

# City Council Work Session

May 11, 2010

5:30 PM

Council Chambers

## ATTENDANCE:

Mayor/Council (please check)  Hanel,  Ronquillo,  Gaghen,  Cimmino,  Pitman,  McFadden,  Ruegamer,  Ulledalen,  McCall,  Astle,  Clark.

ADJOURN TIME: 7:45 p.m.

## Agenda

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

- **Kevin Nelson, 4235 Bruce**, stated he was unsure if Ms. Volek had stated that there would not be different funds for the South Billings Boulevard, Miller Crossing and East End Tax Increment Districts. He said there seemed to be confusion about the money, and his understanding was that there was \$245,000 in the tax increment districts, but according to the County Treasurer, about \$475,000 had been sent. He explained how the tax funds were remitted to the entities, and said the Department of Revenue did not have anything to do with the money in the City tax increment districts. He said he knew how much money was in the fund and did not know why City Administration said it did not know or would not reveal it.

Ms. Volek explained that the State had varied the value three times since December and had remitted some funds. She said that at the end of the appraisals and final valuation, additional funds would be sent to the City if enough funds had not been sent yet, and if too much had already been sent, the excess funds would be deducted from the second tax payment in June. She said she also found out that some properties had been omitted from the original calculations.

Assistant City Administrator Bruce McCandless explained that there were separate funds for South Billings Boulevard Tax Increment District and Miller Crossing. He said the budget amendments approved at the previous evening's meeting were designed to transfer funds from the tax increment district to the Miller Crossing fund to be able to keep exact records of how much was collected in accordance to the development agreement. He advised that in accordance with State law, there was a separate fund for the East Billings Tax Increment District.

Councilmember Ronquillo said the questions were about how much money was collected for the South Billings Boulevard Tax Increment District. Mr. McCandless provided an explanation of how individual property tax statements reflected the portion of taxes that went to the tax increment fund. Councilmember Ronquillo requested a PowerPoint presentation at the task force meeting about how much money was collected in the district, how much went to Miller Crossing and how much was available in the rest of the district.

Mayor Hanel asked for an explanation of why taxable values changed. Mr. McCandless advised that he thought the reason was mostly due to reappraisal. He said the Department of Revenue delayed the start of the process from January, 2008, to July, 2008, to try to capture the change in property values that was occurring at that time. He said the values continued to change until the Department of Revenue certified taxable values as of September, 2009, and were changed in December and again in March. He said the values would change again. Ms. Volek explained that she and Mr. McCandless had visited with Lobbyist Ed Bartlett about fact that the reappraisal cycle should be shorter.

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

<b>TOPIC #2</b>	<b><i>Legal Budget Review</i></b>
<b>PRESENTER</b>	
<b>NOTES/OUTCOME</b>	

City Attorney Brent Brooks provided a brief history of the Legal Department and provided an overview of the staffing. He reviewed criminal case statistics for calendar years 2006-2010. He reviewed the funding sources that included General Fund, which included funds from Aviation and Transportation and Public Works Administration for nearly exclusive use of one attorney, the Board of Crime Control Grant, and court surcharges.

Mr. Brooks reviewed the expenses for personnel, operations and maintenance, and matching funds for the BOCC grant. He advised that the official notification of the BOCC grant was expected in late May or early June, but unofficial information indicated that the grant award would be the same as FY 2010, which was \$90,000. Councilmember Ruegamer asked how the Board of Crime Control determined the grant award. Mr. Brooks explained that it was a pass-through grant from the Federal government and then the State allocated the funds. He said factors such as historic prudent use, and results from the use of the funds which were tracked by the Victim/Witness Program. Councilmember McCall advised that she served on the Board of Crime Control for seven years and knew that the grant process was very competitive. She said one important consideration was the evaluation and outcome. Mr. Brooks added that the software package was very complicated which was an indication of the competitive nature of the grants.

Councilmember Gaghen asked how much grant money was available for the entire state and what portion Billings received. Mr. Brooks stated he did not know that, but would find out and report back to Councilmembers.

Mr. Brooks reviewed current fiscal year goals and accomplishments and areas where legal staff provided assistance. He reviewed future challenges within the criminal and civil divisions. Councilmember McCall asked if the legal staff was adequate to keep up with the demands. Mr. Brooks advised that his department was holding its own at the present time, but he anticipated there would be a time when more staff was needed. He noted that a third legal secretary and an additional attorney were added and funded, in part, due to the Aviation and Transit duties. He said the criminal workload increased when the State public defender system was created in 2006.

Mayor Hanel asked if this was the first contract session that used internal legal counsel on the negotiation teams. Ms. Volek advised that it was the first time and it was beneficial to have someone with the inside knowledge.

Ms. Volek advised that she had also assigned additional work for the legal staff to review public documents requests, civil contract negotiations, and the municipal infractions process. She noted that Mr. Brooks did not submit any supplemental budget requests for any of the addition assignments. Mr. Brooks mentioned that Deputy City Attorney Craig Hensel worked extensively on the municipal infraction ordinance that should yield some positive benefits. Mayor Hanel commented that he felt the municipal infractions process had a positive reflection locally and was also receiving statewide attention.

Councilmember Gaghen mentioned that there had been an upsurge in grievances and suggested it was helpful to have the City attorney work on that. Ms. Volek advised that Assistant City Attorney Bonnie Sutherland was usually the attorney that worked in that area and the consistency was beneficial.

Councilmember Clark asked if the budget included pay increases. Mr. Brooks advised that the legal staff was all exempt from bargaining agreements so only eligible step increases were included in the budget. Councilmember Gaghen stated that she found it admirable that his staff did not accrue overtime.

The public comment period for that item was opened.

- **Kevin Nelson**, stated that the 2009 CAFR showed contingent liability from the Feuerstein case and he wondered if it had been resolved. Ms. Volek responded that it was still in litigation.

<b>TOPIC #3</b>	<b><i>Public Works Budget Review</i></b>
<b>PRESENTER</b>	
<b>NOTES/OUTCOME</b>	

Public Works Director Dave Mumford introduced his department's directors and managers in the audience.

Mr. Mumford's PowerPoint presentation provided a history of the Public Works Department and reviewed the various operations of the department. Mr. Mumford explained that the Public Works Department was a very small portion of the General Fund and operated as if it was a business. He displayed a breakdown of the revenue sources and projected expenditures. He pointed out that the projected revenue reflected a decrease of \$18.1 million, which was primarily from capital. He explained that the Public Works Department differed from other City departments in that the majority of the budget, about 76%, was attributed to the cost of construction and operations, with only 18% for personnel.

Mr. Mumford reviewed the budget development guidelines used that included interviewing councilmembers. He reviewed proposed changes and initiatives, many that came from the citizen survey.

Mr. Mumford reviewed supplemental budget requests and upcoming projects. He reviewed the department's debt financing and explained how it had been restructured.

Mr. Mumford reviewed the proposed arterial fee and street maintenance district fee increases to help cover increased costs. He noted that a proposed wastewater rate increase would be needed to address new Federal wastewater regulations. He reported that as a result of the

reduction in the capital program, it was determined that the full water rate increase was not needed, so the water rate increase would be 5.8%, not 7% as previously approved.

Mr. Mumford reviewed future growth ideas, increasing expenses, aging infrastructure of roads and utility mains, and revenue shortfalls.

Councilmember Gaghen asked for further explanation of the revenue and expense reductions. Mr. Mumford said the majority was related to deferred capital.

Mayor Hanel asked about the schedule for the traffic signal at St Andrews and Wicks. Mr. Mumford reviewed the schedule and said he hoped it would be completed in the fall.

Councilmember McCall asked if the proposed arterial fee increase would keep pace with the need. Mr. Mumford explained that a higher rate would be a sticker shock for the community, but there would be a slight increase each year, even though that would still not be adequate.

Ms. Volek noted that the supplemental budget requests approved for Public Works totaled 25, with a value of \$4.49 million. She said it was an enterprise fund and balanced its expenditures against revenue very well. She commended the department for that.

Councilmember Gaghen asked about additional costs to deal with the heavy snow season. Mr. Mumford advised that there were increased costs for additional fuel, materials and overtime, much of which was taken as comp time. He added that funding was shifted and other programs were adjusted. He stated that street maintenance was slipping backward every year and it concerned him. He noted that street maintenance was an immediate problem, and wastewater problems were long term.

Councilmember McCall asked what revenue a 3.5% arterial rate increase would generate and what it would cost taxpayers. Mr. Mumford advised that he would prepare those calculations and provide that information through Ms. Volek. Councilmember McCall complimented Mr. Mumford for utilizing the citizen survey results.

The public comment period for that item was opened.

- **Kevin Nelson**, stated that there was adequate talent in the city to do a demonstration project of putting millings on gravel streets. He noted that the County did it and he did not feel it was out of line to try it to see if it would work.

Councilmember Ronquillo agreed with Mr. Nelson and explained that ConocoPhillips bought millings to use in the plant. He said that even though it was a temporary fix, it was better than what the City presently had. Ms. Volek advised that it could be done in the future after the machine was ordered and the work started.

Councilmember McFadden asked Mr. Mumford if the millings could be used on the 3500 block of Lynn. Mr. Mumford explained that they could be used for alleys, but not on streets with curb and gutter. He said a common practice was to use the millings as part of new construction road base.

Mr. Nelson advised that the 2009 CAFR noted on schedule C that the arterial street fee fund was deficient by \$1.68 million, but that it would be eliminated when the Solid Waste inter-fund loan was repaid. Mr. Mumford explained that the King Avenue West project was accelerated to match Corning's project, so funds were borrowed from Solid Waste reserves. He said the repayment should be complete in two more years. He noted that it was accounted for in the business plan.

## Additional Information:

Mayor Hanel wished Ms. Volek a happy birthday.