City Council Work Session

February 4, 2008
5:30 PM
Community Center

ATTENDANCE:

Mayor/Council (please check) □ Tussing, x Ronquillo, x Gaghen, x Stevens, x Pitman, x Veis, x Ruegamer, x Ulledalen, x McCall, x Astle, x Clark.

ADJOURN TIME: 9:25 p.m.

Agenda

TOPIC #1	***Public Comment***
PRESENTER	
NOTES/OUTCOME	

- Deputy Mayor Ulledalen announced that Council will adjourn to an executive session for an indefinite time to discuss pending litigation. Public comment will be accepted when the regular meeting reconvenes. Executive session concluded at 6:05 p.m. the and regular meeting reconvened at 6:10 p.m.
- The public comment period was opened. There were no speakers, and the public comment period was closed.

TOPIC #2	***Senator Lane Larson and Senator Linda Moss***
PRESENTER	
NOTES/OUTCOME	

Deputy Mayor Ulledalen introduced Senators Lane Larson and Linda Moss.

Councilmember Veis reported that all of the Yellowstone County delegation has been invited to talk with the Council about 3 issues: local option tax, tax increment financing and transportation funding.

Senator Larson explained that his district is from Blue Creek to Miles City; his only Billings area is Briarwood area. During the session, he was encouraged to vote against the local option tax by many constituents. The only positive support voiced to him was from the Billings Chamber or Commerce. Councilmember Veis asked why the rural areas opposed to this kind of tax because it would not apply to everyday purchases. Senator Larson said that those rural residents would have to pay the tax when they come to Billings for medical care, for example.
Councilmember Ruegamer pointed out that since Briarwood and Lockwood are in Senator Larson's district, a large number of his constituents live and work here and would benefit from this tax. Council's position is that all those people who work and visit here are putting a strain

on the infrastructure. That infrastructure needs to be built and services need to be provided for everyone, including for the rural people. Eighty percent (80%) of Montana's population lives in 7 counties, which is good for the state. Everyone will have to pay some of the optional tax, but most will be generated from tourists. Senator Larson stated that he voted as he did based on the direction he got from his constituents and that was last session so now it is time to move on.

Deputy Mayor Ulledalen reiterated that we represent 100,000 people but 200,000 or more visit regularly and that is putting a train on the city's infrastructure.

Senator Moss shared her observations about local option tax. Councilmember McCall and Deputy Mayor Ulledalen discussed Urban/rural relationships with her previously and determined it is important to redefine how we talk about those issues. She indicated that she has been sharing an idea with the Billings Chamber and Big Sky EDA to try to strengthen relationships with rural communities and the city sectors. It may also be worthwhile to participate in revenue sharing, but instead of the funds going to the rural cities/counties, give the money to RC&Ds because they are multi-county. There have been quite a few efforts in promoting rural economic development with this method. Their boards have county commissioners and city councilors as members. The dialogue regarding this issues must change – should think about the needs of large cities and small towns as well. It is important to work with other sister cities, league of cities and towns, MACO, etc

Councilmember Stevens stated that even small cities should be reminded that they can adopt a local option tax and they will collect some of the taxes to use for their own purposes.

Senator Larson stated that some of the purely urban representatives from Billings and other cities opposed the tax as well as the rural communities. Rural legislators can't be expected to support the optional tax when the urban ones won't support it. Councilmember Ruegamer commented that he doesn't like revenue sharing to other cities but RC&D funding might work. Councilmember McCall agreed that we need to reframe the discussion. Positioning is now viewed as Billings wins and everyone else loses. That perception must be changed so that we can work together.

Councilmember Veis introducted the topic of Tax Increment Finance Districts. He stated that it works well here. Even though a rural county may have abused the law a bit, there appears no reason to change the law at this time. Senator Moss stated she has seen the benefits of tax increment financing in Billings for many years and it is a great tool for communities. Senator Larson added that he does not foresee any major changes to the law and agrees that there are visible benefits to that process. Councilmember Veis added that the Department of Revenue is currently involved in a lawsuit with another county and dependent upon the outcome of that litigation, there could be some proposed changes to the law.

Deputy Mayor Ulledalen stated that what is unique is that we struggle with infrastructure. In particular, take a look at the re-vitalization attempts with east Billings. We feel threatened by the Department of Revenue and fear that they will try to take this away from the City.

Councilmember Veis introduced the last topic of road funding issues and infrastructure. Deputy Mayor Ulledalen will be at the interim committee meeting on Friday on transportation and revenue and will address the issues we've had with Montana Department of Transportation. Council would appreciate any assistance from legislators along those lines. We have had problems with project delays and costing everyone more money. Timely performance is essential. Deputy Mayor Ulledalen reported that there are issues with ICAP, which is cost recovery on federally-funded projects. In the instance of Zimmerman Trail, MDT wanted all the money up-front. We are asking MDT to take another look at the Legislative Auditor's recommendations on how to recover their costs. The delays aren't working because the funds are appropriated and the resulting delays are problematic. We would request support from our delegations to resolve this issue. This seems to be a problem with larger cities – both Billings and Missoula, but not so with rural communities. Senator Larson stated that he carried the bill to help with Shiloh Road right-of-way ownership and hopes that helped to some extent. We may need to get creative in how we deal with these issues.

Senator Moss stated that all legislators serve on one or two interim committees and can be asked to intervene when they are in Helena. If legislators are kept updated, they can provide assistance to resolve the issues. Senator Larson said that right now they are working on elk tags and the task of trying to present something to the private land and wildlife council and a state workforce apprenticeship program. He feels pretty removed from the issues the city is experiencing.

Councilmember Veis asked if either Senator wished to address any other topics. Senator Larson concluded that in an elected position like his, you have to rely on colleagues and others for information about issues that need attention. When a constituent writes a letter, calls or emails, it proves that they feel strongly about the issue, such as the option tax. He knows that Billings has revenue and infrastructure needs. Lots of younger people support a statewide sales tax but it is opposed by older residents. Funding issues will always be tough issues that will be wrestled with.

Deputy Mayor Ulledalen stated that there were numerous people involved with the tax issue. There had been talk about sharing revenue or about a broader tax not related to tourism, without sharing. That has to be resolved. Many people say they want tax reform so they won't support any type of tax, but realistically, comprehensive tax reform won't be accomplished in his lifetime.

Senator Larson said that the makeup of the next few legislatures will be divided, so it may be hard to really address difficult topics. Councilmember Ruegamer said the infrastructure issue is expanding into some of the smaller communities. Senator Moss added that tax issues have to be talked about by developers, chambers of commerce, etc., to stress the need for improvements in infrastructure in order to grow.

Councilmember Gaghen commented that we are asking for legislative approval to allow voters to have the opportunity to vote on these taxes. The legislative approval does not implement the tax, but provides the opportunity for a vote.

TOPIC #3	***Planning Board Annual Report***
PRESENTER	**Candi Beaudry**
NOTES/OUTCOME	

Planning Director Candi Beaudry introduced Donna Forbes, President of the City-County Planning Board to present their annual report.

Ms. Forbes stated that Council members should have received the annual report so her comments can be brief. Ms. Forbes reported that she has been on the board for 4 years and president for 2 years and is the outgoing president. The Planning Board is a volunteer, advisory board that meets every two weeks and reviews the subdivision plats. Board makeup has changed but everyone carefully studies the information. They ask tough questions of developers and their representatives who are usually engineers. There is a preliminary hearing, then the public hearing. By the end of the careful study period, the hearings and the subsequent recommendation that comes from this advisory board, Council should know that the subdivisions have been thoroughly reviewed. The Board hopes that the Council would agree with their recommendations. Ms. Forbes added that several neighborhood plans were reviewed last year. The City has an excellent planning staff. The Board reviewed and approved the Transportation Improvement Program and 5 CTEP grant applications. CTEP has focused a lot on school safety and trail construction. They also reviewed the West Billings Flood Hazard Study, which was an exciting project. In addition, the Board approved several changes to subdivision regulations. Ms. Forbes said she lives on a busy street and curb walks were installed about 30 years ago when her house was built. Now, the Board requests boulevard sidewalks so snow doesn't clog the sidewalks when the streets are plowed. This is just a summary of the Board's past year.

Ms. Forbes added that she would like to address the topic of the additional mill. The Planning Department needs to be funded as this is a department with so many responsibilities and two planning positions have not been filled. The revenue from that additional mill could accomplish great things. After having served on the Planning Board, she hopes that in 20 years she can be proud of the planning process and that the city grew. She knows that poor planning is something that we would have to live with for a long time. The Planning Board asks for Council's support of the levy vote.

Councilmember Veis said that the Council does take the Board's recommendations seriously but sometimes new information is presented or different people become involved at different stages and that may change the Council's final action. He continued that when the Board recommends something other than what staff recommends, it is requested that the Board clearly state the reasons so that Council can understand their reasoning. Ms. Forbes agreed with Councilmember Veis's comments and said the Board is very conscious of stating their reasons for not agreeing with staff's recommendation. She added that if Council receives information that the Planning Board didn't have, they should be made aware of it as well so they would understand their decisions. The Planning Board should consist of 13 members, but only has 11 at this time. The county needs to appoint 2 members. It is difficult to find rural representatives.

Ms. Forbes introduced Al Littler, new Planning Board President. Mr. Littler voiced his support for the Council's efforts to fund urban infrastructure. He also suggested that if there is new information presented to Council, they should seek advice from counsel about whether the item should be returned to the Planning Board so the Council doesn't get into a situation where process has been violated. Deputy Mayor Ulledalen thanked Ms. Forbes and Mr. Littler and said Council is open to any suggestions that make their process better.

TOPIC #4	***Amend Park***
PRESENTER	
NOTES/OUTCOME	

City Administrator Volek distributed material related to the Amend Park Master Plan. She reported that in December, she, Councilmember Ronquillo and several staff members met with the Board of County Commissioners, the Yellowstone County Council on Aging, and the Southwest Task Force to talk about building Yellowstone County Council on Aging's new headquarters in Amend Park. This is a multi-phased plan in which a local businessman proposed to pay $75,000 more for city land than it's worth, intending that excess funding to be used for the building development, specifically a community room, to be attached to their facility. The information presented is provided in part with the help of County Commissioner Kennedy along with a few other documents. The proposed building would be located across the street from Newman School. There is a question about how the City acquired the land. Some documents show that the city purchased the land, but a 1993 memo said that some of the land may have been given to the City. The warranty deed concerning the piece of property in question is included in the information packet. The parcel was sold to the City by Mr. Amend's guardian/ representative, Don Kelly. Ms. Volek located Mr. Kelly today and he confirmed that the parcel was sold to the City. The sale occurred in 3 pieces but the first one is the subject property. Copies of the check and other supporting documents are included with meeting materials. There are two impediments to the Council on Aging proposal. The first is the warranty deed restriction that the land must be used as a municipal park or playground or it reverts back to the Amend family. Subsequent to that, there is documentation that shows of the $244,000 paid for property, half came from the U.S. Department of Interior to the State of Montana which passed it on to the City of Billings as a Land Water Conservation Fund grant. Mike Whitaker, Parks/Recreation/Public Lands Director has had conversation with the State which has indicated that one of the conditions is that the land is to be an outdoor recreation facility. If those grant funds are used to purchase property or improve park property, it locks that park into outdoor recreation use forever. If not used for that purpose, the grant may have to be returned. In the past, there was one exception granted by state and federal agencies that required a land replacement and it took 2 years to get it approved. Ms. Volek said that she consulted with our legal department and was told that the family could remove the deed restriction if they desire. Mr. Kelly said that Mr. Amend passed away shortly after the property was transferred and his 2 daughters moved out of state and would be in their 70s now. To date, Ms. Volek has been unsuccessful in locating either daughter but will continue with that effort. Councilmember Ronquillo stated that one daughter lives in Portland and one is in California. Ms. Volek continued that there is some urgency to get land secured because Council on Aging has to move soon. Staff has suggested that a title search could be completed on this. It would cost about $500 and would take 1-2 weeks to complete. Councilmember Ronquillo thanked Ms. Volek for her work and said we should continue to try to contact the daughters and to seek removal of the deed restriction. He added that it is a good idea to use the land for this purpose. Even though time is an issue, the Council on Aging does have some other options.

Mr. Whitaker confirmed that the grant will allow structures that support the outdoor recreation functions of the property. Ms. Volek said she has visited with Councilmember Ronquillo about other options including the fact that we received $100,000 two weeks ago when land from the industrial park was sold, which is another potential source of funding for a project. Deputy Mayor Ulledalen asked where the parcel is on the map and what impacts this would have on the master plan. He added that if the park plan is revised, that would involve gathering input from the park groups. Mr. Whitaker responded that if we proceed in that direction, the master plan would have be to updated and input would be gathered from the various groups as it relates to the change. The Council on Aging is aware of this issue. Gary Bruschel, President of Amend Park Development Council was present to address Council. He said the group he represents is in favor of the project but does not want the building west of the irrigation ditch. Councilmember Ronquillo responded that it won't be west of the ditch and that a parking that could be used by the park group could also be built, which would help with the parking problems they incur now during their sporting events.

Deputy Mayor Ulledalen asked Mr. Bruschel if there are any building features that would be beneficial to use of this park by the soccer community. Mr. Bruschel replied that more parking would be helpful. If parking is built east of the ditch, a crossing would be required. He expressed uncertainty for the need for showers as he's not sure if they would be used. Deputy Mayor Ulledalen asked if meeting rooms would be useful as well and Mr. Bruschel responded that they are always looking for meeting rooms. Their council could use them and he thinks the South Side Task Force would like a cop shop there as well.

Councilmember Pitman inquired about the time frame to work through this process. Mr. Whitaker said that in his experience, it would probably take up to two years. It can be done, but it takes time. He isn't sure about replacement land at this time but thinks something suitable can be identified.

Councilmember Stevens pointed out that the deed restriction calls for the entire 20 acres to revert to the heirs if not used as intended. If the heirs agree to removal of the restriction, there is the federal grant restriction, and the deed says there should be a reasonable period of time before we use the land for park. She is concerned that the length of time that has elapsed since the City purchased the land could be an issue as well. Councilmember Ronquillo asked about the new power poles that have been installed on the property and whether the city was aware of that.

Councilmember Veis stated that it seems there are 3 hurdles to this project -- the deed restriction, the federal grant condition and the park master plan. He asked if there was time to get all of these done. Councilmember Ronquillo replied that it depends on what the Council on Aging says but even if they don't want this piece of property, we might want to use some land for a neighborhood community center. If Mr. Amend's daughters agree to allow us to build on that property, some type of community center building might still be possible. That's the proposal we would present to Mr. Amend's heirs. Mr. Bruschel asked if each 20 acre piece have the same restrictions. Ms. Volek said there is a warranty deed for each of the 20 acre sections and that clause is included in each deed. Deputy Mayor Ulledalen indicated that staff needs some direction from Council on this issue. Ms. Volek stated that if the Council on Aging is still interested in the parcel, we would need to work out an agreement with them, then proceed to solve the other issues by locating the Amend heirs and working with the state. If Council prefers that the land is used for other buildings, we can still work on this but can move slower. Councilmember Pitman expressed his opinion that he would like to pursue this project because there have been other inquiries about that parcel. Councilmember Stevens added that we should probably not pursue this project on behalf of the Council on Aging because of their time constraints. Councilmember Astle reported that the Council on Aging has 17 months to move and has been offered a buy-out by Toyota. They have 3 other sites under consideration. He also inquired as to who will talk to the daughters. Councilmember Veis suggested that staff pursue contacting the heirs because there have been multiple inquiries and if it comes up again, we would know if we could obtain a release. Councilmember Stevens added that she is reluctant to investigate this because it has been 32 years since the land was deeded to the City and we haven't developed it. If the daughters choose to, they could repossess the land and sell it to someone else. Councilmember Astle pointed out that there is partial development on this 20 acre tract, but not all of it. Deputy Mayor Ulledalen suggested asking the Council on Aging for a decision whether they want to proceed with this. It was agreed that City staff will contact the Amend heirs.

TOPIC #5	***CIP, ERP AND TRP Recommendations***
PRESENTER	
NOTES/OUTCOME	

City Administrator Volek introduced Kevin Ploehn, the Assistant Aviation and Transit Director. Mr. Ploehn stated he would start out with the CIP (Capital Improvement Plan), followed by ERP (Equipment Replacement Plan) presented by John Staley, Interim Fire Chief, and conclude with TRP (Technology Replacement Plan) presented by Dave Watterson our IT Manager. Mr. Ploehn provided an information packet and background on CIP which was implemented in 2000 when it was determined that when Council and the Administration would get annual budgets, they didn't have any information related to the "big picture." There is a CIP committee that contributes to this project. Special thanks go to Marita Herold and Dean Hanson for their hard work on this plan. Anything in color in the plan is a change to the plan from last year. Anything in black and white is from last year's approved plan. He reviewed examples from the Airport projects: green is a change, white is static and blue is a new project. At the end of each section, the same color coding is used, but totals are presented. Yellow is the total of all projects and years. The end of the report shows funding sources for each of the departments. Where funding sources are split among projects and departments, all dollars were totaled to show a final total for all departments.

Ms. Volek expressed thanks to Mr. Ploehn, City Engineer Vern Heisler and others who contributed to this project. She also explained that there are items that are funded with enterprise funds, and there are projects funded through the general fund which do not have approved funding sources. An allocation would need to be made if those projects are to be completed, and that will be addressed later this year.

Interim Fire Chief John Staley introduced the Equipment Replacement Plan and reviewed the plan elements. Mr. Staley introduced the members of the committee. He provided a detailed explanation of the equipment proposed for replacement during FY 09. The group reviewed the initial plan and made modifications which will result in a reduction in proposed expense. This plan is intended to allow the City to budget funds and plan for the future expenses. Councilmember McCall asked if there is consideration of energy efficient equipment. Mr. Staley responded that Ms. Volek has asked the group to look at alternative fuels, fuel economy, vehicle size and the most fuel efficient vehicles. Councilmember Pitman asked about the resale of vehicles and where the funds go. Motor Vehicle Maintenance Manager Larry Deschene responded that it depends on which department sold the equipment. If the equipment sold is from the general fund, then any funds from resale are returned to the general fund. Councilmember Astle asked if the replacement and use plan includes costs of new equipment as the city grows. Mr. Staley explained that departments submit a supplemental budget request as equipment needs are identified. The committee reviews that request, sends it on to staff and ultimately to Council for approval or disapproval. Mr. McCandless reported that last year a cost study was completed to determine if a hybrid vehicle would be more cost efficient and it was determined that the regular fuel vehicles are less expensive to purchase, maintain, etc. Currently, study is being done on alternate fuel options and types of vehicles.

Information Technology Manager David Watterson presented the Technology Replacement Plan, which is not as sophisticated as the CIP and ERP and hasn't been around as long as CIP. The plan helps to ensure that our technology remains current and can do the work for us. Equipment runs full gamut of technology. Items under $5000 are operating costs and anything above that amount is a capital item. Much like the other plans, there are numerous people involved in the plan and this couldn't be accomplished without their advice and help. The process includes a complete inventory of the equipment and needs for various departments. The plan includes a number of items of O&M (under $5000) and Capital (over $5000) expenditures. Each item includes a brief description and the associated costs.

Councilmember Ronquillo stated that previously there was discussion about allowing people to pay utility bill payments with credit cards, so does this plan include that necessary equipment/technology? Mr. Watterson replied that it is not directly part of the TRP but staff is working on a credit card acceptance policy that will allow them to accept credit cards over the counter and ultimately, online. The website redesign will go online at the end of April and it will be a springboard for more electronic commerce. Councilmember Clark asked if a service charge will be implemented for the electronic payment process. Ms. Volek replied that we are not allowed to implement a service charge. We have worked with the vendor to acquire the necessary equipment necessary in a way that we won't have to pay for the equipment which is some of the cost associated with this process. We will be working with a local bank for this process and they are working hard to keep the costs down. Mr. Watterson added that the vendor advised us not to attempt to charge a fee because the issue is murky and it is best to avoid it. Councilmember Gaghen inquired if all departments will have the ability to use the credit card system. Ms. Volek explained that accepting credit card payments in various departments will reduce the number of bad checks because once the credit card payment is accepted, we have our money and it is up to the credit card company to collect the funds from the individual. Mr. Watterson continued that with this system we will accept debit cards, electronic checks, and credit cards. Charges go down if we truncate paper checks and enter them as electronic checks.

Mr. Watterson went on to review the capital items expenditures shown on charts and the costs by department and by types of technology/equipment. Councilmember Stevens asked if the voice mail system is enterprise wide. Mr. Watterson said that it is available in most locations; there are very few places where our voice mail system doesn't reach. The current system won't be supported by its manufacturer after next year. Councilmember Ulledalen inquired if it would make sense for us to have the vendor provide the hardware rather than have the City purchase it. Mr. Watterson stated that because we own the PBX and voice mail is tied to it and can tie to email, automated attendant, etc., we would lose control and performance if it's not integrated with our system. He continued that spending this year is about $200,000 less than last year, mainly due to new mobile data units in the police department in the 2007 budget. Ms. Volek stated that we want to put this on the same standard as the equipment replacement plan by creating a sinking fund for major equipment/software.

TOPIC #6	*MET DTTC Project*
PRESENTER	**Tom Binford, Ron Wenger**
NOTES/OUTCOME	

Director of Aviation and Transit Tom Binford and Transit Manager Ron Wenger were present to review the preferred site layout for the MET Downtown Transit Center. Mr. Binford reported that the design review committee has met and advised us, and he is hoping to get Council's input as to whether the project is headed in the right direction. There are two primary design alternatives. Alternative #1 uses part of N. 25th Street and presumes a one-way street, but a wide bus lane adjacent to the street. Alternative #2 requires two separate bus approach and departure points on 2nd Avenue North and 3rd Avenue North. It reduces the amount of land available for passenger facilities and landscaping. Alternative #1, which is the preferred option, allows any of the surrounding streets to change to two-way street without changing the bus transfer station. Councilmember Astle asked about the contra lane dimensions and where the buses would come from. Mr. Binford said the lane is a 12' parallel bus lane and the buses would be arriving from 3rd Avenue North. The traffic flow is laid out because most of the buses come from the west and go to the west. The design works well and the committee feels the site efficiently utilizes the site as well as possible. Councilmember Gaghen stated that 1st Interstate Bank has a similar set of lanes on N. 31st. Councilmember Stevens asked if there will be a building on the site. Mr. Binford stated that there is planning for it in the future. The plan includes landscaping on both sides of the structure, a driver's station which includes a break area and restrooms, and a possible future police office. At this time, there is no plan for an enclosed public facility. The concept includes an overhang pavilion and covered walkway that will protect passengers and connect both sides of the site. The space will be planned for an enclosed passenger facility, but there's no room for it in the budget at this time. There will be a number of shelters and it will be an attractive site. We are looking at some passive solar on the rooftops to generate electricity that will be used to power the lights. The ad hoc committee will meet March 17 and plans to be finished and can return with a complete site layout. Councilmember McCall asked if the solar system will include heating as well. Mr. Binford replied that the solar power will run some of the lights. We hope to make passengers comfortable, but not encourage people to stay all day. This is designed as a transfer location so it isn't likely that people will be there at times other to get on and off the bus. Council member Ruegamer inquired how bus #11 arrives and leaves the site. Mr. Binford replied that the bus will enter from 3rd Avenue North and exit to 2nd Avenue North. It was Council consensus that Alternative #1 is the preferred option and the committee should proceed with the next steps in this process.

TOPIC #7	*Planning Department Mill Levy Increase*
PRESENTER	**Wyeth Friday, Candi Beaudry**
NOTES/OUTCOME	

Planning Division Manager Wyeth Friday reported that the Friday packet included a memo on this topic. There was a joint City/County meeting January 8 attended by Mr. Friday and Planning Director Candi Beaudry. A draft resolution is being presented tonight that is basically a support resolution to the County Commissioner's action to put the levy item on the June, 2008, ballot. The memo includes an explanation of how the funds would be spent and also explains why the issue has come forward in the first place. The anticipated schedule is for the Council to review this at its February 11 meeting. The County Commission is scheduled to vote on a resolution of intent next week to place this item on the ballot. A public hearing would be held in front of County Commissioners on February 26th. The resolution also includes a public hearing at next week's regular Council meeting. Councilmember Veis asked about an item on page 2 of the memo related to projects that have been stopped and delayed and how many of the items can be completed using the federal planning dollars. Mr. Friday responded that the Highway 3/Airport study would be one that could be addressed. With funds, we could fill the two vacant positions and could use the federal dollars for those positions to address federally-funded projects. Mr. Friday continued that with the federal transportation funds, we could also look at a land use and transportation study to the north as well as a north bypass, the infill incentive program, the master development plan, and possibly others that would be transportation-specific. Ms. Beaudry reported that we don't have the staff to meet statutory requirement for the updated Growth Policy. Additional staff will help us complete that and only 45% of that cost may be paid by federal dollars. At current staffing levels, it could probably take two years instead of one year to complete. She added that all staff activities receive some level of federal support, so any money we can use to match brings in more federal dollars. Mr. Friday referenced Table 2 in the handout that explains how staff positions are funded. Mr. Veis asked if the federal agency is concerned about what projects the planners work on. Ms. Beaudry explained that the department is cognizant of that as projects are assigned; Transportation Planner Scott Walker is worth his weight in gold in maximizing federal dollars. An annual plan and quarterly report are completed to maintain the grant. Ms. Beaudry indicated these are good questions and if there is any confusion, clarification is needed for voters. Mr. Veis suggested that there may be a need to stress the transportation planning in the material. Ms. Stevens inquired if the available funds create the projects or if the projects exist and then we find the money. Ms. Beaudry stated that the work plan is done to fit the planning needs. Ms. Stevens also asked if the election is premature without the cost of service study. Ms. Beaudry replied that it isn't premature. We try to adjust fees but last year the Board of County Commissioners turned them down. The property tax is a reliable source and that's what we've needed for many years. We're upside down right now and will use all reserves this year. Without the levy, we will probably reduce employment, and services will decline. Transportation-related planning receives 100% reimbursement. Administering the contract cost is covered by 70% of federal dollars. She added that we are entitled to $1.1 million, but leveraging only $450,000 this year because we have low local support. In essence, if we can fill the two vacant positions with the levy funds, we could apply for a greater amount of federal funds, which would also allow the department to carry some reserves. Councilmember Clark asked how the average voter can be convinced to support the levy. Ms. Beaudry replied that it is a multi-fold answer. It can be explained that we provide growth that leads to an efficient use of limited resources. Planning is less expensive than not planning.

Councilmember Ronquillo asked if the Planning Department's rent will increase when the Public Works administration moves out. Ms. Beaudry responded that it won't go up and there won't be any cost associated with the vacant space, however, all of their costs have increased. Personnel costs are the biggest part of the budget. The last levy increase was in 1985 and everything is scaled to that mill levy. Without additional support, the department won't have the ability to plan, but only react to development applications. Councilmember Astle inquired as to how much of the levy money comes from city and how much comes from the county? Ms. Beaudry stated that there are 130,000 people in Yellowstone County, 100,000 of them in the City of Billings. The levy wouldn't cover the city of Laurel and the planning jurisdiction around it, which according to last figures, totals about 10,000.

Mr. Veis asked how the mill levy funds would be allocated to the department with a city vs. county concept. Ms. Beaudry said GIS gets 15% right off the top. In 2000, it was about 60% in city and 40% in county. What is planned in the county will eventually be in the city, so county planning benefits the City of Billings. Deputy Mayor Ulledalen commented that if a cost of services study and growth policy conclusion is to not annex any further, how does that shift the planning burden? Ms. Beaudry replied that it was difficult to address that. There would be a number of cascading negative effects to prohibiting growth on the fringe. Deputy Mayor Ulledalen continued that we keep falling behind; how can we keep doing what we've been doing? Mr. Friday stated that an annexation boundary is harder to extend now than it was a few years ago. We are better at looking at what we can serve and how expanding the boundary impacts all other residents. Ms. Volek commented that the city is heading into reappraisal and growth keeps us afloat. Commercial and industrial growth is starting to pick up and that kind of development pays for itself. Councilmember Ruegamer stated that the public safety levy and Cobb Field had lots of advertising. There will be a challenge to selling planning to the voters. People may not see a real product. He asked if there is there a plan B and what is planned to market the levy. Ms. Beaudry said that initially they asked the Board of County Commissioners to go forward in June and they put us off until December. Now they have told us to get local support and that's what we're doing. It is nearing the deadline to get this item on the ballot. Numerous offers have come from support groups to assist with campaigning. The campaign will focus on efficient use of resources, quality of life, orderly growth, etc. Plan B is to use all reserves, eliminate up to 2 more staff members, and the level of service that can be provided will also decline. There is no desire to lay off people. Councilmember McCall suggested finding a marketing person to help spin this so people can understand the value of planning. Councilmember Ruegamer asked which groups can help? Ms. Beaudry replied there are attorneys, builders, developers, and engineers that have offered assistance. Remember, this was attempted in 2000 and there was a group then and many are still around and will help again. The League of Women's Voters have offered assistance. Councilmember Stevens stated that at a recent social function she attended, it was evident how different one ward is from the others. Some wards have more money and a broader perspective. She continued that she receives a lot of negative comments from county residents who have their own perception of what planning is accomplishing. Ms. Beaudry said that is true and property owners have to be convinced that the process is designed to protect property rights. Deputy Mayor Ulledalen commented that we're trapped. For example, a rancher doesn't want anything to do with planning until he's ready to sell land for development. Ms. Beaudry added that she has worked in a rural county and residents seemed most concerned about roads and weeds. People need to be educated about how planning is related to those issues. Councilmember Gaghen commented that unless people are personally affected, it is hard for them to see the value of planning. Councilmember Clark asked what is needed at this time. Ms. Volek responded that the issue will be on the next regular meeting agenda for a vote. Mr. Astle asked if the Board of County Commissioners supports the levy. Ms. Beaudry said that Commissioner Bill Kennedy supports the levy, but the other two are reluctant. They are heavily influenced by property rights advocates. They have indicated that they will allow us to go forward with putting the issue on the ballot, but they may not support the levy itself. Mr. Veis suggested the need to stress what reductions of service will occur if the additional levy is not secured.

TOPIC #8	***Budget Priorities***
PRESENTER	**Bruce McCandless**
NOTES/OUTCOME	

Assistant City Administrator Bruce McCandless introduced the FY 2009 budget process. After tonight's brief review, staff would like direction as to Council's preference for budget priorities. The budget process has already started and departments are starting to prepare their budgets. The work sessions in May and June, along with additional meetings, will consist of Council budget review so the budget can be adopted by July 1. Councilmember Ruegamer stated that as the budgets are presented for review, he would like to see an overall picture of revenue generated by each department and a general idea of how the revenue is used. Mr. McCandless asked about outreach to service clubs in regard to the budget. If that is to happen, Staff would need to know that soon so it can be started. He said that in FY 10, the public outreach process will be more extensive than it currently is. The three budget priorities will be strategic plan implementation, operations and revenues. Mr. McCandless reviewed each of the priorities as follows:

Strategic Plan:

- Cost of services study
- Local option/resort tax
- Town hall meetings in each ward
- Citizen survey
- Infill policy and mapping
- Acquisition of open space (including trails).

Operations

- Implementation of the International Code Commission study recommendations
- MET downtown transfer center
- Billings Urban Fire Service Area expansion
- Review of Parks, Recreation and Public Lands department operation review
- Downtown office space availability
- Impacts to the airport as a result of the highway project.

Revenues

- CDBG decline 3-4%

- MET rates and routes
- Water and wastewater rates
- Planning – levy election
- General Fund – TID sunset
- Public Safety – up to $1.4 million levy

Mr. McCandless said there are good things and bad things related to budgeting – referred to in his presentation as Warning Signs. Five funds are identified as being tax supported from 25% to more than 50%. The Library receives over 50% funding from property taxes. Those funds are: General Fund, Public Safety Fund, Planning Fund, Library Fund, Transit Fund, and Others. For FY 08, all the funds had greater expense than revenue, which means they are using reserves just for operating costs. In the General Fund, we'll get about $600,000 from the tax increment district sunset, but as pointed out earlier by Ms. Volek, our reserves are declining and may be going lower. The recommended reserve is $6.5 million and we're down to about $5.4 million. In the Public Safety Fund, we receive the additional levy funds, but there are no reserves in that fund and we're entering fire negotiations this spring. The levy election may occur this fall and would assist the Planning Fund and Council heard earlier what can happen in that department if the levy fails. The Library Fund has no prospects on the horizon for increased operational or capital funding. They are spending approximately $100,000 each year of the reserve dollars that were set aside for a building project. Councilmember Ulledalen asked why the Library is burning their reserve and it isn't being addressed. Mr. McCandless explained that the Library has two flexible expenses – one is people and the other is operations, which is mainly collections. So, you either cut people and reduce hours of operation, or you cut collection which means you don't have any new material. Deputy Mayor Ulledalen said that Library traffic has increased because of the electronic offerings they now have. He continued that from an operational standpoint, he has a struggle with using reserves for operating costs. Ms. Volek reminded Council that the Library had to spend some money on capital issues which has also eaten into their reserves. They had to meet fire marshal requirements and also had roof issues. The Library Fund has a total budget of $2.9 million. The Transit Fund may not change significantly even though they are considering some rate changes. Street maintenance has been without a rate increase for a few years and is absorbing increases in operating costs. Water and wastewater departments are struggling to keep operating and revenue in line as well. Ms. Volek added that this is the year the state completes reappraisal which will likely result in our mills bringing in less money to all them to offset any boon to the local governments. The state will roll back the total amount the City can collect even though we have more assessed valuation.

Mr. McCandless asked if there are other budget items that should be pursued. Councilmember Ruegamer asked about the zero increase in O&M policy and said he'd like each department to articulate that for Council so they can better understand their budgets.

Deputy Mayor Ulledalen suggested we invite the Chamber of Commerce to participate in the budget process and find community locations that make sense for public presentations and questions and answers. However, the general public doesn't attend those meetings when the opportunity is available. Councilmember McCall disagreed and said she thought there were people who would like more access to the Council and that is worth further discussion. Councilmember Veis suggested scheduling budget meetings at fire stations or other neighborhood locations. Councilmember Ronquillo said the south side senior center could also be utilized. Ms. Volek said it may be possible to take advantage of existing meetings, such as service clubs, instead of creating new ones for budget. Councilmember McCall indicated that it may be broader than budget focus. Her intention was more of a town meeting, not just a budget review. Councilmember Pitman asked if the budget could be posted on the website. Mr. McCandless said that a City Administrator's overview might be the best option rather than the entire budget.

Additional Information:

Councilmember McCall asked if evidence-based outcomes or quality assurance are addressed or discussed in the strategic plan. Ms. Volek responded that performance measures are being addressed in a couple of Mr. McCandless's departments. It was a large component of the ICC study which promotes best practices and performance measures.

Ms. Volek asked for an indication of Council interest to go to Washington DC for lobbying. Councilmembers Ruegamer, McCall, Stevens, and Pitman indicated an interest in the trip. Appointments have been made with the congressional offices on Wednesday afternoon and Thursday of the week of the trip. Mr. Ulledalen said that the visit was well-received by the congressional office last year, so it worthwhile to take the trip.