

City Council Work Session

Following 5:30 PM Special Session

Council Chambers

July 5, 2011

ATTENDANCE:

Mayor/Council (please check) x Hanel, x Ronquillo, x Gaghen, ☐ Cimmino (arrives at 7:25), x Pitman, x McFadden, x Ruegamer, x Ulledalen, x McCall, x Astle, x Clark.

ADJOURN TIME: 9:40

Agenda

TOPIC #1	Exposition Drive Bridge
PRESENTER	
NOTES/OUTCOME	

- Ulledalen: we need to talk about how Bench Blvd gets across Exposition Drive. Will do another memo about federal highway funding and impact on local projects. Money is probably going to get tighter. Concerns are what amount of match would we need to have for a \$20 - \$50 million project? How much traffic uses the new rebuilt Bench? Is there a major traffic problem that needs to be dealt with? How much land is needed for the bridge? Other alternatives? Suggestions of a roundabout not a bridge or a tunnel. Council needs to make a decision and stick behind it. What does the Council need to make a decision?
- Mumford: PCC and staff needs to know direction from the City. Huge project, awkward intersection, bridge would be difficult for access; tunnel would get into big utilities. Under or over is \$40 - \$50 million. Probably would be state match but would use this area's funding for many years. Roundabout appears to work.
- Hanel: need more info. – Ulledalen: what info do you need?
- Astle: are we turning 4th and 6th into 2 ways streets? Mumford: no. Astle: really a bridge or tunnel? Mumford: tunnel
- Pitman: need to have Stefan Streeter here to discuss. Need to consider Billings bypass too. Lots of pieces in motion. We will have a better idea what to do next after Bench project is done.
- Mumford: one reason to talk about this is that Commissioner Kennedy is asking for TIGER grant now. It is a project priority for Yellowstone County and the City of Billings.
- Ulledalen: will we ask County to share costs? Follow the County or give our directions? What are the projects really going to cost? What is the impact on the City to move utilities, tied up state money, etc? As reasonably and cautious as you can be, what are the costs of the bridge, cost of the tunnel, cost of the roundabout? Even if you get Federal monies there is still a cost imposed on the city.

- McCall: when was project last discussed except by Commissioner Kennedy?
- Ulledalen: long time since there was a substantive discussion. We have to weigh in what are our best interests to take back to the PCC.
- Mumford: will consult with Stefan Streeter with MDT and try to write something to Council.
- Clark: You have no money to even start anything other than dreams for in the future; there has been no engineering or anything done other than putting the stop light in. Dave: we do have some numbers for the underpass; we also have numbers for an at grade intersection.
- Gaghen: CM Ulledalen right to get us focused. Encourage BIRD to be part of the discussion since they've been talking about the intersection's future improvements being an advantage for business development.
- Ulledalen: everyone's money is getting tighter. Big projects are done, but what do we do next? Need to focus better as money gets tighter.
- Public comments:
- Tom Zurbuchen, 1747 Wicks Lane: Council needs to act carefully. Inner Belt Loop example \$700,000 plus tied up in design. State controls these roads and intersections and lots of local plans get defeated by the State. Don't invest lots of money in this plan because state controls the roads.
- Kevin Nelson, 4235 Bruce Avenue: other cities change street operating directions depending on the time of day. Could we do that here?

TOPIC #2	MET Route and Schedule Changes
PRESENTER	
NOTES/OUTCOME	

- Ron Wenger: MET reviews routes and schedules every February and come up with usually minor changes by this time of year. Minor changes this year don't require public hearing, but want Council input. Goes through route and schedule changes (presentation is attached). Reduces 7.5 drivers' hours per week, saving about \$5,500 per year in wages and benefits.
- Gaghen: trippers and kickers? Wenger: School children. Second bus on the route to accommodate students.
- Astle: what are the numbers stamped on maps? Wenger: approx. arrival and departure times
- Pitman: I appreciate that MET changed schedules to reduce idling time at Skyview.
- Clark: where is the highest ridership in summer? Ron: Grand Ave. by far. Same in the winter.
- Gaghen: commendation for paying attention to disabled persons' needs.
- McFadden: new buses, fuel efficient? Ron: meet all the new EPA regulations, more efficient but not a lot.
- Ron: been meeting with Disabled American Veterans since beginning of the year about service to the new VA clinic. Describes survey results and revealed to VA management. Uncertain funding levels, low ridership, lots of undeveloped land between transfer center

and clinic are factors that don't warrant regular service. When those factors change, we will review the service.

- McCall: how do you communicate with disabled about schedule and route changes?
Ron: Consulted with homes and employers. McCall: is special transportation available for vets that need it? Ron: yes, some are using it now.
- Pitman: appreciate that you worked with vets. Ron: it has been a joint effort; they are very easy to work with.
- Hanel: introduce staff? Ron – Debra Hagel, Planning and Development Coordinator, describes job duties.
- Tina: not a lot of capacity to add additional routes without eliminating other routes. Federal changes will impact MET dramatically.
- Clark: what is the percentage of operating budget that comes from Feds? Ron: ridership is 10%, federal effort is about 50% and the mills are another 40%. There are a lot of unknowns.
- Public comments:
- None.

TOPIC #3	Water Reservoir
PRESENTER	
NOTES/OUTCOME	

- Mumford: damage to Clearwell #1, impacts ability to supply water over the next year. Structural steel beams holding the roof are fatigued. Can't be refilled without repairs. Lost 15% of storage. \$1.2 to \$1.5 million est. cost to replace the roof. Probably be next June before it is back on-line. Will defer other projects and look at reserves. Revenues are down due to the cool/wet spring/summer. Will bring back funding proposal later.
- Gaghen: what is the life span for a structure of that sort? Mumford: 35 years old, one is still in great shape. We have divers who look at them every year.
- Clark: what happens if the other clearwell fails? Mumford: can't produce water without a clearwell.
- Mumford: Friday's oil spill. Thanks to the Laurel Fire Chief who warned us with about (one) 1 hour to prepare. Went offline when the oil arrived. Could have lost fire flow after 6 a.m. Saturday, so went back to water production. Clearwell 2 was less than eight (8) feet of water at that time. We are in contact with Exxon-Mobile and DOT (in charge of pipelines). With the size of our hazardous waste area they won't use our landfill, will ship the waste elsewhere. Cooperative work.
- Tina: Police department assisted in evacuating folks from their homes, more details and thanks to staff.
- Astle: appreciate staff.
- Ruegamer: water line break on Sunday morning, workers were on it. How deep are the intakes? Mumford: #2 is in the river and at about 14' at normal flow, but probably 30 feet in flood. #1 takes it from the top of the channel, so could have been damaged by the oil if we let it in. City was prepared.
- Ronquillo: cost to build a new tank? Mumford: \$6 million, a little over \$1/gallon of water.

- McCall: amazing work, need to get this kind of info out to the public. How long to recharge the system when it was down to eight (8) feet of water? Mumford: about (two) 2 hours.
- Pitman: at what point would we have notified the public to stop using water? Mumford: we were nearly at that point. Would notify County Disaster Emergency Services, who would be responsible for public notice.
- Ulledalen: assess rock fall risk to reservoirs below the rims? Mumford: we haven't looked at it. Chappel is mostly underground. MSU-B is a buried tank and the one in Ironwood is in a ravine and protected. The one at risk is above Rimrock – visible tank.
- Gaghen: concern about oil spill is international news.
- Mumford: will report soon on off-stream storage evaluation study. Will bring a report back soon so we have other options for water besides the river.
- Ulledalen: walked by Chappel and wire is damaged.
- Public comments:
- None
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TOPIC #4	Empire Parking Garage
PRESENTER	
NOTES/OUTCOME	

- McCandless presentation and Q&A (Bruce you will need to add as I have no presentation. Thought it would be easier for you to add then for me to pick and choose. If you would prefer I do that let me know...) Two (2) issues to discuss: due diligence and the tax increment district funding for a potential new parking garage. Due diligence was outlined in six (6) presentations from September 2010 through May 2011 and the staff reports and documents presented for each Council work session or business meeting. The property purchases and associated agreements obligate the City to various actions, including parking arrangements, selling portions of the new garage and a development agreement for the Northern Hotel. The tax increment district will have approximately \$1,100,000 less money in tax year 2010 than predicted and it will be the same in future years. The shortfall will require a short term loan from the General Fund to the tax increment fund because a city fund can't end the fiscal year in the red. Repayment will come from the tax year 2011 tax increment distribution or from re-selling the land recently purchased for the parking garage. There won't be enough tax increment for at least 2-3 years to bond for a garage, so the staff recommendation is to sell the property since it won't be needed anytime soon. Other options include keeping the land for up to 2 years and the Downtown Billings Partnership is requesting up to 3 months to develop alternatives for the Council's consideration.
- Hanel: what is the status of the parking garage we have for sale? Tina: we have had an offer with discussion of financing the purchase short term. Wanted to see what the details of the Empire Parking Garage were.
- McCandless: discussion, if the City could carry a note for a short period of time, at a lower interest rate, given the City more capital in the end.
- Astle: we own the Northern Hotel Parking Garage? Bruce: yes. Astle: do we get the revenue? Bruce: No. Northern Hotel can lease the parking spots and keep the revenue

- even though the City of Billings owns the garage. They have the revenue and the maintenance of the garage.
- Ulledalen: Leases on the Windsor Court building? McCandless: the first and third floors are occupied by attorneys. They are month to month leases; no long term commitments or immediate plans to vacate. Second floor will be empty by the end of the summer. City will need to decide on what they are going to do.
 - Pitman: Clearwell #1 damage and now we're told that we're a million down on the tax increment, would like to have time to process this information.
 - McFadden: Put the decision off for a couple years, there are no time constraints?
McCandless: The city is not in the business to manage property. If the city is not going to use it for the intended purpose then we need to sell the properties.
 - Ulledalen: If the garage is completed, the Parking Division would not be able to balance their budget. Questions should have been asked before the purchase, things moved too fast. Hanel: We did not know about the DOR shortfall when we made our decision.
 - Clark: if we hold on to the property for two (2) years and the Northern Hotel was finished we are obligated to supply parking for them? McCandless: that is correct if the city holds on to the property.
 - Public comments:
 - Greg Krueger, Downtown Billings Partnership: working on this project for about two (2) years. Want some time to bring back some alternatives. Still a parking deficit in the area and want time to develop options. Recognize that the city needs to repay the GF loan. City may want to sell the property; DBP wants three (3) months to plan, but will produce options by August 1. Loan for DBP operations of \$195,000 from Revolving Loan Fund or other sources, not the GF. Can still work on reinvestment and projects.
 - Public comments:
 - Kevin Nelson, 4235 Bruce Avenue: should be aware that by state law, the Legislature is bound to review school finance. Interim committees studying education financing. Governor vetoed SB 358 because he noted that TIF violates equalization. Some taxes not ad valorem in basis and city will lose those. Need to be cautious about spending TIF because you'll lose revenue from the Legislature's actions.
 - Mike Nelson, 19 N. 28th Street : will lease up to about 50 spaces and should cover the costs. Need to leave the rest for construction. Update on work. 90% done with fire suppression systems. Framed out on 10th floor and 1st floor. New water connections. In 10 days will start a temporary covered walkway on 1st Ave North. Opening date is Christmas 2012. Two (2) banks fighting over construction financing. With luck, will have 100 workers in the hotel in August. Things are looking very good at the Northern right now.
 - McFadden: rumor that you had 10X more asbestos than anticipated.
 - Nelson: yes, 4,000 tons of asbestos, took a year to remove and \$1.3 million. We want to help, want all to do well on this deal. Want to be part of the process and be good neighbors.
 - Matt Robertson, 80 Mountain View Blvd.: DBP president – dismay at DOR issues. Want to continue working on parking in the area, looking at long term solutions.
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TOPIC #5	Budget Discussion
PRESENTER	
NOTES/OUTCOME	

- Tina: short report, open to questions regarding the budget. This was brought back on the request of several council members.
- Ruegamer: impact of budget delay on operations.
- Tina and Bruce: The main impact will be on the new contracts; new hires will be postponed until there is action on the budget. Existing contracts will continue to the max of the FY11 budget or FY12 budget; whichever is less. McCandless: capital items are the major element.
- Hanel: is retroactive pay mandatory with contract settlements?
- Brooks: not aware of it being denied, but it's possible.
- Pitman: meet debt payments?
- Tina: yes. Will ask for capital item delays at the June 11 meeting and beyond.
- Ruegamer: will budget delay help or hinder ongoing contract negotiations.
- Tina: don't think that it impacts Fire negotiations, but they question discussed budget cuts. Haven't talked with Teamsters. Can't force contract agreement – have to negotiate for 150 calendar days before entering mediation.
- Ulledalen: have GF departments live with the money they raise. Collective bargaining a reality. Tina: an arbitrator will look at short term funding available, not long term predictions.
- Hanel: commitments for PS? Tina: committed to \$15.4 million for first election. Need to do priority based budgeting; don't cut the percentage of each budget. Johnson and Fabian willing to come here and train/speak.
- Cimmino: have consultant make presentation and Council could make decision to proceed.
- Pitman: concern about budget is when do we start and what big stuff gets cut? \$2 million costs/revenue loss revealed tonight. Cost of services; business plans; priority budgeting – what are we really going to use and when?
- Tina: priority budgeting will help us get info that cost of services was supposed to. Business plans work well for enterprise funds. Percentage cuts are traditional approach, but don't address what is valuable to the community or Council.
- Ulledalen: start making adjustments now before we have to make dramatic cuts in future years. Strategic plans, citizen surveys, used patches, should be talking about forcing police and fire to live with existing budgets or close to it.
- Clark: two (2) CBAs – what happens with contract terminations? Steps and other benefits continue or increase? Tina:; don't think that you could stop steps, etc.
- McCall: we need to start tackling this now. Add a couple of nights of meetings or work sessions to talk about how we get started on this. Tina: if Council wants to adopt budgets in sections, tell us which ones so staff can do some pre-work; specific questions ahead of time so that staff can research and report.
- Ulledalen: are there enough votes to pass the budget in two (2) weeks? If there are "no" votes, we need to specify why. FY 16 will lay off 20 to 40 people. If Council is OK with that, need to say it.

- Hanel: we have been presented with lots of info about budget didn't ask questions then, and now we want to hold up the budget approval. Need to ask questions and make statements earlier in the process.
- Cimmino: questions were asked. Budget isn't adoptable because there are going to be shortfalls. Reasonable request to have CBAs negotiated before adopting budget so we know costs.
- Ulledalen: plan now and take action now instead of waiting to fall off the cliff.
- McCall: considered doing this before, but now saying this is serious and don't want to wait any more time before moving ahead. Tina: staff can't make cuts in two (2) weeks unless Council has specific directions.
- Ruegamer: going to take action next week or in a month. Need to get started on the process.
- Clark: city government for 22 years, 8 years this term. Time is coming where massaging the budget won't work anymore and real cuts will be needed.
- Ruegamer: school board member said that we've always fixed it before; city has done the same thing, so no one believes that services will be cut. Need to bite the bullet and do what we need to do, it's going to be painful.
- Public comments:
- Tom Zurbuchen, 1747 Wicks Lane: talked about budget for years, every council has increased wages, benefits, etc. This can't continue. Council knows the priorities and so does the public, don't waste money on priority budgeting.

<h3>Additional Information:</h3>

Tina: update on July 4th. Extra officers and firefighters. 117 fireworks calls, issued 65 citations. Judge Kolar set fine at \$260/offense. Confiscated fireworks will be destroyed. No structure fires caused by fireworks. Assisted Molt on a grass fire. More expected in the next two (2) weeks.

Ruegamer: encourage Gazette to report the fine amount and numbers of fines.

Public comments on items not on the agenda: none.

City of Billings Aviation & Transit Department

Route and Schedule Changes

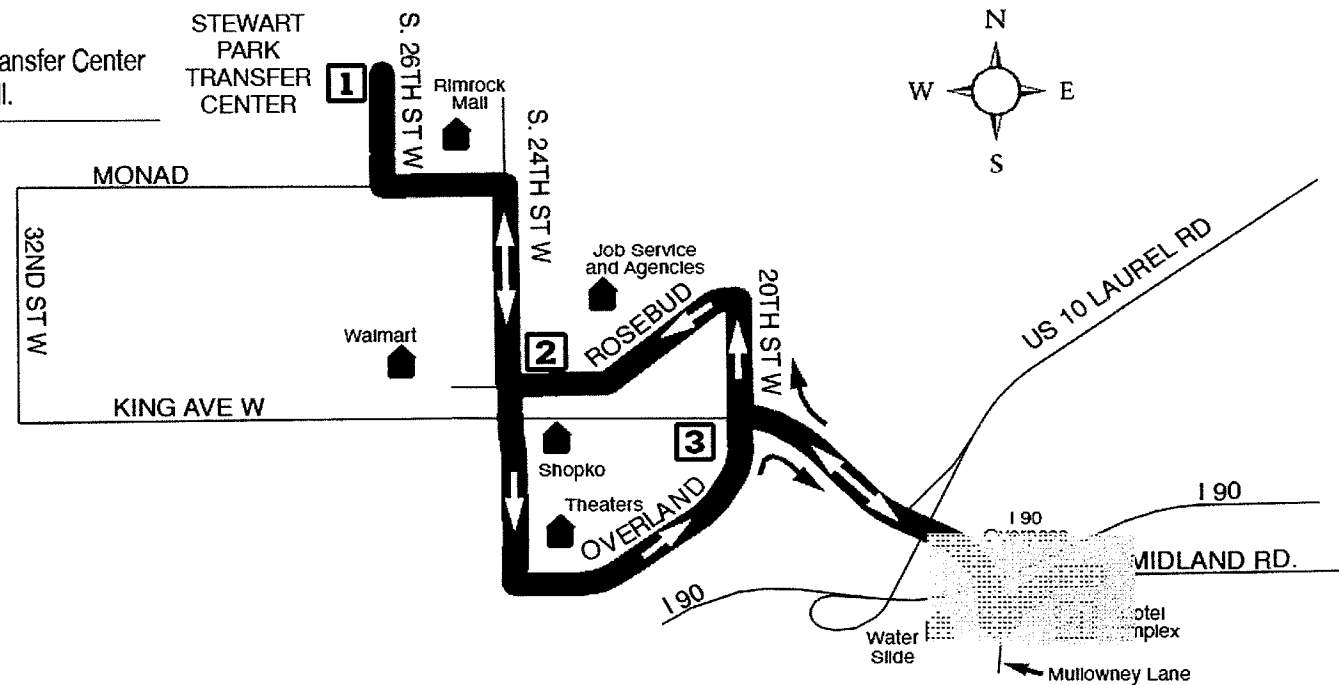


Elimination of Route 12D - Overland

12P

Boarding Area:
Stewart Park Transfer Center
by Rimrock Mall.

OVERLAND AVENUE

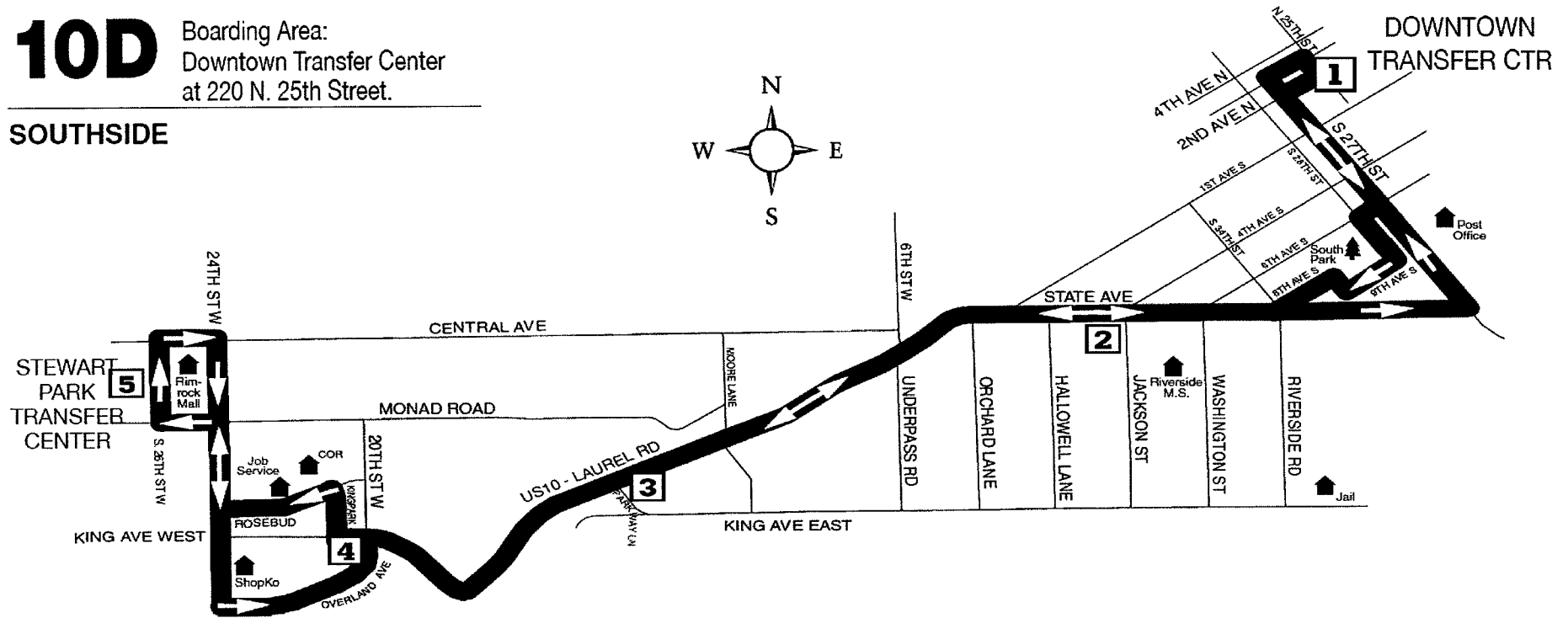
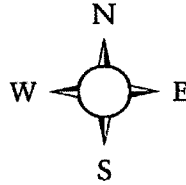


Additional Service Hours 10D - Southside

10D

Boarding Area:
Downtown Transfer Center
at 220 N. 25th Street.

SOUTHSIDE

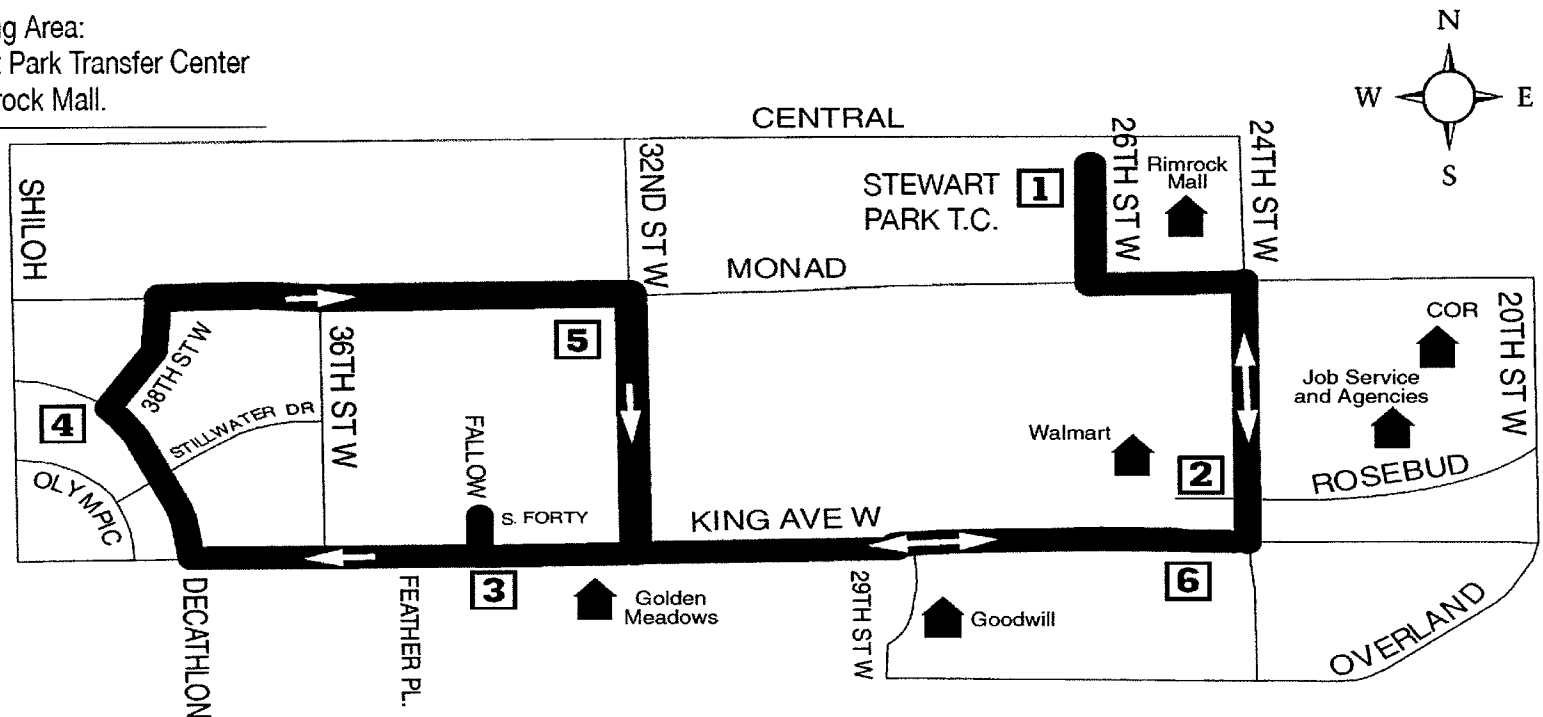


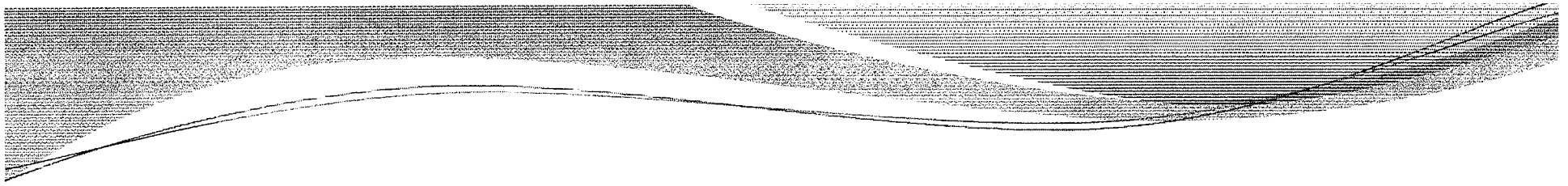
Additional Service Hours 13P - Southwest

13P

Boarding Area:
Stewart Park Transfer Center
by Rimrock Mall.

SOUTHWEST



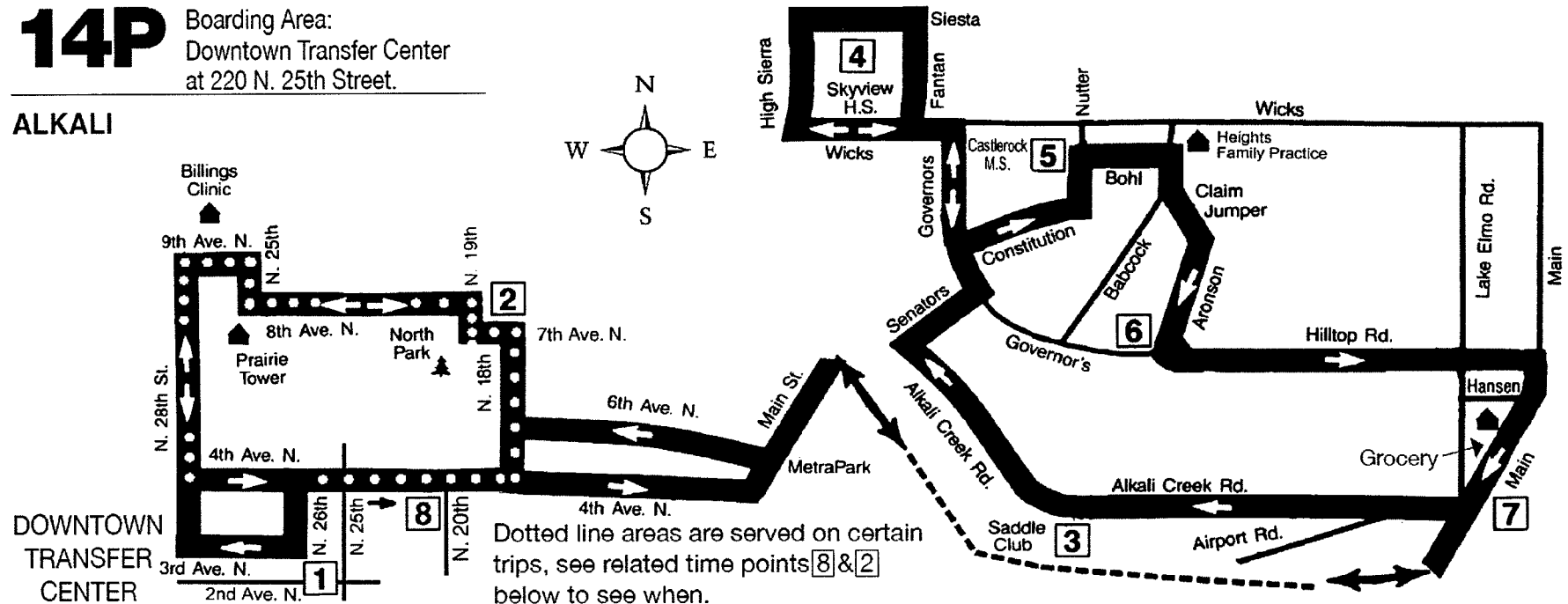


Elimination of Last Run (5:10pm) on Route 14P

14P

Boarding Area:
Downtown Transfer Center
at 220 N. 25th Street.

ALKALI





Changes

- All breaks at Downtown Transfer Center for Routes 14P (Alkali), 15P (Hilltop) and 17P (Bench).
- 18M (Heights) arriving/departing Downtown Transfer Center with full service buses.
- Separate Routes/Schedule pages in booklet for Heights Trippers & Grand Kicker.
- Saturday PM breaks moved back one hour.

Empire Parking Garage Update

Billings City Council

July 5, 2011

Issues

- Due Diligence
- Tax Increment

Due Diligence

- 6 presentations
 - Sept. 20, 2010 through May 23, 2011
- Parties involved
 - Downtown Billings Partnership
 - Mike Nelson/Zootist
 - Bill Honaker/Alley Cat
 - City of Billings

“The Deal”

- Zootist development agreement
 - 45% of excess, up to est. \$2,100,000 reimbursement for qualified expenses
- Property purchases
 - Zootist: \$810,000
 - Alley Cat: \$1,235,000 and \$400,000
- Option and lease agreements
 - Free interim parking leases
 - Option to purchase parking spaces
 - Option to repurchase the property

Tax Increment District

- 2010 Certified taxable value
 - \$3 million taxable value
 - \$1.9 million increment
- 2 problems
 - Appeals or other reductions in taxable value
 - (\$500,000)
 - Centrally assessed property
 - (\$600,000)

Impacts

- Tax Increment Fund out of balance
 - \$800,000 loan from GF to TIF – July 25 meeting
 - Repaid with 2011 taxes or property sale
- Parking structure
 - Insufficient revenue for a parking structure bond
 - Insufficient revenues for 2-3 years

Options

- Keep the property (< 2 years)
- Sell the property
- DBP plan