

# City Council Work Session

November 5, 2007

5:30 PM

Community Center

## ATTENDANCE:

Mayor/Council (please check)  Tussing,  Ronquillo,  Gaghen, (excused)  Stevens,  Brewster,  Veis,  Ruegamer,  Ulledalen,  Boyer,  Jones,  Clark

ADJOURN TIME: 7:56 p.m.

## Agenda

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

- City Administrator Volek reported an executive session was added to the agenda late in the day.
- There were no Public Comments

TOPIC #2	<b>Board &amp; Commission Reports</b>
PRESENTER	
NOTES/OUTCOME	

- None

TOPIC #3	<b>Legislative Representatives ~ J. Essman &amp; G. Branae</b>
PRESENTER	
NOTES/OUTCOME	

- Councilmember Veis stated the Council would like to discuss three main issues: transportation, TIF, and local option/resort tax.
- Greg Branae stated Council should favor either a local option tax or resort tax. Mr. Branae stated it was difficult to change people's opinions, and felt the positive move would be to propose resort tax instead of a local option tax. Mr. Branae said there were examples in Montana where taxes had worked well; however, people heard the word tax and thought it would be imposed instead of conducting a local vote and control. Mr. Branae said he felt it was important to tie tax to property tax relief. He said rural legislators opposed this tax because they felt rural residents paid taxes in retail purchases, and thought major cities must work together.

- Jeff Essman said resort tax without revenue sharing had received only twenty votes. The three main opponents were always vote no on a sales tax, vote no because it interfered with statewide tax reform, and those that would pay it but would not think they would benefit from it. He did not see the dynamics changing anytime in the near future. Mr. Essman stated you had to work with rural legislators and in their communities, as things were a lot worse in other areas than in Billings. He suggested conducting an interim committee study, to include comprehensive tax reform, sales tax to fund education, and reduction of property tax. This could result in \$60 - \$70 million to be shared with local governments. He stated a tax bill had to make a lot of winners in order to succeed in legislature.
- Councilmember Stevens asked if it would remove the entire school levy.
- Mr. Essman said it would eliminate the 102 state education mills. He said it would be possible to move all industrial property into a statewide school assessment district to equalize state funding, which could result in a \$500 - \$600 per year property tax reduction for a home valued at \$150,000.00.
- Councilmember Ruegamer asked how local tax interfered with statewide tax reform.
- Mr. Essman replied he felt it diluted support.
- Councilmember Ruegamer asked where the 25% revenue sharing came from, and also said Council needed his support.
- Mr. Essman said it was tough to convince rural legislator to vote against their perceived self interest. Councilmember Boyer said some small towns were supporting it and if we lost large communities, we would also lose the support base for the rural areas. Councilmember Ruegamer said smaller cities were looking harder at this, such as Seely Lake and Dillon, and felt not all rural areas were against local option or resort tax.
- Mr. Branae said the perception was that this tax was geared for larger cities, and we had to overcome that. He also felt statewide tax reform would unlikely be without crisis.
- Councilmember Stevens asked what was in it for the small towns. She said there was a tremendous tourism population in the high line communities because of the area being a pass through to Glacier, especially during hunting season.
- Councilmember Jones said outsiders looked at our tax structure and thought that we were doing well on property tax, but a lot of our revenue came from fees/assessments.
- Councilmember Ulledalen said he was frustrated because the City was caught between development community and an older population.
- Councilmember Veis stated TIF was working well for us and did not support major changes. Mr. Branae agreed that it had worked well here and also did not support changes.
- Mr. Essman said the problem with TIF was the governor's revenue director. He said Mr. Bucks talked with the interim committee for two hours and did not mention the bomb shell that he dropped on cities a week later. He felt Mr. Bucks should have discussed the rules with the committee before proposing them, and felt Mr. Bucks' biggest problem was the impact on 1995 education mills.
- Councilmember Brewster said it was the best urban renewal tool available and if education mills went away, the tool would be useless. Mr. Essman said that when TIF legislation was written, the state education mills did not exist, so he was trying to restore the status quo.
- Mayor Tussing asked if there was anything else.

- Mr. Branae stated he felt communication was critical.
- Councilmember Ulledalen said there were some real problems with the Montana Department of Transportation (MDT), and ICAP was a big burden on projects. He said the MDT told the City that it had to advance fund projects such as Zimmerman Trail. He said MDT could not get projects built, so how could the City give money to MDT if they would not complete the work for 10-20 years. Councilmember Ulledalen asked if we would have to start turning down federal and state transportation money. He also stated we may have to change growth and development policy, as we could build faster than state. He asked if Council should bring the issue to state legislators.
- Mr. Essman said he had been frustrated by this since serving on the Planning Board and most states allowed the MPO to directly take/use federal transportation dollars. He said Billings should assert the right to make that change and ask Legislature to back it up. Mr. Essman said he talked to Sharon Peterson about Airport Road and if Federal legislation could be used to speed up the process by funding the road through the City, not the State. He felt there was no sense of urgency in Helena, and that everything ran at a government pace.
- City Administrator Volek said there had been helpful meetings among staff and the MDT, and was waiting for correspondence regarding the certification. Ms. Volek acknowledged that Senator Essman helped support Billings for the state backup IT site. Councilmember Clark asked how long it would take to get local certification. City Administrator Volek replied she did not know, but would get the information.
- Councilmember Brewster said locals in the Heights area wanted action and asked if Mr. Essman thought a letter writing campaign would be effective.
- Mr. Essman replied absolutely, and suggested to block Airport Road for a day and invite Lynch to Billings to see it. Mr. Branae agreed.
- Councilmember Jones asked how long it would be before we knew about Rimrock Road.
- City Administrator Volek replied she did not know. Mr. Essman suggested not to wait. He stated this was an administration that wanted to be re-elected, and it was an election year. He felt you did not need to beg, but that you needed to speak up.
- Councilmember Ulledalen asked if this topic was scheduled for the Dec. 6 committee meeting. Mr. Essman said probably not because the agenda had already been set. He said the spring meeting would be best, and that he would make sure the issue would be on the agenda.
- Councilmember Veis asked if they were to attend the December committee meeting and use the public comment session, what should be said. Mr. Essman responded that Council needed to set narrow goals, and put Lynch on the spot.
- Councilmember Ulledalen stated Mr. Brown said we probably could not make a change, and wanted to know if that was correct. Mr. Essman suggested bypassing the department and to do what you needed to do and ask Legislature to cover you.

<b>TOPIC #4</b>	<b><i>Downtown Billings Partnership Quarterly Report</i></b>
<b>PRESENTER</b>	
<b>NOTES/OUTCOME</b>	

- Greg Krueger said he did not have a PowerPoint presentation, but handed out the quarterly status report. He said the bulk of the report talked about projects that still needed to be completed. He said these projects included 1) GSA courthouse project, 1A) the county parking lot if GSA courthouse did not get built on the county property, 2) railroad quiet zone and 3) one-way street conversion.
- Councilmember Jones asked what the total cost of project #3 would be.
- Mr. Krueger said it would depend on the number of signalized intersections that would be constructed.
- Councilmember Boyer asked if we needed to do this quickly and if the projects would interfere with activities in the new district. Mr. Krueger replied no, and that there was no time limit on the encumbrances.
- Councilmember Jones stated some concerns about railroad track operational liability. Mr. Krueger said it may reduce railroad liability, but he was not sure about the City's liability and felt it probably would not make the situation any worse. He stated he thought the crossings would be safer and would probably reduce everyone's liabilities.
- Councilmember Veis asked if it was the County's responsibility to build the parking lot. Mr. Krueger replied no; the agreement was to replace the parking spaces the County would lose when it traded property.
- Councilmember Veis asked if we spent \$500,000 for a parking lot and more money for the quiet zone, would there be any money left for the street conversions? Mr. Krueger said maybe up to \$1 million leftover.
- Councilmember Stevens asked what the purpose was for the street conversions. Mr. Krueger replied it would improve traffic flow and be better for businesses.
- City Administrator Volek reported that Council approved \$230,000 for a temporary lot and may not have to spend that amount because the City was allowing the County to use the traded property for winter parking.
- Mr. Krueger commented on the courthouse project that it would be too expensive to move YCSO, tear down the building, and rebuild at Montana Dakota Utilities site. His estimate would be that the cost would be over \$7 million. He said the present proposal was to use the Wells Fargo bank and MDU property, spanning N. 26<sup>th</sup> Street property, and replace the parking and land for the County. He stated that way they would not have to relocate YCSO or build a new parking structure. Mr. Krueger said they may have to eliminate the parking lane on 2<sup>nd</sup> Ave. North, which would leave the YCSO parking lot unaffected. He also suggested asking the County to sell the surface lot behind the courthouse, and to use the bus parking lane on 3<sup>rd</sup> Ave. North for additional County parking. He also suggested the use of TIF to subsidize land cost to about \$30/sq. ft., which was in the range of approximately \$1.5 million, and to repay BSEDA the full amount for the MDU building, unless they would accept less than they paid for the property. Mr. Krueger said to put as much money in the parking fund as possible, so that it could be used at 4<sup>th</sup> and Broadway.
- Mayor Tussing asked if it would be all current money. Mr. Krueger said it would.
- Councilmember Stevens stated he was concerned about a public parking garage and its appearance next to the Library. Mr. Krueger stated design would be important.
- Councilmember Boyer asked if there was a commitment from Stockman to buy or lease multiple parking spaces.

- City Administrator Volek said you had to be careful about buying parking spaces, due to private benefit and cash flow.
- Councilmember Veis asked if we would have a decision from the GSA by the end of December. Mr. Krueger said it must be, as it was clearly disclosed to GSA, County and everyone else.
- Councilmember Jones asked who would own the land for the courthouse. Mr. Krueger said a private developer would own it long-term but in the interim Big Sky EDA and the DBP would own the land. DBP ownership would be in trust for the City; therefore, the land would revert back to the City if the project failed.
- Councilmember Veis asked if the developer would pay more than \$30/ft. Mr. Krueger replied “no”.
- Councilmember Boyer asked if the item was on the consent or regular agenda.
- City Administrator Volek stated it was on the consent agenda at this point, but Council could pull it off.

<b>TOPIC #5</b>	<b><i>Par 3 Golf Course Annual Plan</i></b>
<b>PRESENTER</b>	<b><i>Duncan Peete and Greg Wilson</i></b>
<b>NOTES/OUTCOME</b>	

- Duncan Peete, President, and Greg Wilson, VP of ECGC, gave a PowerPoint presentation.
- Mr. Peete stated the budget was provided on the screen and was included in Council’s Friday packet. He said they were planning to increase the 18- hole green fee to \$15; which would still be competitive with other golf courses, and said they did not have a fee increase last year. He said the expense increase was mostly for maintenance salaries, but other expenses were pretty consistent from the past years. Councilmember Ruegamer asked if the increases were in clubhouse/building maintenance costs. Mr. Peete said it was not fully accounted for, but would make the pro account for everything before authorizing the expenses. Mr. Peete said when the new clubhouse was built, they held back about \$2 per round for debt payment, which they did not spend and would like to continue charging the additional fee to use for other capital improvements. He reported there were not as many capital expenses this year, and they were saving money for future, large expenses. Mr. Peete asked for the City’s help covering expenses for the replacement of the roof and the lean-to on the east side of the maintenance building. He also stated they had a temporary water cost for irrigation before ditch water was available from a fire hydrant on Monad. Mr. Peete stated a board member was looking for a permanent solution, but it would be expensive (\$40 - \$60K).
- City Administrator Volek said they had received this request and staff in Public Works was working on it. Mr. Peete said they were planning to distribute \$20,000 to the City and \$10,000 to the Downtown Exchange Club, which would be used for other park improvement projects. He said the long term capital needed to include the purchase of a 2009 rough mower, which would cost \$45,000, and would also like to purchase satellite irrigation controls for \$80,000 in 2010 or 2011. He stated both of those major purchases

may require debt financing. Mr. Peete said those were the main highlights and asked if there were any questions.

- Councilmember Stevens said outside of the fence the sidewalks were pretty weedy, especially on Central, and asked if it was the owner's responsibility to take care of them. Mr. Peete said he would talk to the superintendent and have the weeds sprayed. He also said they had a lot of golf ball incidents this year, with cars' windshields being hit by stray balls, and they were willing to pay up to \$200 per incident.

<b>TOPIC #6</b>	<b><i>South Billings Boulevard Urban Renewal Plan</i></b>
<b>PRESENTER</b>	
<b>NOTES/OUTCOME</b>	

- Lora Mattox, Neighborhood Planner, outlined the boundary for the South Billings Boulevard Urban Renewal Plan and said they had started the planning in 2007 and recognized substantial development and redevelopment opportunities. She felt there was good potential for workforce housing, the Development Agreement with Foursquare, which should generate \$10 million, and the remainder could be used elsewhere in the neighborhood. Ms. Mattox stated the task force held two public meetings with over 300 people attending. She said blight determination was mainly lack of public infrastructure or poor condition infrastructure, such as no water or sewer, as well as gravel streets. Ms. Mattox said there were a lot of vacant buildings and poor condition housing.
- Councilmember Jones said that Orchard Lane was like a freeway with the Boys and Girls Club, etc., and felt it needed sidewalks. Councilmember Stevens said that some kind of signage on State Avenue could help to reduce traffic on Orchard Lane. Councilmember Jones suggested that speed needed to be controlled.
- Ms. Mattox said their mission was to retain a residential setting in existing neighborhoods, and the task force had developed a good list of goals. She said they would work with the task force to update and recommend new goals when the plan was reviewed annually. The Public Hearing would be held on Nov. 26, and notices would go out this week. She said December 10 was the deadline for plan adoption, and the plan would go into effect 30 days after that.
- Councilmember Boyer asked about bike trails. Ms. Mattox said a bike trail was planned for Jackson Street, and they were looking at more along the City/County Drain, near Ponderosa School, off King Ave. East.
- Councilmember Ulledalen asked about connectivity with Riverfront Park. Candi Beaudry, Planning Director, said it was not likely because of the Interstate 90 barrier; however, they were concentrating on connections to parks and schools within the neighborhood.

<b>TOPIC #7</b>	<b><i>Quarterly Budget Report</i></b>
<b>PRESENTER</b>	
<b>NOTES/OUTCOME</b>	

- City Administrator Volek stated a spreadsheet was provided in the Friday packet.
- Councilmember Veis asked why the General Fund/Operation & Maintenance was 31%, and why it exceeded 25%. Councilmember Brewster stated he thought it was due to a lot of spending by Parks & Recreation in the first quarter. Assistant City Administrator Bruce McCandless said it was because of seasonal spending.
- Mayor Tussing asked if there were any other questions.

<b>TOPIC #8</b>	<b><i>Council Initiatives Report</i></b>
<b>PRESENTER</b>	
<b>NOTES/OUTCOME</b>	

- City Administrator Volek said the Council Initiatives Report was included in Friday's packet, and asked if there were any questions.
- Councilmember Jones asked if the land presentation would be on Dec. 3, 2007. City Administrator Volek said it would.
- Councilmember Veis said on 8/27/07, he was to research selling Lampman Park, and said he did not have a problem with the park going to the Fire Department, but did not want to see a weed patch for the next ten years. City Administrator Volek said the main problem may be with creating a new SID, due to outstanding SIDs for water and sewer in Lampman Subdivision. Councilmember Ruegamer asked how much land was in the park.
- City Administrator Volek said this information was unknown, but would find out and get back to Council with the square footage. Ms. Volek stated the City did not have much park development money at this time. She also said Public Works started paying for a forester and therefore had fewer street mowers available. Councilmember Veis said the park had never been taken care of and stated if the City wasn't going to use them for parks, he suggested getting rid of them. Councilmember Brewster stated the fastest way to get a park developed was to put it up for sale. He said a lot of neighborhoods developed plans and SIDs/PMDs when the City offered them for sale.
- Councilmember Stevens said he thought Lampman Strip Park may make a good dog park. Councilmember Jones said Riverfront would be a good place for a dog park to run off the geese, and that would reduce the goose droppings. He said the lake water was disgusting, and the weed growth was horrible. City Administrator Volek said the master plan was underway for Riverfront Park, and she would talk to Mike Whitaker about the maintenance and especially weed control.

#### **Additional Information:**

Mayor Tussing said he received a call from Evan Barrett about TIF. He asked if the Department of Revenue (DOR) intended to mess with the TIF. Assistant City Administrator McCandless said it did not, and they were still planning to write rules for which they had no

authority and left us in limbo over expanding TIDs. He said for the next meeting, Council may need to invite a legislator or two to be in attendance and hear the discussion.

Mayor Tussing said he received an e-mail message from Ed Kemmick. Mr. Kemmick said the Fire Chief told him that Council talked about how to pay for the firefighter lawsuit and that it was an improper subject for a closed session. Mayor Tussing said he had talked to the Fire Chief and felt there was some type of miscommunication. Mayor Tussing said he told Mr. Kemmick that the Executive Session had talked about how much the City could borrow vs. cash finance. City Attorney Brent Brooks believed that was still part of litigation strategy. Mayor Tussing told Mr. Kemmick the topic would be brought up to Council. Mayor Tussing asked Council to let him know if they saw anything in an executive session that they believed should not be discussed in that type of forum.

Councilmember Ulledalen asked if Council would be lobbying Montana Department of Transportation at the December 6 and 7 meeting in Helena. Councilmember Veis said he thought at least one councilmember should attend the meeting to lay the groundwork for a spring agenda item. Councilmember Ulledalen volunteered to attend if Council agreed to it.

Mayor Tussing asked if Lynch was going to be here for the trail dedication on Nov. 20. City Administrator Volek said he was.

Councilmember Stevens said she appreciated getting the task force agendas and minutes and thought they were very informative. She asked why there was trailer storage at the Human Resource Development Council building. City Administrator Volek said she had talked with Code Enforcement, and our rules prevented us from getting rid of it.

Adjourned to executive session at 7:40 p.m. to discuss litigation strategy.