

City Council Work Session

June 1, 2009

5:30 PM

Community Center

ATTENDANCE:

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

ADJOURN TIME: 8:10 p.m.

Agenda

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

- **Kevin Nelson, Billings, MT**, said he had asked staff to look into recovering the tax abatement funds from Carrie's Quilts and Irons since they did not fulfill their part of that agreement. He said if it had not been done, one of the Council goals should be to include appropriate language in future agreements to recover funds if that type of situation occurred again.
- **Bill McIntyre, Billings, MT**, said his business, Pug Mahon's, had a problem with the company across the street, Expert Tire. He said a towing company by the name of Autopound went to small lots and posted small no parking signs and then patrolled all night long and towed vehicles parked in the lots. He said it was one of the sleaziest operations he had ever seen. Mr. McIntyre advised that he contacted the Bridgestone/Firestone vice president and did not get any cooperation, even after he offered to pay for a sign to place in the driveway to avoid that situation. Mr. McIntyre commented that the tire company probably got a kickback from the towing.

Councilmember Ruegamer said he thought they were not towing. Mr. McIntyre stated that the previous Friday night, a kid stayed with a vehicle and put boots on cars, and then waited until the owners showed up to leave and charged them each \$140 to remove the boots. Councilmember Ruegamer said he understood that they would only accept cash.

Mayor Tussing asked City Attorney Brooks about the City's authority on private property. Mr. Brooks advised that he knew that one of the Deputy Attorneys checked on that type of situation for another business and he would have that attorney contact Mr. McIntyre to determine if it was the same company. He said he suspected that the ultimate answer would be that the City did not have authority concerning parking on private property. Mr. McIntyre asked if it was possible to control the towing company. Mr. Brooks said he did not believe the City could regulate the towing company either. Mr. McIntyre advised that Deputy Police Chief Tim O'Connell informed him that the towing company could not boot the vehicles but had to tow them. Councilmember

McCall stated that she obtained information from Ms. Volek regarding towing and about one-third of them came from that company. Mr. Brooks explained that the facts needed to be explored to determine if there was a City code violation. Councilmember McCall stated that she had seen numerous signs and that Mr. McIntyre's business displayed signage to warn customers against parking at Expert Tire. Councilmember Ulledalen asked if Autopound had a business license. Mr. Brooks advised he would check on that.

Councilmember Astle asked if the towing company was on the wrecker rotation. Ms. Volek explained that the Highway Patrol maintained that rotation. Councilmember Clark said that seemed to be a private arrangement with the tire company and the towing company. Mayor Tussing stated he thought Councilmember Astle's question meant that if the City was responsible for the rotation and a towing company seemed to act inappropriately, the towing company could be removed from the list and not contacted again for city business. Councilmember Ruegamer advised that he went to talk with the person at Expert Tire who told him that they had problems with vandalism and littering, etc. Councilmember Ruegamer stated there were other available lots in the area, but he felt that if a business really wanted to keep people out, signs could be posted at the driveway to the business. He said he felt it was about making money for the towing company. Mr. McIntyre added that he talked with owners of neighboring lots who indicated they did not have problems with trash in the lots.

Mr. McIntyre stated there were other businesses that used the same towing company. He provided an example of Bucks Bar where the cars were towed around the block, not to an impound lot, and basically held hostage. Mr. McIntyre suggested an ordinance that regulated some of the towing functions. Mayor Tussing commented that it was not unusual for communities to have regulations regarding signage, etc. Mr. Brooks said the Deputy City Attorney who had taken similar complaints would check into it. He cautioned that the City had to be careful it was not getting into a private civil matter. Mayor Tussing asked if he would also indicate whether an ordinance would be legal or appropriate after the research. Councilmember Gaghen asked if Mr. McIntyre knew who owned the towing company. Mr. McIntyre responded that he did not.

Ms. Volek referenced Mr. Nelson's comments and explained that staff was checking into the issue. She said it appeared that the tax abatement was never filed with the Department of Revenue.

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

Mayor Tussing announced that unless there were objections, Item #2 would be moved to coincide with Item #5. Ms. Volek advised that someone from Leadership Montana was present for Item #2 and possibly had a time constraint. Assistant City Administrator Bruce McCandless introduced Bruce Whittenberg from Leadership Montana, the group that offered to help the city with community conversations as a follow-up to the Citizen's Survey, was present that evening. He said he asked to have the item early on the agenda so Mr. Whittenberg did not have to stay for the entire meeting. Mr. Whittenberg advised that he had seen Councilmember McCall's presentation and the plan to engage the community in a conversation about the survey and community needs. He said the proposed process was very open and did not obligate the City to anything, but engaged the community in a conversation about important matters. He said he believed the community wanted that conversation and

Leadership Montana members were willing to assist with that process. He encouraged support of the process.

Mayor Tussing said he thought that was the Council's responsibility and it should not be abdicated. He said he did not mind the help, but took issue with the training scheduled for the purpose of becoming familiar with the process, not to be prepared to lead the conversations because the Leadership Montana members would do that. Mr. Whittenberg advised that Leadership Montana had volunteered to help. Mayor Tussing asked if that meant that City officials would not lead the discussions. Mr. Whittenberg explained that the members only facilitated conversation. Mayor Tussing said his point was the role the Council played in the conversations. Mr. Whittenberg advised that it was up to the Council what role it wanted to play. Councilmember McCall advised that the tentative plan presented two weeks ago was determined to be too ambitious so the plan was reviewed and the only proposed date was the training by the Gracious Space author on June 17, and participation in that was voluntary. She noted that everything else was to be determined by the Council.

Mr. Whittenberg explained that Leadership Montana members were volunteers that worked for communities and volunteered time where they thought it was needed. Mayor Tussing asked how the Leadership Montana people would prepare themselves for the role they would play in the conversations. Mr. Whittenberg said the process was not about teaching from the survey, but was to facilitate a useful conversation. Mayor Tussing said he felt the person would have to be familiar with the survey to be able to facilitate the conversation. Mr. Whittenberg explained that big issues could be identified by Council and those would be a primary focus of the conversations.

Councilmember Ulledalen stated he felt the Council needed to come up with broad concepts to get more information. He said he felt the most value was from the open-ended questions. He mentioned some of the questions/comments that were not part of the City's responsibility. He said the survey did not have to be used, but the task could be to get specific information back from those discussions. Mr. Whittenberg said Leadership Montana's purpose was to help determine the issues in the community and to keep the discussion to those topics. He noted he felt it was relatively risk free. Councilmember McCall explained that some of the things discussed were part of the presentation. She said there would be a plan to narrow down the topics to keep it focused.

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| TOPIC #2 | <i>Planning Budget Review</i> |
| PRESENTER | |
| NOTES/OUTCOME | |

Planning and Community Services Department Director Candi Beaudry began her PowerPoint presentation by explaining the four divisions and the staffing of the Planning and Community Services Department as: Building, Code Enforcement, Community Services, and Planning. She noted that the staffing numbers reflected the recent layoffs.

Ms. Beaudry advised that revenue for the Building Division, Community Development, and Planning Division were special fund divisions, while the Code Enforcement Division was a General Fund division.

Ms. Beaudry reviewed the revenue sources for the Building Division and noted that minimal increases were expected in the second half of the fiscal year.

Ms. Beaudry advised that the Community Development programs were funded through federal grants, with the major ones being the Community Development Block Grant and the HOME Program. She noted there had been little, if any, funding increases in the last eight years. She said the increase for FY10 was due to the recovery programs and other federal appropriations.

Ms. Beaudry reviewed the Planning revenue sources. She noted that as land use application fees decreased, the federal transportation grant decreased as well. Ms. Beaudry advised that Planning would get a one-time boost in revenue this year to assist the Library in preparing a Library Comprehensive Plan, and to prepare a Housing Needs Assessment for Community Development. Ms. Beaudry noted that property taxes were another revenue source and were expected to increase approximately 2% during the coming year.

Ms. Beaudry reported that Code Enforcement was a General Fund program that did not generate revenue other than weed abatement charges of approximately \$15,000.

Ms. Beaudry reviewed expenditures and noted that personnel costs were the greatest expense for all divisions. She stated that the Department's goal was to live within its means, but revenue-generating strategies had to be implemented or further cuts in expenditures were needed in order to sustain the operations.

Ms. Beaudry reviewed detailed revenue and expenditure information for the Building Division. She noted that the beginning balance for that division would be about \$400,000 less than the previous year due to the economic downturn that was more dramatic than anticipated. Ms. Beaudry advised that at least \$200,000 would be used from reserves, which would leave a reserve balance of \$336,000, the lowest balance in 10 years. Councilmember Veis asked if fee increases were built in for the next fiscal year. Ms. Beaudry said some increases were implemented and that was a strategy to consider. Councilmember Veis asked if she planned to rebuild the reserves as the economy improved. Ms. Beaudry said that was the plan for all the divisions before any staff would be brought back from layoff. Councilmember Veis asked if the fee increases would accomplish that in a couple of years. Ms. Beaudry responded that they would not do that alone, the permit numbers needed to increase. Ms. Volek commented that the State allowed no more than one year's worth of expenditures in reserves and a minimum amount needed to be maintained. She noted that the department was close, but still below the minimum level.

Ms. Beaudry reviewed the planned major activities of the Building Division. She noted that \$100,000 was requested from the Energy Efficiency and Conservation Block Grant to develop a program to implement the 2009 International Energy and Conservation Code.

Ms. Beaudry advised that Code Enforcement's revenue was estimated at \$15,000 from weed abatement. She noted that the City was investigating the creation of a code court that could generate revenue from penalties associated with zoning and other code violations. She reviewed expenditures for that division. She reviewed the supplemental budget request for that area that was not included in the proposed budget to transfer .5 Commercial Code Enforcement Officer from Building to the General Fund for business license enforcement and the other was to increase the Code Enforcement clerk position from half time to full time. She noted that Code Enforcement Officers would continue their enforcement activities, but due to the lack of resources and a continued increase in complaints, the cases would be prioritized. She said health and safety cases would be the primary focus.

Ms. Beaudry reviewed the revenue sources and expenditures for Community Development. She explained the various funding programs and guidelines for those programs.

Ms. Beaudry reviewed the revenue and expenditure information for the Planning Division. She noted that Planning would experience an increase in revenue by providing assistance to other City departments. Ms. Beaudry noted that expenditures would exceed revenues and reserves would be used to make up the difference. Councilmember Veis asked if the amount of property taxes was set based on a memorandum of understanding. Ms. Beaudry explained that the taxes were collected from a Planning mill levy and the levy was floated for inflation each year and she expected that practice to continue. She said there was an increase last year because a number of taxes that were unpaid or protested came through.

Ms. Beaudry reviewed the Planning Division activities planned for FY2010.

Ms. Beaudry addressed the financial projections for the Building and Planning Divisions. She said those divisions would not be able to sustain operations without increased revenues or significant reductions in expenditures. She said the reductions taken in FY09 were temporarily effective, but further reductions would be necessary if the economy did not turn around. She reviewed the reserve funds for the divisions and how they compared to the recommended levels. Councilmember Astle asked how Ms. Beaudry made the projections. Ms. Beaudry explained that the projections were made based on historical figures and she increased expenditures at 3.5% and a 5% growth rate for revenue.

Ms. Beaudry reviewed possible strategies to address the financial situation as follows: increase fees significantly; increase the Planning mill levy; scale payments to other departments for permit review to activity level instead of fixed amounts; waive rent and other internal charges; and reduce staffing and service levels.

Councilmember Veis asked why there would not be additional staff reductions if the number of permits was still down. Ms. Beaudry explained that in the Building Division, there was highly-trained, certified staff, and they had to maintain their certifications. She noted that the building environment could go up as quickly as it went down, and getting trained individuals back into the work force would be difficult, so it was best to retain staff as best as possible. Ms. Beaudry agreed that at some point, additional reductions could be necessary. Councilmember Veis asked if she knew what that tipping point would be. Ms. Beaudry stated that if there were no changes by mid-year, further reductions could be necessary. She said she hoped the Energy & Efficiency Conservation Block Grant would help preserve some staff.

Councilmember McCall asked if the employees laid off were able to find other positions in the City. Ms. Beaudry advised that a Planner II obtained a position within Public Works, a Planner I was working as a Municipal Court Clerk, and the Planning Clerk that shared time with the Building Division and Code Enforcement now provided services to Code Enforcement only on a half-time basis. She said that Council action would be requested at the June 8, 2009, meeting to approve a contract for an alternative modes coordinator service, with the former alternative modes coordinator. Ms. Volek pointed out that the position filled in Municipal Court by the Planner I was not the new position requested for the Court, but was a vacancy that occurred about the same time as the layoff.

Councilmember Ronquillo asked how businesses that operated without a business license were handled. Ms. Beaudry advised that Code Enforcement sent a notice. Ms. Volek noted

that City Code considered it a misdemeanor to operate without a license, but if people were jailed for that offense, they could not get a license and would not be operating a business.

Mayor Tussing asked if the divisions were keeping up with the demand for services. Ms. Beaudry explained that with the staff level in Planning, there were not enough Planners to man the counter and the counter hours were restricted. She added there was still a significant amount of planning work to do. Councilmember Ulledalen asked if Ms. Beaudry knew what percentage of the Planning budget was provided by the county levy. Ms. Beaudry responded it was about 28%.

Councilmember Clark asked if a grant was being obtained to pay the alternative modes coordinator. Ms. Beaudry explained that the transportation planning grant would pay for that position. She said the grant was awarded annually and had to be matched. She said it was matched with fees and the mill levy but because those figures were down, there was not enough to match it. She explained that the Federal Highway Administration allowed the contract to be used to minimize the local match and maximize the grant. She explained that the required match for an employee was greater than the match for a contractor.

Councilmember Ulledalen commented that he thought it would be difficult to see a levy increase placed on the ballot or passed. He suggested increasing fees in a way that the burden was not placed on the taxpayers as a whole. Ms. Beaudry stated that she felt the developers were subsidizing the taxpayers because the fees collected were used for planning purposes. She said the argument for an increased levy could be made that planning services were assessed at about \$4, but valued at about \$150.

Councilmember Clark asked about the use of reserves and when it would get to the point that the Planning Division could not pay salaries. Ms. Beaudry said it was her understanding that reserve spending would not be allowed in General Fund departments. Councilmember Clark advised that was not his understanding. Financial Services Manager Pat Weber explained that the Planning Division was a little different because it had other revenue sources and was not as reliant on the tax collections. He said a loan from the General Fund would be needed if the division ran out of money. Ms. Volek noted that two supplemental budget requests were denied, one of which was to use General Fund money to help fund a code enforcement employee. She said Planning reserves would be used to balance the budget for FY10, not a General Fund allocation.

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| TOPIC #3 | <i>Tourism Business Improvement District Budget</i> |
| PRESENTER | |
| NOTES/OUTCOME | |

Ms. Volek introduced Chamber Executive Director John Brewer. He noted that the Chamber managed the Tourism Business Improvement District. He explained that the TBID had been in existence for about 18 months and had a seven-member board. He said there had been great success and the goal was to sell 10,000 rooms each year and to date, 16,925 had been sold. He distributed a proposed budget and marketing plan. He explained that the focus was to bring the lodging tax investment, TBID, and private funds to develop a tourism marketing sales program for Billings. He reviewed the goals established for the next year.

Mr. Brewer reviewed revenue projections which reflected the \$1.00 per room assessment. He explained that even though the increase would begin July 1, 2009, the revenue would not be seen until 2010 based on the process used to distribute the revenue.

Mr. Brewer reviewed the projected expenditures.

Mr. Brewer explained how the TBID would work to meet the goals. He stated that personal connections with associations/organizations helped recruit those activities.

Councilmember Ruegamer asked about the TBID employees and the salaries. Mr. Brewer said the employees were paid in combination with lodging tax, TBID and Chamber and private funds. He said it ranged from entry level range to director level. Mr. Brewer said the director salary was paid in part with private funds and was around the mid-20s for salary and benefits. Mr. Brewer said he could provide more detailed salary information. Councilmember Veis suggested more detail from the other budget numbers as well.

Councilmember Ruegamer asked if staff would increase as revenue increased. Mr. Brewer stated it probably would not because he felt he had the right staff. Councilmember Ruegamer asked how they knew how many rooms were generated. Mr. Brewer advised the information came from groups that booked rooms. Councilmember Gaghen asked the maximum number of rooms available any given night. Mr. Brewer responded there were 4,000 rooms available and current occupancy was about 60%, which was lower than the desirable amount. He said the goals were set prior to the current economic challenges, but they were still being surpassed. He noted that the goals were set by the hotel industry.

Councilmember Veis asked for more historical budget information to compare previous years. Ms. Volek said she would work with Mr. Brewer to provide that information. Councilmember Veis asked for an explanation of some of the expense categories and the types of expenses in those categories. Councilmember McCall asked how long the plan had been in existence. Mr. Brewer said it had existed for 18 months and the first six months they operated on credit so there was not a lot of history available yet.

Councilmember Veis asked how the assessment was increased. Mr. Weber explained that Council had to adopt a resolution setting the fee and action on it was scheduled for June 8, 2009.

Councilmember Ulledalen asked how Billings compared to other cities that had the tax. Mr. Brewer said Billings was much closer to those other cities and that was part of the rationale to request the increase.

Councilmember Astle asked if the staff expenses included all of the wages for the staff. Mr. Brewer responded that it was only part of their wages and benefits because there were other sources that contributed to that expense. He noted that an administrative fee did not come off the top of the TBID; it was in-kind from the Chamber. Councilmember McCall stated she thought that information should be documented.

Mayor Tussing asked if any Chamber representatives would testify or provide feedback regarding the budget. Mr. Brewer advised that the Chamber would share the information with the community and Bruce McIntyre would provide feedback to the Council.

Councilmember Gaghen stated that 18,000 room nights did not seem like much compared to the number of rooms available. Mr. Brewer explained that they were still ramping up and to keep in mind that some groups took more than one year to make plans. He added that those were the trackable rooms and not all rooms were tracked due to the numbers of people who actually stayed at hotels in Billings. Councilmember Gaghen commented she had seen

increased promotion. Councilmember Ulledalen noted that the off season was the difficult time to continue generating revenue.

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| TOPIC #4 | <i>Citizen Survey Follow-up and City Council Strategic Goals and the Budget</i> |
| PRESENTER | |
| NOTES/OUTCOME | |

Councilmember McCall referenced three documents distributed to Council – a written summary of the Citizen’s Survey, a copy of the PowerPoint presentation, and a matrix that cross referenced the strategic plan. She explained that Council needed to approve the documents, discuss outreach, and agree on a timeline.

Library Services Director Bill Cochran explained that a work group tried to synthesize the important components of the survey. He provided a brief report of the summary.

Councilmember McCall provided a brief explanation of the contents of the PowerPoint presentation that could be presented to community groups. She commented that it was a good overview of the large amount of data that came from the survey.

Councilmember McCall reviewed a proposed schedule of community conversations. She suggested one or two traditional public information and comment sessions in addition to those community conversations for people who preferred to see an overview of the survey in that format.

Councilmember Veis asked what outcomes were sought other than educating the public about the survey results. Mr. McCandless responded that the survey provided information about what people thought of city services, but it was difficult to determine why people answered as they did. He said the community conversations could provide more information about the responses. Councilmember Ulledalen stated he felt the Council’s responsibility was to define specific questions to be answered by the community regarding whether taxpayers were willing to pay more fees for the services they wanted enhanced or added.

Mayor Tussing asked if any of the special interest groups had seen the report yet. Mr. McCandless advised that he was not sure, but Ms. Volek had asked each department director to provide an analysis of how they would address the results of the survey that related to their department and the goals of the strategic plan. Mayor Tussing said he would like to know what departments thought about their ratings before the community conversations. Councilmember McCall explained that she saw the meetings as a progression that began with an overview of the results. Councilmember Ruegamer stated that he felt it would be a challenge because the people who would attend the meetings and provide the input may not be representative of the people who answered the survey questions. He said he believed the people who commented would be more positive.

Councilmember Clark stated the meetings should be held to determine if the City would conduct a survey like that again in the future.

Councilmembers agreed to proceed with the proposed timeline. Councilmember Ulledalen stated that attendance at the first meeting could impact whether future meetings would be held. Councilmember Veis stated that if the Council did not know what outcomes it wanted, that was a reason not to move forward. Councilmember McCall responded that one outcome was to provide access to the public to allow input about the survey. Mayor

Tussing suggested Councilmembers provide feedback to the committee members regarding the outcomes desired from the process.

Councilmember McCall referenced a list of strategic plan objectives that related to the survey.

Mayor Tussing stated he felt it would be time to prepare a new strategic plan after the community meetings. Councilmember Gaghen pointed out that the timing was a little off due to upcoming changes on the Council. Councilmember Ulledalen asked if Council wanted to pay for another facilitator to develop a plan. He stated that he would not support that concept with the current budget constraints. He noted an option was to build on the existing plan and provide some continuity for the next Mayor and Council.

Additional Information:

Councilmember Clark stated he received calls and assumed other Councilmembers did as well regarding something that happened at Pioneer Park the previous Friday evening. Ms. Volek explained there was a fight at the Zimmerman Center and the Police Department was investigating the incident. She added that patrol would be increased in the Pioneer Park and South Park areas.

Ms. Volek referenced the FY10 Budget Worksessions Questions and Responses document and noted that on Page 6 there were several discussion points. She stated indication was requested regarding the three items included in the budget and the two items requested for addition. She said Council action on those items would be requested at the budget hearing scheduled for June 8, 2009. Ms. Volek reviewed changes that were included in the budget that would be presented for approval.

Councilmember Ronquillo asked about the hybrid vehicle for the Police Department. Ms. Volek explained that it was to serve as a model for the fleet in response to public concern that the City's fleet did not include alternative fuel vehicles.

Councilmember Ronquillo asked about the \$75 per day payment to prisoners who worked while in jail. Councilmember Clark explained that the \$75 per day was credit toward the fine, not a payment to prisoners.

Councilmember Ulledalen advised he would not be present for the June 8, 2009, meeting.