

# City Council Work Session

5:30 PM  
Council Chambers  
May 20, 2013  
(Budget Only)

## ATTENDANCE:

**Mayor/Council** (please check)  Hanel,  Ronquillo,  Cromley,  Cimmino,  Pitman,  
 McFadden,  Bird,  Ulledalen,  McCall,  Astle,  Crouch.

## ADJOURN TIME: **p.m.**

## Agenda

<b>TOPIC #1</b>	<b>Tourism Business Improvement District</b>
<b>PRESENTER</b>	Steve Wahrlich and Alex Tyson

- Steve Wahrlich, president of the TBID board: Gave history of TBID; the growth of collections since 2007; and this year's budget. Will be slightly over \$1 million. Those monies are used to promote tourism in Billings. There are 7 board members, appointed by the Mayor, that are hotel owners or hotel designees. They control where the monies are spent. In reviewing other comparably sized cities such as Louisville, Billings is still underfunded. Initially had a "1 rate for every hotel" fee. Fee started at \$.75/room per night. Two years ago increased to \$1/room per night. Looking now at developing a classification system – properties with 6-59 units would remain at \$1 improvement fee; 60 units and more would increase to \$2/room per night. One reason for the increase is to improve current state-of-the-art facilities with better technology and create larger facilities to host more conventions and meetings. Billings is at risk for that business. Bozeman is building a 25,000 to 40,000 sq. ft. convention center. Billings is vulnerable in 2 areas – if a 5,000 to 6,000 seat arena/convention center is built elsewhere and if air flights are increased to Missoula or Bozeman, Billings may lose business. Will do a convention center study with the extra money. If Bozeman develops a convention center how many conventions will Billings lose? What happens if the study finds Billings is not a good location for a larger convention center? There are 2 other projects TBID is looking to increase funding; living art project in downtown Billings and value season markets.
- Ronquillo: Bring basketball tournaments back to Billings?
- Steve: Have given the County Commissioners a variety of ideas. Don't want TBID involvement in day-to-day operations. TBID suggested the Commissioners add a capital improvement fee for large tournaments. TBID used to fund \$10,000 for large tournaments and \$5,000 for the smaller ones. Implemented for FY14 and so on, on selected tournaments, the TBID will pay the capital improvement fee, which will be

100%-125% increase in the fees to the Metra. Next year will have the AA boys and girls basketball tournaments and the all-state wrestling. In FY15 will host C tournament and all-class. TBID has stepped forward. Montana High School Association does not want the capital improvement fee being charged, so looked at increasing the concession prices, but was told couldn't do that.

- Ulledalen: TBID will decide what to assist?
- Steve: Yes. Looking at other venues also to increase sports not just in the spring and summer, but fall and winter, too.
- McCall: Should Billings compete with Bozeman? How long for TBID to decide whether to do the study? Bozeman is picking up the pace.
- Steve: Depends on what size Bozeman will build and study needs to ID what affect their center will have on Billings' center. Not looking to take business from existing current hotels. Looking at bringing large regional or small national conventions to Billings. Will know by September whether to do the study and probably do RFPs by December.
- Pitman: Didn't downtown just do a study concerning the parking garage?
- Steve: Yes. Two years ago the Downtown Billings Partnership and TBID put together a RFP to look at an executive conference center. Study indicated there should be one for about 25,000 sq. ft. and would link to the Crowne Plaza and the parking garage. Would have been a privately held facility by a hotel group. That would have cost about \$15-\$20 million, but only would have raised most hotels' occupancy by 3 points; did not look like a good investment. The demand was there, but doesn't function from that stand point.
- Alex Tyson, TBID: Direct expenditures approximately \$250 million annually. Average visitor numbers in 2010 – 2 million annually; approximately 1 million of those stop by for lunch, gas, shopping, etc. and the other million stay the night or longer. The average guest spends about \$225/room night. TBID has booked 28 events starting with April 2013; booking approximately 23,800 room nights. TBID has serviced approximately 30 groups – helped with registration, facilitation and welcoming. More than 5,500 visitor guides sent in the past 8 months. Facilitated more than 100,000 people at [visitbillings.com](http://visitbillings.com) website. TBID helped raise occupancy by 3.5% in the Billings area. Helped visitors at the visitors' information center. Expected events booked in FY13 to generate \$5.3 million. Does not include individuals vacationing here or attending the living art project in downtown Billings and value season markets. Track occupancy as a measurable objective. Billings is pacing above past average. State lodging tax is \$309,000, combined with \$956,000 for TBID and with carryover from FY12; FY13 budget at \$1.2 million. Will use those monies to focus on major travel growth. Value season visitation is important; always need some fostering for Montana Fair and the Blues Festival. Want to focus on the low occupancy from October to April. Meeting and convention recruitment is 25% of TBID business. Positioning Billings as a sports event hub. Key challenge: airport runway closures will impact occupancy. Partnering with ad agency to create a summer drive campaign to help hotels with setbacks. Goals are: Book 35 events; book 20,000 room nights; 110,000+ visitors to the website; grow "room demand" by 3%; tracking seasonal occupancy. TBID tracks events that bring people to the area. Concerts have helped with room occupancy. Once visitors are invited and inspired to come, they are orientated. Focus on the brewery tour; the scenic drive and historic tour, etc. Have solidified FY13 and FY14 with AA wrestling that will be taking place during the Father's Day weekend, along with the Heart & Sole Run. Will have

about 100 volleyball teams in Billings in May next year. Tennis is big. TBID has been successful booking MHSA, other youth, adult and collegiate events. Trying to book the 2016-2017 women's basketball tournament. Have been successful with Montana's Women's Run and other specific events that are just known to Billings. Looking at a cross fit event at Boothill Cemetery and roller derby.

- Ronquillo: Any coordination with Pompey's Pillar. Rugby tournament will be in town and motorcycles this summer?
- Alex: Yes. *Described collaboration efforts through SE Montana region.* Ask that Billings be used as the trailhead to get to other destinations. Working with several magazines on ad campaigns. Two and 4-wheel events very important to hotels. Hosted Goldwingers 5 times and have had the Harley owners group and other big and small motorcycle groups. On the radar to encourage more motorcyclists to come here.
- Astle: The Governor's Cup is going to be re-established as a marathon. Are we marketing it? What can be done about airline costs?
- Alex: If an event is already established – Montana's Women's Run, the Montana Marathon – if there is room to grow, TBID dollars can help with growing events. Will not invest in the event if there is no opportunity to significantly grow the event. Heart & Sole is a perfect example, where TBID dollars were used to market outside of Billings to bring more people into Billings for that run. Have lost some business due to airfares and will continue working with Chamber of Commerce air service committee.
- Mayor Hanel: What can City do to help TBID?
- Alex: Continue supporting the partnership. When all of us work together for the benefit of the industries that affect us the most, i.e., agriculture, tourism, energy; will be fruitful.
- Steve: Partnerships; Billings must continue growing or will lose business and stagnate. Downtown operates very differently than it did 8 years ago. It is thriving now. Idea of a convention center is not to steal business from existing hotels, it is to enhance and bring in more business. Most likely some of the smaller properties may not have benefited as much because 25% of market is going there, but have been very supportive and continue working toward building those relationships.
- Tina: Mr. Binford and airport staff have worked closely with air service committee; Chamber has worked with Parks department to improve Swords, Boothill and Yellowstone Kelly's Grave area, too. Partnership has worked well.
- Steve: Not giving money to airlines, but will try to rebate some of the fees to travelers who are attending a convention to entice them.
- Ulledalen: Agree with tactic to give subsidy to travelers. Airline mergers are reducing capacity. May be unrealistic to think about attracting other airlines to come here because of the limited hubs.
- Astle: Do the rebate while they're here so the money stays here.
- Mayor Hanel: Gave sincere thanks to the TBID board for all their efforts in promoting the City.
- Public comments: None.

<b>TOPIC #2</b>	<b>Planning</b>
<b>PRESENTER</b>	Candi Beaudry, Planning Director
<b>NOTES/OUTCOME</b>	

- Candi Beaudry: Began by stating the TBID is great to work with and the Trails Committee and members of the Planning Division partner with TBID. When the TBID attracts visitors, it is the Planning Department's wish to have some of the visitors stay because they like what Billings has to offer. *Gave presentation.* Rising tide; revenues up almost \$400,000 from last year, mainly permits and program income. *Revenues broken down by division.* Code Enforcement is a general fund division; Building, Planning and Community Development divisions are special revenue. Expenditures also increasing mainly due to move and hiring to accommodate growth. Expenses for the move are one-time costs. *Breakdown of expenses by division was given.* Due to increased permitting, a building inspector has been added; due to the move, a receptionist position will be added for customer support. Converting alternative modes transportation position from a contracted position to a staff position. Will cost less than a contract. Community Development HUD programs and projects are pass-thru; all monies received from HUD are spent. Planning has more expenditures than revenues and reserves are being drawn down some. Reserves are more than recommended minimum for Planning and Building. Conservative estimate of revenue for the year for Building and Planning Divisions. Community Development cannot carry reserves and Code Enforcement is general fund, not applicable. *Provided SBR summary approved by Tina.* Focused on the move, long range transportation plan, home purchase and repair programs, boarded-up structures abatement and 2012 building code adoption. When the State adopts the building code, Billings will follow. A change to the code will require all new construction, commercial and residential structures, to have fire sprinklers. South Billings Blvd. TID revenues increasing its increment annually; allowing headway in projects in that area. Reconstruction of Newman Lane will begin June 3; street will be entirely reconstructed with sidewalks and safe crosswalks. Will be a redesign and reconstruction of Calhoun Lane. Designing a sewer project off of Jackson.
- Ronquillo: Three lanes on Calhoun? Planned residential vs. commercial on Orchard? More people signed up for sewer on Jackson St.?
- Candi: Calhoun not yet designed; citizens will have input on the design, June 4<sup>th</sup> meeting. Will use the Master plan. It identifies the location of the split between residential and commercial. Both Calhoun and Orchard will be in design within the next year or two. Asked SBURA board for help with residents on Jackson and they delivered. Approximately 75% of the landowners on Jackson signed up for sewer. Discussions about how to fund this project came about. SIDs were discussed, SIDs plus TIF funding, etc. and how the City was going to contribute to that project. SBURA decided to fund the Jackson project 100% with TIF. Only cost for residents are to connect and connection fees, which SID will help finance. Ponderosa School off street trail will go from Kings Green Subdivision to the school. This will get the children off of King Avenue East and will be safer.
- Ulledalen: Don't have to raise fees at this time to meet rental requirements. Any feedback on permits and response times, etc.?
- Candi: Allayed the fear about review time; IT will put average review time on website; have a temporary shortage of plan reviewers; still haven't exceeded review time goals. Will not raise fees.
- Cimmino: Moving costs are distributed among depts., do the costs include remodeling?

- Candi: Remodeling cost is included, not much remodeling needed. Most of general fund money will be for the physical move. Some furniture purchases, equipment, fiber optics, higher rent, meals needed for county planning board members due to meeting times.
- Public comments: None.

<b>TOPIC #3</b>	<b>Human Resources / Finance Departments</b>
<b>PRESENTER</b>	Karla Stanton, Human Resources Director Pat Weber, Financial Director
<b>NOTES/OUTCOME</b>	

- Karla Stanton: No major changes from last year, except higher IT charges (\$15,000-\$17,000) due to Innoprise changeover. Health insurance reserve is at \$2.9 million. Claims projection for next year at \$10 million. FY13 were \$11 million. Exclusive provider arrangement with St. Vincent's is contributing to that reserve and incurred fewer large claims. Budgeting almost \$1 million less in health insurance than last year for the first time in years. Stop-loss premium is where the major health insurance expenses are handled. The Affordable Care Act will increase budget by almost \$140,000; there are 2 fees – a research fee for preventative care - \$2/covered life on a plan and reinsurance fee - \$63/covered life and that adds up very quickly on our plan. The research fee will be in effect for next 5 years (2014-2018). The reinsurance fee will be in effect for the next 3 years (2014-2016), and will decrease each year. Liability and property insurance increased 5% - \$1.4 million. Self-funded to cover deductibles, etc. for about \$450,000/yr. Property insurance is \$323,000 to insure all facilities. All vehicles and equipment are self-insured for \$200,000. Personal services accounts are the remainder of the budget.
- Astle: Deductible for liability? MMIA adjusting?
- Karla: The deductible is \$50,000 per occurrence and MMIA adjusts claims. That's a good mix because it takes the City out of it and an independent adjuster can look at the claims.
- Pitman: Affordable Care Act fees, if we are complying why are we paying?
- Karla: Those are not the penalties; those are just the fees for being in compliance. If we are not in compliance, the fees will add up much more quickly than these.
- Ronquillo: How many drug and alcohol tests per month?
- Karla: About 10% of the tests are for alcohol and about 25% are for drugs. Each pool has its own, i.e., CDL, Fire and Police, etc., and are selected randomly.
- Bird: Does that include testing for all city staff and is the Council included?
- Karla: All staff. Does not include Council. Council is excluded.
- Tina: Been a very successful program and thanked the Council for supporting it. Some employees have self-identified due to the testing program. Have worked with these individuals to get them help through our health insurance plan. Also have "reasonable suspicion" testing. Karla was recently a keynote speaker at a health care conference in San Antonio, TX. She spoke about our experience with health insurance reduction in costs. She is being recognized nationally for her work.
- Ronquillo: Complimented testing program that helps employees. Likes that it is done randomly.
- Bird: How are you doing on staff?

- Karla: In hiring process for one more person, as was awarded last year. This is a generalist position. This employee will conduct investigations, along with other duties.
- Cimmino: With the \$1 million savings from the health insurance, will that become a part of revenue?
- Karla: No. Actually it is a savings; able to budget less than previous year due to predicted savings from the provider.
- Bird: What is the ratio between the health claims and Rx claims?
- Karla: Rx claims run at about 15%. MiRx mail order is saving the City money, too. (*Presentation continued.*) FY14 challenges include Innoprise and Affordable Care Act. Payroll and everything has been converted to Innoprise system this past year and are finishing up with that conversion. The payroll budget projections are our challenge now on Innoprise. The old AS400/HTE system used to automatically make those and Innoprise is building a program now.
- Mayor Hanel: Attended a recent workshop for elected officials and must acknowledge that in comparison with neighboring cities, this report is much, much more promising than others heard there.
- Pat Weber: Gave presentation on Finance budget, plus other Funds. There is about \$837,000 for personal services; \$487,000 for O&M. Overall, the finance budget decreased by about \$1,000 because HR took some IT charges. Street General Obligation was refunded and payments will be doubled this year. Will be making the last payment on the old bonds and the first payment on the new bonds. Did not purchase a new copier for 4<sup>th</sup> floor library departments, i.e., Planning, Community Development, Building and Code Enforcement, due to their move. Will purchase once the move is done and the departments are settled.
- Ronquillo: What is the Tax Increment District South?
- Pat: TID South is main district and Miller Crossing (Sam's and Cabela's) is a segment.
- Tina: Have we refinanced most of the funds we were going to do?
- Pat: Yes. The challenges for Finance will be Innoprise implementation. In the process of converting fixed assets. Will convert all of the City's accounts receivables to Innoprise when we do utilities this fall. Inventory will be converted this fall when Fleet Services is converted. We are the only City that Innoprise has that has property taxes, so it is a unique situation. Need new payroll projection software using Innoprise before FY15 budget. New Governmental Accounting Standards Board (GASB) statements include City's share of PERS deficit which will be shown in the Comprehensive Annual Financial Report (CAFR) as a liability. Will include our share of whatever our liability is for underfunding in PERS. For FY13 it would be \$53 million. It is like the GASB 43 requirement to report the liability for early retirees being able to purchase the City's health plan until they're Medicare eligible. It's not a real liability because the City doesn't contribute to their health insurance, it just allows them to purchase at the group rate. Don't know where that is going to go. Some believe it will affect the bond ratings.
- Tina: Governmental Accounting Standards Board is an organization that has risen to prominence in the past 2 decades. It makes determinations and proclamations about what the state of government finance will look like. The board caused a massive change in how assets are looked at and requires governments to show their liabilities and costs for things like roads and sidewalks. Depreciation had to be taken into account.
- Pat: Their goal is to make it easier for the reader.

- Ulledalen: How do we know what the City's share of the PERS deficit is? We have no resolution or formula from the State.
- Pat: There is a formula that cities can use and the City's auditor determined the deficit amount. There may be changes to that in the future.
- Astle: Due and payable at once?
- Pat: It's not. It's like our liability for health insurance. It is going to keep growing.
- Pitman: These liabilities will be permanent? Can these be separated out?
- Pat: Probably, footnotes will give an explanation. Have completed refunding debt and saved about \$12.6 million in interest costs over past 3 years.
- Ulledalen: Any other debt that can be refinanced?
- Pat: Haven't looked at refinancing firefighter lawsuit payout.
- Ulledalen: Where are we vulnerable or short staffed? Do we have internal controls? What are we doing to prevent future problems?
- Pat: Internal controls can be in place and people will still embezzle. Don't want controls to cost more than they save. Want supervisors and department heads to be more aware.
- Tina: An intensive audit is done each year.
- Pat: Tina and I choose 1 department or division each year for the auditors to focus on. Finance tries to informally audit and will do an audit of cash handling operations.
- Cimmino: Recently approved 45 pages of credit card payments. Are there controls in place? Lots of spending with P-Cards.
- Pat: Held a mandatory training after last P-Card incident with every employee in the City and more responsibility has been put on supervisors.
- Tina: Gave credit to Pat for the improved systems in last few years; new finance system - - Innoprise software; and dispatch 9-1-1 telephone system. Credit was also given to Dave Watterson for his IT expertise.
- Public comments: None.

<b>TOPIC #4</b>	<b>Municipal Court</b>
<b>PRESENTER</b>	Sheila Kolar, Municipal Judge
<b>NOTES/OUTCOME</b>	

- Judge Sheila Kolar: More than 30,000 cases, highest volume court in the state. Operating budget hasn't changed, no SBRs. Have largest treatment court in the state; drug court, DUI and mental health/enhanced treatment court. Organization and funding review, added position because ET court grants funding was awarded. Received DUI grant funding as well. Have secured approximately \$1.3 million in Federal grant funding for treatment courts. Figured out how to pay for treatment courts when grants are gone, except will need one coordinator at that time. Have been able to sustain treatment courts because of the partnership with the Mental Health Center. Approximate maximum of treatment court participants is 90. With this comes a need for more space. Records retention needs more space. Sharing back courtroom with the Police Department. Facilities need improvement.
- Bird: Why not fill part time judge position?
- Judge: Have kept the position in the budget, but utilizing 3 pro-tems with it at 20 hrs. /wk. rather than 1 part-time judge at 20 hrs. /wk. Better scheduling with 3 pro-tems. No

more cost than part-time judge. Revenues are about 10% higher than budgeted, probably due to aggravated DUI law. May lose funding for a public defender in treatment court and if it happens, will have to hire one in order to qualify for the federal treatment court funding. That's a must. Wish list: Improved security (breached by mental health patient with gun); improved space; new phone system; For-The-Record players for both courtrooms.

- Cimmino: When City reviewed equipment replacement plan, did court request security upgrade?
- Judge: Discussed it. Old equipment. Need new technology.
- Ulledalen: How much for phone and FTR players?
- Judge: \$20,000-\$30,000 for phone system and \$5,000 to \$7,000 for 2 FTR recorders.
- McCall: FTE of public defender used now?
- Judge: Public defender may not participate in treatment court, but will do regular court. Need 1 ½ to 2 days per case from a defender.
- Bird: Advocated for Municipal Court and facilities. Need special attention and high priority when conducting facilities study/plan. Thanked Judge Kolar for the wish list.
- Pitman: Judge hasn't asked for these improvements and it's not in the recommended budget. How do we get it there?
- Tina: Need to add to budget. Would come out of the General Fund reserves. In the current budget, there was only one request from Municipal Court - new carpet in the back hallway, which was approved. SBR is the usual process.
- Judge: Think we can get by one more year, just giving a heads-up.
- Astle: Council contingency available?
- Tina: About \$60k this year and there may be an additional \$60k next year. Will see what can be accomplished before end of this year. Will work with the Judge on some options.
- Cimmino: Appreciated wish list approach. Safety and security is Council's highest priority. Can afford the improvements. Need more space in building, parking, etc?
- Judge: Nice for the back courtroom to be secure space. Don't know that this building will allow for much more space needs.
- Crouch: Thanked Judge for invitation to treatment court. Cost for better security equipment?
- Judge: Will investigate the security equipment cost.
- Bird: Should not be holding court in the back courtroom under present conditions – it's unsafe for everyone; unacceptable. Understand Municipal Court is trying to accommodate immense caseload, but it needs a new home. It's unsafe. Compromising public and staff safety.
- Judge: Want to stay in this location, but need more space.
- Ulledalen: Missoula's infraction ruling having an effect here?
- Judge: Don't jail for Municipal infractions. Complimented Craig Hensel of City Attorney's Office for getting paperwork done quickly.
- Tina: Civil infractions good move for the City.
- Public comments: None.

<b>TOPIC #5</b>	<b>Fire</b>
<b>PRESENTER</b>	Paul Dextras, Fire Chief
<b>NOTES/OUTCOME</b>	

- Chief Paul Dextras: Three primary funding sources outside the General Fund/Public Safety Fund: BUFSA, county dispatch and inspections/plans reviews. O&M has about a 1% cost increase, without collective bargaining agreement settlement. This comes from personnel costs. Personnel costs account for approximately 85% of overall budget. Department is a public services department and it is entrenched with personnel.
- Key issues/top goals:
  - 9-1-1 center relocation;
  - Increased staffing/budget limits - increasing demands for service in a growing community and aging population (approximately 70% of alarm load directly related to emergency medical services);
  - Training requirements and live burn training facility. Do not have a training facility. Working with airport and looking for locations in the City. (Thanked Council Member Pitman for working with Federal representatives in Washington, D.C.)
  - SBRs approved – fire investigation van; replacement of automatic external defibrillators; repairs and security at training tower at Station 2 on the south side - \$15,000.
- Bird: How many AEDs?
- Chief: 11 AEDs; are carried on all response apparatus.
- Cimmino: Discussions about closing a fire station? Use a closed station for training facility?
- Chief: Not talking about closing a station. Would not work well for training due to nearby homes and businesses. Airport is best location; would be a great partnership with the airport's fire department. (*Presentation continued.*) Called a fire department, but much more to what is done than just firefighting, i.e., emergency medical response, special rescues, haz-mat, public education and all is related to training. 800 MHz system funding and expenses are significant to the quality of several agencies and much needed. Radio system and ability to communicate is significantly better. *Acknowledged and thanked Anne Kindness for all her work in this area.* Regional haz-mat team funding is received from the state.
- Mayor Hanel: Where is haz-mat training done? Is law enforcement trained with this?
- Chief: Most training done in-house. Have personnel that can do recertification hours. Use state funds to teach others in the region. Don't train law enforcement, but could.
- McCall: What is our haz mat region?
- Chief: Farthest eastern state border, but not sure about western border. Believe Bozeman has a haz-mat team as well. Recently went to Sidney to mitigate a situation there. It's a huge area and is funded by the State, rather than City General Fund monies. State 9-1-1 funds are from fees assessed against both landline and cell phone lines. Those revenues

are projected at approximately \$976k. Approximately 25% of those funds have been set aside in a building reserve fund. Projecting \$2.9 million accrued for a new dispatch center at the end of FY13. Such a forward thinking approach. Blessed with a good department, few complaints, proud of all employees. In FY12 received approximately 10,500 alarm calls and did not receive complaints.

- Ronquillo: Watched Station 2 training, recently; still using the facility.
- Chief: Good training facility and is viable; need to make it more secure and could make improvements.
- Public comments: None.

Additional Information: None.
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