

City Council Work Session

August 2, 2010

5:30 PM

Council Chambers

ATTENDANCE:

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

ADJOURN TIME: 6:10 p.m.

Agenda

TOPIC #1	<i>Revolving Loan Fund Interlocal Agreement</i>
PRESENTER	
NOTES/OUTCOME	

Downtown Billings Partnership Director Greg Krueger provided an overview of the revolving loan fund run by City until 2000, when the fund then became collateral for a line of credit equal to the City's fund of \$1.6 million. He explained the process if the agreement expired and noted that the banks were the last ones in and first out. He reviewed the 2005 law change that specifically recognized revolving loan funds as being able to continue past Tax Increment Finance District sunset dates.

Mr. Krueger reviewed changes in the 2010 agreement that included adding Stockman Bank as a participant. He said all the banks, including Stockman, had agreed to the terms. He said that agreement would be presented to Council for approval and they would like to have a public signing ceremony.

Councilmember Ruegamer asked if the City had any money in the fund. Mr. Krueger explained that there were no general funds in it; the original funds were old TIFD funds. He advised that the Finance Division issued a report on a quarterly basis that provided information about the loans and funds.

Councilmember Gaghen asked if there had been any default issues. Mr. Krueger said there had been some instances when the Partnership intervened and developed a repayment schedule. He referred to two old loans that were still on the books and addressed on an annual basis. He expressed his confidence that they would be repaid.

Councilmember Ulledalen asked about earnings. Mr. Krueger explained that they went back into the fund as part of the revolving nature. He said the City collected 1% on the loans, which was added to the bank's rate. He commented that they did not compete with local lenders, so the activity had slowed due to the decline in lending activity.

Mayor Hanel mentioned that he recently attended a Downtown Billings Partnership training session for new members and it was very helpful. He encouraged councilmembers to attend future sessions.

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

TOPIC #2	<i>Discussion on TIFD Funding</i>
PRESENTER	
NOTES/OUTCOME	

Ms. Volek advised that there was no staff presentation on the item, but referred to the letter from the Yellowstone County Commissioners requesting participation in planning and administration of the Tax Increment Finance District. She said the Commissioners requested a joint meeting either August 10 or August 30 to discuss their request. She said it appeared that the majority of the council was available August 30, and if there were no objections, she would schedule a meeting on that date at 5:30 p.m. She pointed out that because that date was a fifth Monday, there were no Council meetings scheduled for it.

The public comment period for that item was opened.

- **Kevin Nelson, 4235 Bruce Avenue** stated that the County Commissioners did not reach that decision lightly. He said other states were looking at the same issue that other taxing entities did not have an opportunity to deal with their own taxes. He referred to an Oregon law passed in 2009 that guaranteed schools and counties a place at the table. He said Missouri did the same. He stated that the City was just taking the tax money without giving any reason. He spoke of a Colorado law that indicated there was no more agriculture land in TIF districts, which was similar to the Cabela's situation. He stated that he felt some of that probably came about due to his loss at the Supreme Court when he protested the Department of Revenue. He referred to MCA 7-1-1 regarding denied powers.

Councilmember Ruegamer commented that schools were not deprived of taxes. He said they got more when the district reached sunset than without the districts.

- **Greg Krueger, Director, Downtown Billings Partnership**, explained that the County and School District were both on the Downtown Billings Partnership board of directors and had a voice concerning recommendations. He stated that if it was true that the City was taking money from the tax districts, they should consider what would have happened if the district was not formed and it continued losing money. He pointed out that the previous week, the County reported that it collected \$4.7 million more in 2009 than in 2008, largely due to the old district sunsetting.

Councilmember Clark stated he did not see how TIFDs took retirement money from schools and the county. Mr. Brooks stated that he did not see a direct impact.

- **Lisa Harmon, Director, Downtown Billings Association**, advised that they were working on a PowerPoint presentation to address some questions about tax increment districts and were working directly with legislators about the 95 school mills. She pointed out that the Lincoln Center benefitted directly from tax increment funds with three projects and 10 years of rebated funds between 1988 and 1998. She added that the School District and Yellowstone County participated in the Downtown Billings Partnership.

TOPIC #3	<i>Public Comment</i>
PRESENTER	
NOTES/OUTCOME	

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

Additional Information:

Councilmember Ulledalen referred to a complaint from the little league that park mowing was damaging fences that the league had to repair. He noted that if the mowers damaged fences, the machines could be sustaining damage as well. He said it made the City look bad. Councilmember Ulledalen asked that Parks Department staff contact the little league representative to discuss the damage and repairs. He noted that future budget shortfalls may require the City privatize mowing to get it done for less money and better service. Ms. Volek said that could be considered, but based on experience in the weed control program, it was less expensive for the City to do it due to the City's liability insurance requirement.

Councilmember Clark advised that he had received comments and complaints that people called the Parks Department and did not get return calls. He noted that he experienced the same thing the previous week.

Councilmember Ronquillo stated he could point out the tree that a mower ran over, the light pole that was hit, and that he observed the mower run over new sod that was very wet, likely from a broken water line under it. Ms. Volek advised she would check into those matters.

Ms. Volek advised that a Tourism Business Improvement District item was originally scheduled for that evening, but was pulled from the agenda due to a family matter of one of the members. She said the item would be rescheduled for a later date.

Councilmember Cimmino asked if a formal agreement would be entered into with Air Fairways to maintain and manage disc golf in Pioneer Park. Ms. Volek advised that a meeting was scheduled for later that week, and she anticipated a written agreement of some kind. Councilmember Ulledalen stated that he sensed the group was still getting organized and not yet developed as an entity to contract with. Mayor Hanel commented that he had five or six people contact him to reassure him that they would follow through with their promises to work with the City on the matter.

Councilmember McFadden asked if the group was officially a non-profit organization. Ms. Volek stated she thought they were working toward that.