

# City Council Work Session

May 25, 2010

5:30 PM

Council Chambers

## ATTENDANCE:

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

## ADJOURN TIME: 8:18 p.m.

## Agenda

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

Councilmember Ruegamer moved to move the public comments at work sessions to the end of the meeting, excluding comments on the agenda items, seconded by Councilmember Astle. On a voice vote, the motion was unanimously approved.

Mr. Nelson was allowed to make his comments since he was already at the podium.

- **Kevin Nelson, 4235 Bruce Avenue**, asked if the budget presentations could be posted on the City's website. Ms. Volek advised that it could be done. Mr. Nelson asked if it was possible to produce a summary of all the department budgets at the end of the budget hearings. He suggested something simple that could be easily understood by the public. Ms. Volek suggested posting the budget overview. Mr. Nelson commented that at a previous meeting, a comment was made about how much and what kind of power the City had to regulate medical marijuana. He referred to 7-1-111 MCA, regarding powers of local government and said it applied to the TIF districts and that the City was taking school mills from the TIF district and that pension mills were being redirected in a tax increment district. He said he thought those were denied powers of city government and he did not understand how the City felt it could do that.

There were no other speakers, and the public comment period was closed. Mayor Hanel noted that public comment would be held at the end of the meeting for future work sessions.

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

Assistant City Administrator Bruce McCandless introduced division managers present Larry Deschene, David Watterson, Pat Weber, Chris Mallow and Saree Couture. He explained

the various budgets within the Administration budget. He mentioned that the internal services functions did not use many dollars and there was very little change from year to year. He noted that business plans for the administrative and internal services were structured to support the City's operating departments.

Mr. McCandless provided an overview of the staffing and basic functions of each division. He reviewed a summary of the operating costs for each division and explained that the decrease in Human Resources was a result of a lawsuit charged to that department that had been paid. He provided a comparison of Human Resources staffing at other cities. He advised that the significant increase in Fleet Services was due to the addition of two FTEs when that division took over the maintenance of the fire trucks, and an increase in capital. He pointed out there was a decline in Information Technology costs. Mr. McCandless advised that the significant increase in the Parking budget was due to capital expenses. He said that overall, internal service charges, excluding parking, reflected an increase of \$4,300, or .06%, over the previous year. Mr. McCandless presented detail of each division's budget.

Mr. McCandless explained the capital expenses planned in the Parking budget that included a new parking garage design and land acquisition that could be funded in part by the sale of Park IV. He said the annual transfer to the General Fund was included as well. He reminded Council that the Downtown Billings Association and Parking Advisory Board had both requested reducing, and/or eliminating the transfer.

Mr. McCandless explained how Administrative Services would assist with meeting goals of the Strategic Plan.

Councilmember Cimmino asked about telephone expenses referred to on Page 6 of the budget. Mr. McCandless referred to the Internal Services section of the budget book for the information about telephone service charges. Councilmember Cimmino asked Mr. McCandless to explain the difference between personal services and personnel services. Mr. McCandless explained that state law required the use of the term 'personal services' for personnel costs.

Ms. Volek reviewed the Mayor and City Council budget, and the City Administrator budget. She said the slight increase in the City Council budget was due to increased internal services charges. She noted that the budget would also reflect the payment for the Rimrock Foundation lawsuit. Ms. Volek reviewed the City Administrator budget that reflected a slight decrease.

Councilmember Pitman asked about the pay system. Ms. Volek provided a brief explanation of pay system.

The public comment period for that item was opened.

- **Kevin Nelson, 4235 Bruce Avenue**, stated it was difficult to compare city to city and there seemed to be a real disconnect. He said if FY 2015 was the budget crisis year, he encouraged an initiative to determine what the other cities were doing to provide services with fewer employees. Mayor Hanel advised that the comparison was not a fair comparison because there were other differences between the cities. Ms. Volek pointed out that the other cities had fewer residents and a smaller surface area. She advised that other cities would be consulted as business plan work continued. She added that Great Falls had consulted with Billings about animal control, and she also knew that Billings provided services that other cities did not. Mr. McCandless pointed out that the purpose of the comparison was not to compare the number of employees of each city, but was intended to compare the number of Human Resources employees among the cities.

- **Randy Hafer, Parking Advisory Board Chairman**, asked the Council to phase out the transfer from the Parking fund to the General Fund. He explained that Parking was an Enterprise fund that had to produce revenue to operate and to build or accommodate parking demands. He said reserves would have to be spent to provide basic services. He stated that the transfer started for a reason, but that reason had passed. He commented that downtown parkers were essentially being taxed to benefit the General Fund. He said he felt it would be fair to phase it out over a period of time. Councilmember Ruegamer asked if Mr. Hafer had any suggestions of how to replace that transfer. Mr. McCandless explained that the parking garages were built with tax increment funds, and the fees from those garages never paid the debt, just the operating costs, until the expansion of Park II was built. He explained that debt was incurred for that expansion and it was paying debt and operating costs from the fees generated there. Councilmember Ruegamer commented that the parking garages were built with tax increment dollars and the parking fund got the profits from the fees without putting anything into them. Mr. Hafer stated that the ongoing maintenance was paid by the parking budget.

Councilmember McFadden asked how the City could justify running public parking if the public did not benefit from the transfer to the General Fund. Mr. Hafer stated that the City made the decision to make parking an Enterprise Fund and was responsible for providing parking, enforcement and maintenance of the facilities, along with seeking expanded parking opportunities. He stated that with that ongoing transfer, reserves would have to be used or rates had to be raised.

Councilmember Astle stated that the budget was tight and was not getting better. He said that it would probably be a while until the transfer could be phased out.

Mr. McCandless explained that parking became an Enterprise Fund in two different steps in the 1990's and early 2000's. He explained that the transfer was made because at the time of the change, the parking function was generating a net income of about \$230,000, so the amount was capped and the transfer continued. Councilmember Clark asked why that was not done with other Enterprise Funds. Mr. McCandless responded that as far as he knew, it was because the other funds were never part of the General Fund. He said the Council could require that transfer from other funds, but staff had never advised that as a sound financial practice.

- **Greg Krueger, Development Director of Downtown Billings Partnership**, stated that the City got the benefit of the higher density and higher value downtown development that resulted from the parking garage investment. He explained that the relationship of the tax increment district and parking division resulted in a payoff to the City's General Fund from the sunset and he felt that was the payback for the buildings. He suggested discontinuance of the transfer in the future because those funds were needed to build more parking to encourage more growth.
- **Lisa Harmon, Executive Director of Downtown Billings Alliance**, referred to a letter from the DBA asking the Council to explore the idea of phasing out the transfer. She said she felt there were still questions about the history and purpose of the transfer. She stated that the Council needed due diligence to understand why the transfer started and why it continued because the Parking Division needed the money to build another parking garage, which was confirmed by the parking study funded by the City. She asked the Council to keep an open mind.

Financial Services Manager Pat Weber explained that he had researched the issue before and he would provide that information to the Council soon.

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

<b>TOPIC #3</b>	<b><i>Parks/Recreation/Public Lands Budget</i></b>
<b>PRESENTER</b>	
<b>NOTES/OUTCOME</b>	

Parks, Recreation and Public Lands Director Mike Whitaker introduced division managers present: Lee Stadtmiller, Jon Thompson, and Joe Fedin. Mr. Whitaker advised his budget presentation would address current and new responsibilities, park maintenance districts, how the department related to strategic priorities, current and future projects, and department trends. He stated that the department's business plan and feedback from the Citizen Survey were used to develop the budget. Mr. Whitaker described the operations, and reviewed the budget and revenue sources. He explained that park maintenance fees would be increased to match expenses. He noted that those fees had not been increased since at least 2008. He said they hoped to have expenditures and revenues meet within the next two or three years. Mr. Whitaker reviewed significant accomplishments and activities of the department, and explained how activities and functions related to Strategic Plan goals work plan.

Mr. Whitaker reviewed approved supplemental budget requests which included fencing spray parks, a State-mandated requirement. Councilmember Pitman asked for an explanation of that mandate because it seemed that the purpose of the spray park was to be open and unfenced. Mr. Whitaker advised that he had been checking on that and was told the fence was intended to keep dogs and birds out of it. He said the State agreed to re-examine the requirement, and hoped to have a ruling by the end of the season.

Mr. Whitaker advised that the proposed budget put a stop to decreased maintenance standards, but there was a long way to go to catch up. He reviewed a list of deferred maintenance projects. Councilmember Ulledalen asked if it was possible to seek public contributions to assist with some maintenance needs. Mr. Whitaker said the South Park Gazebo was a perfect example of such a project. Councilmember Ulledalen stated that proceeds from unused park lands could finance improvements in existing parks. Mayor Hanel asked about the status of the inventory of potential park land that could be sold. Mr. Whitaker stated that it was his goal to present something to the Council later in the fall.

Councilmember Clark asked if it was determined how much a citywide park maintenance district would cost. Mr. Whitaker advised his department was working on that and hoped to have the information late fall or early winter.

Councilmember Ulledalen asked about the possibility of adding a surcharge to park fees to pay for capital needs. Ms. Volek said it would be done when ticket prices were set again in the fall. She explained that it would have to be assessed against all parks and activities. Councilmember Clark stated that the City was under market for pool slides. Councilmember Astle asked if something could be done for Rose Park right away, and then Dehler Park could be added later. Ms. Volek advised staff would check on it. Councilmember Ruegamer advised that Moss Mansion and Alberta Bair charged a capital fee now. He advised he was at Kiwanis Park on the west end and was a model, and was in a park maintenance district.

Councilmember Pitman stated that Dehler Stadium was supposed to be multi-use, and he wondered about the multi-use of it. Mr. Whitaker advised that he just entered into a verbal agreement to have Ales for Trails at the stadium after the baseball season.

Councilmember Cimmino clarified that restroom facilities could not be built at Swords Park because there were no water or sewer services in the area. Mr. Whitaker said that was correct, and the funding source for the trails could not be used for restrooms. Councilmember Cimmino asked if the users would be aware that restroom facilities would not be available. Mr. Whitaker said the area would be designed to include restrooms so they could be installed when funding was obtained.

Councilmember McFadden asked about the status of a museum at Swords Park. Ms. Volek said there had been more discussions and staff continued to have concerns with the purchase of the land and the extension of utilities. She added that discussions had also been held with Big Sky Economic Development Authority and the Chamber about moving the museum to the bottom of the rims where water and sewer existed.

Councilmember Cimmino asked about an estimated cost for the slide and liner replacement at Rose Park. Mr. Whitaker advised that it was about \$1 million for both, but the liner alone was about \$250,000.

The public comment period for that item was opened. There were no speakers, and the public comment period was closed.

<b>TOPIC #4</b>	<b><i>Library Budget</i></b>
<b>PRESENTER</b>	
<b>NOTES/OUTCOME</b>	

Library Director Bill Cochran advised that the Library was a special revenue fund. He explained the Interlocal Agreement and the Library Board responsibilities and activities. He said he hoped to present the Library Strategic Service Plan in the near future. Mr. Cochran reviewed the various services provided by the Library, usage statistics, and a statewide comparison of circulations. He advised that the FY2011 Library operating budget, excluding capital and supplemental budget requests, was expected to balance. He said capital and supplemental budget projects would be funded with either external revenue sources or unobligated cash reserves. Mr. Cochran reviewed the revenue sources and noted that it was expected to increase 3.5%, mainly due to an economic stimulus block grant and increased local tax revenue. Mr. Cochran reviewed FY2011 expenditures, which did not include significant changes with the exception of the inclusion of the Heights Branch Site Evaluation that had been included in the Capital Improvement Plan, the addition of one full-time librarian position funded through a supplemental budget request, and the addition of 12 public internet workstations, also funded through a supplemental budget request. Councilmember Clark asked if volunteers were used. Mr. Cochran explained how volunteers were utilized. Mr. Cochran reviewed the capital request for FY2011 that included: Joint Community Library planning, scheduled bookmobile replacement, and retaining the 1995 Bookmobile for back-up and branch library pilot projects. Mr. Cochran concluded his presentation with an update of the Library Facilities study.

Councilmember Astle asked if cost estimates were being gathered for potential remodeling and use of the Gainan's building. Mr. Cochran advised that cost estimates were provided for potential rehab of that building. He added that other property owners had suggested

consideration of their properties. He explained the work of the Downtown Facility Committee to explore options for a downtown library facility.

Mayor Hanel commended Mr. Cochran for the job he did as Library Director.

Councilmember Ulledalen commented that he was on the Advisory Board for the College of Technology and questioned whether the joint library was realistic and should be kept on any project lists. He said he understood the passion to have the library downtown, but felt that limiting it to downtown limited the support from residents in other sections of town. He stated he thought it was a mistake to limit the location to downtown.

Councilmember McFadden seconded Councilmember Ulledalen's comments. He said he thought one benefit would be available parking at a different location. Councilmember Clark commented that adequate parking was a consideration for all locations. He noted that the biggest user group was from the Heights, so moving the main location to the West End might be a slap in the face for that group. He said he favored keeping it downtown.

Mr. Cochran stated that there would be at least three legislative sessions before any funds could be considered for a joint library with the College of Technology. He said philosophically, there was still reason to continue exploring it and not to walk away from public land near the COT. Mayor Hanel asked Mr. Cochran about his preferred location. Mr. Cochran stated that one facility could be operated with the current budget and it was typically less expensive to build a new location than to rehabilitate an existing location. He said until multiple locations could be maintained, he preferred a central, accessible location and the greater population was in the Heights and West End. Councilmember Ulledalen stated that he thought the community would be supportive of something on the West End and the Heights. He added that he did not think an additional population would start using the library if a new location was built downtown. Mr. Cochran advised that data indicated there was no correlation between the people that used the library and the people that would support a bond issue for one. He said the support came from people that cared about their community.

Ms. Volek advised that it was an opportune time for that type of discussion. She said that there had been numerous ideas over the years for development of the Library site and it was a good time to determine the best use for that site.

Councilmember McFadden asked if the information from the latest census could help determine the demographic center of the City. Mr. Cochran said that it would provide more ability to pinpoint users. He said the downtown traffic was changing and more vibrant than in years past, and even though it was still not convenient for a lot of people, it was more of a central location. He suggested communicating comments to the Library Facilities Committee. Councilmember Ulledalen stated he was frustrated that the Library Board members were passionate about their beliefs, but felt they could do a better job of listening to the community. He said the survey was a great place to start.

Councilmember Clark explained the survey process and provided examples of some questions.

Mr. Cochran commented on past mill levies and said it was hard to predict how people would feel today. He said he was aware that there was a lot of enthusiasm for the library within the community.

The public comment period for that item was opened. There were no speakers, and the public comment period was closed.

### Additional Information:

Mayor Hanel announced that he heard there had been good comments already on the forum on Medical Marijuana that started about twenty minutes earlier on PBS.