by ARAA funds. Mayor Tussing asked if the Fire Department was getting any new trucks since they not listed. Ms. Volek explained that her presentation included items that were considered major projects and two small fire trucks would be purchased at approximately \$125,000 each.

Ms. Volek reviewed two major initiatives expected for the next fiscal year. She said Department/Division business plans would be completed to determine costs of services. She noted that extensive public discussion would occur. Ms. Volek explained that another major initiative was changing the Enterprise Software that was 20 years old. She said the recommendation would be to replace the current system with Innoprise Software, Inc., at a one-time cost of \$139,000 for servers, scanners, a storage unit and training. Councilmember McCall asked if a contract for continuing support would be part of the new software. Ms. Volek said it would and the provider agreed to charge the same amount as the current software provider.

Ms. Volek reviewed proposed taxes and fee changes in water and wastewater; and a proposed solid waste fee increase of \$8 per year for residential service, in addition to commercial increases.

Ms. Volek reviewed the supplemental budget requests in general and public safety funds. She added that supplemental budget requests were received for other funds as well. Ms. Volek advised that staff was recommending the addition of 6.5 positions in the coming year -- three police officers funded by the public service levy; a half-time building services worker in the Parking Division; an environmental coordinator in the wastewater department; an account clerk in Municipal Court; and a mechanic in the Fire Department. She explained that the City and firefighter's union negotiated an amendment to the contract that provided for a master fire mechanic and a Mechanic I to assume responsibility for the majority of the fire department equipment. She explained it had been done previously with one individual and caused high burnout and was a position recommended for replacement. Ms. Volek said the mechanic would not be a firefighter and would be paid Teamster wages. Councilmember McCall asked if the mechanic position being added replaced the fire maintenance officer. Ms. Volek said that

position would be replaced with a master mechanic and would supervise the other mechanic position.

Councilmember Veis asked if the 0% increase in O&M for the ninth year was true for all funds or just General Fund budgets. Ms. Volek stated it included all funds in all departments. He asked how long the City could continue doing that. He said systems needed maintenance and if it did not occur, capital costs increased and a lot of capital would have to be replaced in one year. Ms. Volek responded that after the completion of the financial plans, the goal was to create a budget that could be maintained and affordable O&M could be planned. She added that once costs were known and what was expected in terms of revenue, increases in O&M could be allowed for some funds. She explained that supplemental budget requests for enterprise or internal service fund departments were always granted because they had that built into their budgets. She noted that General Fund supplemental budget requests were limited to keep costs down. Councilmember Veis said he believed the City could go a few years without increases in operating and maintenance, but not a whole decade.

Councilmember Veis advised that he did not see anything about strategic plan implementation, or how major initiatives would be incorporated into the budget. Ms. Volek said she was going to ask the Council for direction on the strategic plan for 2010 that evening. She said the long range plans were more focused on the 2011 budget year.

Ms. Volek advised that the budget appeared to be healthier than originally anticipated, especially in the General Fund, but serious concerns existed long range. She explained that it was estimated that there would be a balance of about \$748,000 in reserves, which was more than anticipated due to a decrease in property and liability costs and retirements, primarily from senior officers in the public safety fund that could be replaced with new employees that started at the lower end of the pay scale. She referred to a chart of financial projections and stated that beginning in FY 2013, it would be necessary to borrow extensively from reserves in order to balance the budget, and beginning in FY2014, it would be necessary to borrow funds to meet payroll. Councilmember Veis asked if the revenue projections took the reappraisal bill into account. Ms. Volek said they did as well as the entitlement program. Councilmember Veis asked Ms. Volek to elaborate on one or two major drivers for the changes in the ending fund balance projections. Ms. Volek said one was the public safety levy and since this was the last year of the increase, future increases for the levy would have to come from the General Fund. She said those increases were due to salaries, benefits, and operations of the department. Councilmember Veis asked if the public safety levy would be discussed now. Ms. Volek advised it was part of the long term planning. Financial Services Manager Pat Weber advised that FY 2011 was the last year of the fire station payment of \$650,000, so that would be additional available funds in the public safety fund.

Councilmember McCall asked if there was anything structurally that could be done in the current budget to mitigate those issues. Ms. Volek requested the time to complete the financial plans and then the tough budget decisions would be made the next year and beyond. She said the City had used reserves, but needed to learn to live on current revenues. She advised that service reductions would be a consideration. Councilmember Astle asked if service fees were considered for fire service. Ms. Volek said it had been considered, but cautioned that any fee increases would not be a complete solution. She said balancing the operations would be the solution. Councilmember Astle advised that most insurance policies would pay a fee for fire services. He asked if park maintenance would be included in the business plans. Ms. Volek advised they would. She said a single park fee levied similar to the arterial fee was discussed.

She said potential levies would also be identified during the business plan preparations. She advised that the library capital improvement plan was scheduled for the coming year, but would not go forward even though a decision would be needed regarding library services.

Ms. Volek reviewed revenues from the General Fund that were projected to be less than the current year, primarily due to moving engineering to an internal service fund. She stated that General Fund expenditures would be about \$2 million. She said the major interfund transfers were for public safety, forestry, and the equipment replacement plan. Ms. Volek advised that the parks department would do the mowing for code enforcement which would be a more cost effective matter. Councilmember McCall asked if the weed abatement fees would be lower since the City would be doing the work. Ms. Volek said they would. She said the previous contractor charged the City for the full cost of the insurance which resulted in the high costs.

Ms. Volek advised that public safety revenues were up about \$500,000 but decreases had been seen in licenses and permits, primarily due to privatization of the animal shelter. She referenced additional taxes from the public safety levies and an increase in intergovernmental transfers. Ms. Volek reviewed public safety expenditures that had increased by \$1.26 million. She said had the levies not passed; there would have been a reduction of 41 officers and 38 firefighters. Councilmember Veis asked about a line item for expenditures for the Animal Shelter. Ms. Volek said the payment to YVAS would be part of the operations expenditure and the revenue would be shared. Councilmember Veis suggested separating that so it could be tracked. Mr. Weber explained that it was not a separate line item in the budget book, but was in the financial software. Councilmember Veis stated he felt it would be helpful to see that since there was a new operator of the animal shelter function. Mr. Weber advised it could be included in the budget narrative. Councilmember Clark stated he would also like to see the data on the fines that would be shared.

Ms. Volek stated that FY 2010 was the final year of the public safety increase, which meant that the interfund transfer would increase to about \$19 million from the current \$17 million beginning in FY2011. She reviewed the service improvements made in the Police Department and the Fire Department during the five-year history of the public safety levy. Mayor Tussing asked if eight new firefighters were hired or if eight positions were funded with those funds. She explained that the plan was to hire 15 new firefighters, but due to the funds needed for the firefighter lawsuit, only eight new firefighters could be hired.

Ms. Volek advised that three departments, Library, Building Division and Planning Division, were using reserves to balance current budgets. She noted they were property-tax based departments.

Ms. Volek advised that staff would seek direction from the Council on the following items:

- Elimination of the \$233,000 transfer from Parking to the General Fund, as requested by the Parking Advisory Board.
- Addition of \$25,000 to police budget to cover increased jail charges for transients.
- Addition of \$20,000 to Mayor/Council budget for strategic planning
- Reduction of mailing task force newsletters, an annual expense of \$12,000.

Councilmembers agreed to address each item as that department's budget was reviewed.

Councilmember Veis asked about the change in charges for service for moving Engineering to an internal service fund. He said it looked like it reduced General Fund revenues by \$1 million but increased engineering charges/revenues by \$2.5 million. Mr. Weber explained that

charges for services contained more than engineering in the General Fund. He said he would provide a breakdown to provide further clarification.

Fire Department Budget Review

Fire Chief Paul Dextras advised that personnel costs of almost \$12 million constituted a little more than 80% of the department's budget. He reviewed the O&M budget that was slightly lower than last year. He stated that Equipment Replacement Plan transfers were down, but it would be ebb and flow over the long term. He explained that the smaller vehicles, quick response units, did not increase the ERP transfer because the life of major engines was extended from 15 to 18 years. He noted that over 70% of calls were for medical services and it was important to match equipment with the employees and with the service demands.

Mayor Tussing asked how the quick response vehicles would be staffed. Chief Dextras explained that the trucks would be staffed with a crew of three and the necessary equipment.

Chief Dextras reviewed the debt service that was primarily due to debt on Fire Station #7 and the firefighter lawsuit payment.

Chief Dextras reported that the overall budget increased approximately \$542,000, primarily due to personnel costs. He pointed out it was a lean budget. Chief Dextras explained that beginning with 2010, the Fire Maintenance Officer position was eliminated and replaced with a Lead Mechanic and Mechanic I. He said those positions would be responsible for coordinating the repair and on-going maintenance of the fire apparatus and staff vehicles and maintaining records for each unit in the vehicle fleet.

Councilmember Veis asked if the deputy fire chief position would eventually be filled or eliminated. Chief Dextras responded that it was a much-needed position but could not be filled with budget constraints. Ms. Volek pointed out that the deputy chief position was given up in addition to the seven firefighters as a result of the firefighter lawsuit.

Mayor Tussing asked if there were any plans for a paramedic service to take advantage of the number of people trained in that area. Chief Dextras explained that it was a contractual issue and there were no plans to implement paramedics, but work had started on a revised EMS committee. He noted that it was an expensive program and a good ambulance service existed in AMR. Mayor Tussing stated that what paramedics got paid was a bargaining issue but whether to have the service or not was a management right. Ms. Volek advised that the five year cost for paramedics was estimated at nearly \$300,000 a couple of years ago. Councilmember Clark pointed out that AMR had a paramedic on board during each medical response.

Mayor Tussing asked what the Fire Department's medical response time was. Chief Dextras said the Fire Department's response was usually in the 4-1/2 minute range and AMR was usually in the 6-7 minute range. He said AMR met the terms of their contractual agreement.

Chief Dextras reviewed projected revenues, with the biggest share from the BUFSA contract. Ms. Volek advised that the contract term was three to five years. Councilmember McCall asked how new entities were added to the BUFSA contract. Chief Dextras responded that he had not added anyone yet during his tenure, but the Yellowstone Boys and Girls Ranch had asked for a proposal. He said even though that entity would likely renew with its current provider, it could consider BUFSA for the next year.

Chief Dextras reviewed the Fire Department budget highlights: an 800 MHZ radio study, a plan for a training facility, rescue team training, 911 center planning, purchase of quick response vehicles, grants, and Insurance Service Office preparation.

Councilmember Veis asked about the slight increase in training. Chief Dextras explained they would try to bring in outside trainers to conduct the training in-house rather than sending employees to training. He noted that safety depended on how well the firefighters were trained.

Chief Dextras reviewed the allocation of the department's budget. He pointed out that suppression was a majority of the budget.

Councilmember Ulledalen asked if there was any information about the increased train traffic that would occur with the expansion of the Roundup mine. He said he was concerned with the trains in the west and how it would affect the service to that area around the Yellowstone Boys and Girls Ranch. Chief Dextras responded that it was a concern and could have an impact on response times. Councilmember Ulledalen stated that it had to be considered during future planning.

Councilmember Veis asked what issues would be included or addressed in the business plan. Chief Dextras advised that his intent was to not reduce personnel, but to allocate the work force appropriately. He noted items such as overtime, revolving station closures, fees, billing insurance companies, a new inspection program (for haz-mat) and charging for it would be considered. Councilmember Ulledalen commented that 70% of the calls were medical related and as the population aged, there would probably be more calls, but also the decrease in the number of people willing to pay additional tax levies to support the services. He said he felt it was good to look at alternatives because the deficit was looming. He commented that a tiered response system was considered a few years ago and he asked if it had been discarded. Chief Dextras said it had not been discussed during his tenure, but was probably a good topic to discuss with the EMS commission and the Fire Department.

Councilmember Ulledalen asked if it was possible to assess fees to people who caused accidents. Chief Dextras said he was not familiar with any city that had done that. He mentioned that it was possible to charge for specialized services, but people tended to believe that they were paying for services through their taxes.

Additional Information:

Councilmember McCall reported that the citizen's survey group had a brief report to present. Assistant City Administrator Bruce McCandless reviewed the report from the work group that outlined the process it recommended to the Council. He said the thought was to re-order the survey to be able to identify what the results related to so a presentation could be developed that staff and/or Councilmembers could present to community groups about what the City intended to do with the results. He referred to a process outlined in a book, "Gracious Space" that would engage citizens about the survey results. He outlined a proposal for focus group meetings. He said the final part of the process would be to present results of the focus group meetings to the Council. Councilmember McCall stated that the group discussed options for the process of engaging the community with the survey results. She said the survey group wanted Council direction.

Mayor Tussing said his first reaction would be that he thought the Council should make the strategic plan public first. Councilmember Ulledalen commented that he agreed to an extent, but the survey provided an opportunity to engage the community. Councilmember Astle stated that Council needed to be sure the results were understood before presenting it to the public. Councilmember Ulledalen suggested having the departments assess the results and recommend

responses. Councilmember Gaghen agreed it should be reviewed internally before going into the public discussions.

Councilmember Veis commented that the strategic plan and citizen survey were good efforts, but he did not feel that they ever became a part of the policies or had any impact on budgeting. Councilmember Clark commented that the committee set a short timeline so the survey did not sit on a shelf. Councilmember McCall explained that the subcommittee agreed that public involvement was needed in addition to internal discussion.

Councilmember Ulledalen asked how a broad representation of the community would be engaged. Councilmember Astle stated he liked the ideas but thought the timeline was too quick. He noted that service club members were not necessarily representative of the community because the members were typically older residents.

Library Director Bill Cochran explained that Leadership Montana used and promoted the Gracious Space process to get people to discuss things that they cared deeply about. He said 150 people attended the first training about the process, and there were about 50 Leadership Montana alumni from the Billings area, which meant there were about 200 people who were trained to engage people in a discussion about how to improve the community. He stated that one of the survey results was “you don’t listen to us,” so the proposal was one way that could be addressed. He mentioned the “Invite the stranger” concept.

Councilmembers agreed to further discussion and review of a more refined proposal on June 1.