

City Council Work Session

Following Special Business Session
Council Chambers

April 4, 2011

ATTENDANCE:

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

ADJOURN TIME: 8:25 p.m.

Agenda

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| TOPIC #1 | City Health Plan Overview |
| PRESENTER | Don Heilman |
| NOTES/OUTCOME | |

- Bruce McCandless introduced Don Heilman.
- Heilman: medical trend at 11-13% per year and City plan increased at 6.8% over past few years. City's contribution increased about 4.4% per year and employees' share at 11.2%. Incremental changes to plans and costs, competitive provider rates, wellness program and Rx pricing. 2010 plan year \$9,334 total cost per employee per year, compared to \$10,188 nationally. State law requires that City continues to cover retirees until 65. Reserves went down in 2010 more than we wanted them to, so are lower than where we should be. Not dramatically low, but need to strengthen them in the future. Health care reform impacting all employers.
- Astle: amount of reserve? \$1.3 - \$1.6 million recommended. EBMS takes care of the claims? Yes, EBMS is the third party administrator. If a Councilmember was elected at age 40, could he carry city insurance into retirement? If eligible for retirement under PERS, etc., then he would also be eligible for health insurance for early retirees. Retirees are responsible for 100% of the premium.
- Ronquillo: medicare retirees save money? No.
- Pitman: reserves are declining; trend is up and health care reform going to increase premiums? Yes, will have to meet expenses and to replenish reserves, so premiums will be higher than just meeting immediate costs. Will implement over time.
- Clark: what was the percentage increase this year? 14% this year, higher than it has been for many years. Clark: server on several boards and 14% is low compared to others.
- Hanel: would the number of participants added to the plan impact rates? Depends on the people, their ages, health, etc. not the number.
- Pitman: value of the plan to employees? Yes.
- McCandless: pooling comment is that more participants equal greater stability and predictability.
- Ulledalen: covering people who are not on the plan? No. City plan captures the entire risk pool to avoid adverse selection. The employee is required to be on the plan.

Public comment:

- Joe White: 926 N. 30th Street. Conditions of health influences costs city and employees will pay. Pollution, diseases, air, etc. will cause lower human health. Need a report on health conditions.

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| TOPIC #2 | Zimmerman Trail |
| PRESENTER | Dave Mumford |
| NOTES/OUTCOME | |

- Dave Mumford: Zimmerman Trail improvement is planned to come from a \$6.2 million federal highway appropriation. Good view but tight turns, 10% grade and 11' lanes. Options considered to improve capacity, pedestrians, truck traffic and connectivity. 7 options considered. Alternative 1: Tunnel Option A; Alternative 2: Tunnel Option B; Alternative 3: Tunnel Option C; Alternative 4: Limited Build; Alternative 5: Full Build; Alternative 6: Bridge; Alternative 7: Limited Build w/shared-use Path. Advantages and Disadvantages listed on the handout.
- Clark: \$6 million build require match? Yes, will show you as presentation goes on.
- Dave continues the presentation.... Recommends limited build option with a trail. It might be less expensive for the City to build the project without the federal money and eliminate the MDT share of over 52%. Recommendation gives city lots of benefits. Staff recommendation would be the Limited Build option.
- Hanel: when is the deadline for using the federal grant? Three years to start the design and four (4) or five (5) years under construction.
- McCall: what is the difference between two (2) options? Pedestrian/bicycle users' costs and \$3 million.
- Ruegamer: how much traffic does Zimmerman carry now? 6,000 trips per day. With improvement how much will it handle? Don't know. How much traffic on Zimmerman with the two (2) Inner Belt Loop options? 7,000 – 20,000 VTD with original design and 2nd option would reduce by maybe 40%.
- Astle: when did the city get the road from the county? About five (5) years ago. Who closes it for weather? Highway Patrol or City police. The Department of Transportation maintains Zimmerman Trail for us and we maintain Montana Avenue for them.
- Ulledalen: which build is the best for us in the long run? Can we do limited build now and full build later? Full build is the best option except for a tunnel. Could use the limited build improvements and do the full build later. Accidents happen going uphill and shorter passing lane may increase severity. Is this another project that we package with others and ask people to vote for GO bonds? Should we do the design now and get better estimates? Everyone drives Zimmerman Trail sometime, so it should be improved for another north - south route and for the Heights and could be included in a bigger bond issue project.
- McFadden: tunnel option is the best for year round use or are there other options? No option would guarantee winter travel except the tunnel.
- Pitman: HDR do the preliminary design? Yes. Cost? Don't know. Cost for full design? 8% of total construction cost. Why did the City consider a tunnel? Commissioner

Kennedy wanted the preliminary design and costs. Capacity isn't the issue but it is the speed or traffic? Capacity would be unlimited with high speed, but with curves and grade, speed is low and that limits capacity.

- McCall: can we design for both limited and full bid? Yes, will be more expensive but it can be done.
- Ronquillo: is the roundabout included? No that would be another project.
- Hanel: alternative 5 is safer? Yes
- Clark: if we use federal money, do we have to pay the MDT charges? Could get state certification and manage the project but that would avoid only part of the charge and it is difficult to convince state that we're capable of managing the project.
- Gaghen: helpful info, options are worth the expense. Should design both limited and full build options. Dave: may bid with full bid but alternate that allows us to lessen it to the limited build.
- Hanel: safety is a concern to be considered. Do the funds include cleaning up the gulley below the road? Clean up would be necessary as part of road construction.
- Pitman: are there other funds available for the pedestrian trail? Yes, but it would take years to accumulate the money.
- McFadden: Does Zimmerman Trail currently handle emergency traffic? Yes. Would more traffic ever prevent emergency services? No, but could slow it down. Shoulders in the design would help with passing.
- Clark: engine responses? Four (4) stations.
- Ulledalen: is the next fire station to be built at Rehberg? Dextras: future station in that location and another for Briarwood, but both far in the future. The State and Federal process is more cumbersome.
- Astle: are we directing Public Works to look at limited and full build? Yes, that's the consensus.

Public comment:

- Joe White: 926 N. 30th Street. Agree with Mumford. Don't do the tunnel and use that money somewhere else. City, state and feds need to study the Rimrocks.

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| Topic #3 | Strategic Plan Review |
| PRESENTER | Bruce Whittenberg |
| NOTES/OUTCOME | |

- Bruce Whittenberg: Handout. Reviews lasts two (2) years' processes. The plan has six (6) key themes. 1) Honest, Responsive Government, open government – communication plan, community conversations with focused topics, new format for CityLink and use social media. Have used the website, facebook, etc. over 5,000 City friends. 2) Comprehensive, Orderly Growth – Inner Belt Loop project, as a growth management tool, infill, integrated water plan, tax increment finance. 3) Transportation Linkages –

Inner Belt Loop, Transportation plan and role in regional transportation plan (LINX), Heritage Trail Plan. 4) Preservation of Resources – citywide park maintenance district, partnerships with special interest groups for trails, etc., Library as a November ballot issue. 5) Economic Development – tax increment financing district, street maintenance costs and snow removal costs, support EDA/EDC and Chamber of Commerce. 6) Involved, United Community – community investment plan (take ownership and feel invested in the community), volunteers for parks, engage youth.

- McFadden: open government and electronic media question; streaming media? No, but will write a staff report for you about cost, etc.
- Hanel: what were the Department Director comments? Many achievements in the past year, eager to engage new ones, already looking at alternatives to City Link, social media, TIF, water plan, working on Inner Belt Loop Phase 1 design and working with the Chamber on trails maintenance. Community conversations could use an ad-hoc subcommittee of the council; staff and citizen committee to nominate programs, etc.
- Pitman: was there anything that staff sees that we missed? Nothing.
- Ulledalen: the 2005-2006 emphasis was creating a customer friendly development process and that's not a hot issue now. Planning levy failed and we were told that there would be more staff reductions, process changes, fee changes, etc. Will we need to discuss this again sometime? Code Council reviewed and the department implemented recommendations, but there are still challenges in Planning and Building; concern whether we will have capacity when the economy rises again.
- Astle: there is a position in code enforcement? That position is filled; a building inspector will retire in May.
- McCall: we need to work on community conversations soon. Put ad hoc committee on April 25 agenda? Yes.
- Tina: thank Bruce W.
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Public comments:

None

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| TOPIC #4 | Empire Parking Garage |
| PRESENTER | Greg Krueger/Lisa Harmon |
| NOTES/OUTCOME | |

- Greg Krueger: we have been working on the parking garage and Northern Hotel grant for over a year. Advance look at agreements that will be on your April 11th council meeting agenda. Documents will be transmitted to you by email and in the agenda packet. Lease back agreement will be done this week. Right of first refusal agreements will be done this week. 500 – 700 space parking garage, would replace the Northern garage and tear down the Windsor Court building for a full ½ block long garage. Honaker option to purchase in 2005. Downtown Billings Partnership Board reviewed grant application from the Northern and recommends grant and incentive for getting a construction loan and finishing the hotel or sell it to other developer.
- Lisa Harmon: downtown merchants have needs for parking in this area. Greg put together notes from the 2009 plan. There is a 576 space deficiency that we can build it

now at lower cost or later at a higher cost. Merchants want more parking. Parking rates favor long term parking in the garages. Free parking is desired because they get it in other shopping areas. Every space that you add, adds shoppers and sales. Downtown Billings needs more long term parking and to step up enforcement on the street. Wish transit could replace cars, but it won't work in Billings today. Would like to invite you to meet with merchants to talk about parking, especially Ward 1 Councilmembers and Mayor.

- Hanel: explain financing? Explain April 30th closing with Alley Cat? Greg: long term contribution from Parking, TIF bonds to build the garage. \$1.5 million from TIF and \$1 million from parking fund to buy land but there is no need to buy if you are not building a garage. \$10 - \$12 million for garage only; add \$1.8 million for retail space; add \$1 million for condo parking spaces. Closing date is May 2nd because after that date, Alley Cat will purchase building and ½ of the lot but has to commit to long term financing and leases and that will increase cost to the city or he may decide to not sell to the City.
- Gaghen: when the city buys the Alley Cat property, how much profit will Alley Cat receive? Depends on review appraisal, which the owner has agreed to. Don't know the difference but it will have to be disclosed at closing. Invested in the property for five (5) years.
- Ulledalen: Crowne Plaza has not assured that they will make any more investment on a convention center; should they do that before we commit to the garage? No. Only if we build 700 spaces, sky plaza, etc. Development will occur if garage is built. Convention center not a key component for the deal. There is a need for a parking structure in that area. Ulledalen: it's a key component for my vote.
- Pitman: can we sell TIF bonds? Yes, but there is a high coverage ratio.
- Ulledalen: How does the Northern Hotel fit into the deal; don't want to have a gutted, vacant hotel and no parking garage because city tore down the old one; letter of credit? Not key to parking garage construction. Won't tear down the old garage until we have bonds for a new one. Three (3) agreements on April 11th agenda, then garage construction. Even if the Northern doesn't redevelop, we need a new garage and more parking.
- Clark: Will TIF pay for the structure? Would like to build it that way but if it's larger, we will have to sell Park IV and Parking Fund to add money to debt service.
- McFadden: will garage construction coordinate with the Northern Hotel redevelopment? Hope to open together but if hotel opens first, city, through TIF, will pay for interim valet parking. Historic signage program to call it the Empire? Know where the sign is; Council thought the name was good.
- Cimmino: is the garage design still in play? Yes, city, hotel and Alley Cat have to agree on the design. Also feel it should include public input.
- Clark: retail space and parking spots that are purchased will be taxable? Yes. Will recover all but \$300.
- Ulledalen: what is the parking vacancy in Park 1? McCandless answers the wrong question – about Park 2. Don't know about Park 1 but can get the answer for you. Ulledalen: people won't walk more than a block and a half, there are lots of meters open. If they won't walk from Park 1 why would they walk from the new garage?

- Lisa Harmon: Billings Business Center (old BN building) is struggling to find parking and would lease spaces in a new garage. Old Westwood building will sell soon and demand parking. Western Security employees would use garage instead of surface lot at N. 29th and 1st Ave. North.

Public comment: none

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| TOPIC #5 | MDU Methane Payment Use |
| PRESENTER | Tina Volek |
| NOTES/OUTCOME | |

- Tina: Council requested discussion prior to budget prep. Memo sent last week in the Friday Packet. Lower than predicted price and nitrogen in the wells that diminishes the gas value. City didn't invest money and saved gas capture costs. Capital projects on the horizon; radio system and green energy projects. General Fund departments have few resources for building improvements.
- Ronquillo: this is money we didn't expect. My recommendation is to rebuild the gazebo in South Park. Radios have been discussed for years and there are other options. Gazebo costs \$200,000 and that is what the first batch of methane money should go for. Hanser paid \$125,000 for the city land on South Billings Blvd. when it was worth \$50,000. Hanser intended the excess \$75,000 to go into parks.
- Tina: don't think that all the money went back to Public Works. Have provided the info before and will produce it again for you. There was direction from Council that night that we agreed to sell the land.
- Pitman: money from the wells is volatile, so don't want it to be used for operating costs.
- Ulledalen: stripping nitrogen costs extra and concerned that MDU will ask for city contribution.
- Tina: Will get you more info.
- Ulledalen: 2-3 years from now, we may be in deficit in General Fund/Public Safety Fund and we may want the money to be used for salaries. Need to discuss this further.
- Hanel: radio situation is a big ticket item and MDU money declining. Can consider using the money for projects like the gazebo.
- Cimmino: estimate cost was \$135,000 for a new gazebo, so don't know where \$200,000 estimate comes from, but I would support the request.
- Clark: thought Ward 1 already had the money for the gazebo. Answer: no.
- Ulledalen: gas price will stay low for many years, so don't want the money programmed where we can't see it. Want the money to be used for capital or maintenance program. Park Board worked recently on capital needs. Would like a report from them on 4-5 high priority and visible projects. Spent \$90,000 on Pioneer Park Master Plan but no money to implement it. Same for Riverfront. Engage the public about park needs and leverage the MDU money with contributions, etc. and get the work done.
- Cimmino: Tina assured us that the money is segregated.
- McCall: what kind of process does staff want to use to decide how to spend the money? Send in our ideas, staff generated ideas, etc?
- Tina: some think we should wait a year to see what we have to spend.
- Clark: how is the money accounted for?

- Tina: it is in a separate account. Extended discussion about General Fund accounting. Revenue accounts are different than expenditure accounts.
- Ulledalen: Rose Park Pool is a looming problem. Could have failure and eliminate the only net income producing pool in the city. Want a report from Park Board about 4-5 projects that they want done.
- McCall: use a process such as federal projects to name projects, vote on them and prioritize. Ulledalen's idea is reasonable but the Council needs opportunity to suggest projects too.
- Pitman: just want to know there is a process to decide where the money is spent.
- Tina: CIP process.
- Ulledalen: could make it part of the budget process and fund SBRs with the money.

Public Comment: none

Additional Information:

Tina: April 8th 3:00 p.m. meeting for MLCT conference planning in City Hall conference room.