

REGULAR MEETING OF THE BILLINGS CITY COUNCIL

November 18, 2013

The Billings City Council met in regular session in the Council Chambers located on the second floor of the Police Facility, 220 North 27th Street, Billings, Montana. Mayor Thomas W. Hanel called the meeting to order at 6:30 p.m. and served as the meeting's presiding officer. Mayor Hanel gave the invocation.

ROLL CALL: Councilmembers present on roll call were: Cromley, Ronquillo, Pitman, Cimmino, McFadden, Bird, McCall, Ulledalen, Astle, and Crouch.

MINUTES: November 12, 2013 – Councilmember Astle moved for approval, as written, seconded by Councilmember McCall. On a voice vote, the motion was unanimously approved.

COURTESIES:

- Mayor Hanel recognized the three future Councilmembers who were in attendance at the meeting; Mike Yakawich, Al Swanson, and Shaun Brown.

PROCLAMATIONS: None

ADMINISTRATOR REPORTS - TINA VOLEK

Ms. Volek commented on the following items:

- Consent Agenda Item D - Resolution approving the extension of the City Administrator's signature authority to execute maximum contracts associated with the implementation of the Neighborhood Stabilization and Foreclosure Acquisition/Rehabilitation Program. The agenda reflected a November 12, 2013, effective date. The effective date should have read November 18, 2013. The item was drafted for the November 12th meeting, but was finalized for November 18th, and the date was not changed in the agenda description.
- Item 5 – Cost of Living Adjustment for Non-Represented Employees (7/1/2013 – 6/30/2015). Staff report reflected the cost of the 2.9% COLA in FY15 as \$484,990. The amount was inadvertently calculated using 2.6% instead of 2.9%. The correct FY15 amount calculated at 2.9% was \$486,408.
- Library Tour – Council was invited to tour the new Library building at 5:15 p.m. on Monday, December 9th before the Council meeting. Council agreed and asked for arrangements to be made.

Ms. Volek noted there were no ex parte items for the notebook.

PUBLIC COMMENT on “NON-PUBLIC HEARING” Agenda Items: #1, #4 and #5 ONLY. Speaker sign-in required. (Comments offered here are limited to one (1) minute. Please sign in at the cart located at the back of the council chambers or at the podium. Comment on items listed as public hearing items will be heard ONLY during the designated public hearing time for each respective item. For Items not on this agenda, public comment will be taken at the end of the agenda.)

The public comment period was opened.

- **Tom Zurbuchen, 1747 Wicks Lane, Billings, MT**, referenced Items 4 and 5 of the Regular Agenda and stated the figures on pages 26 and 27 in the Police Union Contract were not the actual costs and were not correct. He stated that Councilmember Bird asked at the July 22nd Council meeting, when the Police Union Contract was accepted by the Council, whether the amount of the contract was absolute or were there other missing costs that would have to be paid. FY15 amounts for all of the contracts are not correct. He presented three different methods for calculating the costs. He stated that by taking the FY14 COLA figure, multiplying it by 2.9% and then adding it to it; that is exactly what the FY15 COLA number is. He stated that is not how it works in the real world. He said in the real world, there are employees working under contract who receive more raises and perks through the contract throughout the year, such as longevity pay and continued education. Staff admitted these perks, plus benefits, cost the City 1.5% of total employee costs each year, a significant figure. At one-half of 1% of total employee wages it would equal \$269,000, subjected to COLA for FY15. That is a larger number than FY14 COLA number for police or fire. Those were significant enough to have been calculated. The numbers for the Teamster Contract and those for non-represented employees do not include these calculations. Employee-related costs for employers are more than just wages. FICA, retirement, unemployment insurance and worker's compensation costs must be added into the total costs. He stated the City does not pay Social Security on some of its employees' wages. Social Security is 6.2% employer contribution. Through negotiations the City pays up to 11% of wages toward an employee's retirement. This is a substantial number and he guessed the total amount would be upwards of an additional 10%. When the COLA number is presented, the employee costs must be added to the equation. That's the true COLA amount for the year. He added that the July through December payroll is paid from reserves because the City has no revenue during that time. He continued that one-half of the City's increased payrolls were paid with dedicated reserves. Reserves must be increased to cover the increased payrolls. Expenses must be cut or taxes must be raised or both. That is why the numbers for these contracts are incomplete.

There were no other speakers, and the public comment period was closed.

1. CONSENT AGENDA

A. Change Order #1, W.O. 13-08: 58th Street West and Grand Storm Drain Improvements, Springline Construction, Inc., \$51,357.

B. Memorandum of Understanding (MOU) between City of Billings and State of Montana (MDT) for planning and construction of Zimmerman Trail from Rimrock Road to Highway 3; and **Authorizing** the Mayor to execute the MOU with MDT.

C. Acceptance of Donations to the Billings Police Department for Police Canine: Kenco Enterprises - \$1,000; Downtown Exchange Club of Billings - \$1,500; George and Olivia Sheckleton - \$500.

D. Resolution #13-19325 approving the extension of the City Administrator's signature authority, effective November 18, 2013, to execute maximum contracts associated with the implementation of the Neighborhood Stabilization Program and the Foreclosure Acquisition / Rehabilitation Program.

E. Preliminary Subsequent Minor Plat of Shadow Lawn Estates Subdivision, described as 5 lots on approximately 5.63 acres of land on the south side of Poly Drive, west of Virginia Lane; Aaron Sparboe, owner; Sanderson Stewart, agent; conditional approval of the plat and adoption of the findings of fact.

F. Final Plat of Josephine Crossing Subdivision, 4th Filing.

G. Bills and Payroll:

1. October 28, 2013

Councilmember Cimmino separated Consent Agenda Items A, B, E, F and G. Councilmember Pitman separated Consent Agenda Item A. Councilmember McCall separated Consent Agenda Item E. Councilmember Cromley separated Consent Agenda Item G. Councilmember Pitman moved for approval of the Consent Agenda with the exceptions of Items A, B, E, F and G, seconded by Councilmember Astle. On a voice vote, the motion was unanimously approved.

Councilmember Cimmino referenced Consent Agenda Items A, B, E, F and G, stating that due to her employment she had been instructed to abstain from any Public Works projects involving architectural, engineering, transportation and planning projects that are currently underway with the Public Works Department. Councilmember Pitman moved for approval of Items B, F and G, seconded by Councilmember Ronquillo. At that point, Councilmember Cromley referenced Consent Agenda Item G, stating he needed to abstain because of payment to his firm for Invoice No. 770351. On a voice vote, the motion was approved for Items B and F, 10 to 0. The motion was approved for Item G, 9 to 0, with Councilmembers Cimmino and Cromley abstaining.

Councilmember Pitman referenced Consent Agenda Item A and asked for an explanation for the change order. He said the original contract was \$91,981 and the

change order was for an additional \$51,357. Should the project be rebid? Dave Mumford, Public Works Director, replied that a pipe problem was discovered and it could not be anticipated. Rebidding the project would only delay the project further. Councilmember Bird asked if this could have or should have been anticipated. Mr. Mumford responded he was not certain if it could have been known prior to construction. Councilmember Bird asked if the change order was to replace existing pipe. He stated it was to replace existing pipe and extend it on to the Birely drain. Councilmember Bird followed up by asking how much of the change order expense was for the extension. Mr. Mumford stated he was not able to answer that question as he did not know how it was broken down per foot. City Administrator, Tina Volek, identified from the staff memo that this was an opportunity discovered, that does not necessarily need to be taken, but allows a future drainage opportunity. It is more cost-effective to do it in this manner, than to re-enter and re-stage a project in the future. Mr. Mumford agreed with that summary. Councilmember Ulledalen added there are several drainage problems throughout the City, but especially in the area of 56th and Grand Avenue. The neighbors in that area keep waiting for the development phase to reach that area so it can be completed. This is an opportunity to solve a problem while all of the equipment is there to fix another problem. It appears the water is draining the wrong way, but it is draining correctly, there just is not anything for it to drain into. Councilmember Pitman moved for approval of Item A, seconded by Councilmember Astle. Councilmember Bird stated that due to Ms. Volek's explanation and Councilmember Ulledalen's follow up, it would have been helpful to have that information ahead of time, rather than after the fact. She urged staff to carefully review their submittals for projects to avoid continual change orders in the future. On a voice vote, the motion was approved 10 to 0.

Councilmember McCall referenced Consent Agenda Item E and stated she and Councilmember Ulledalen received phone calls from Charlie Hamwey, the broker for the development, and in reviewing the material it appeared the amount of property needed for the sidewalk on the Virginia Lane side (the east side of the development) is not included. It does not appear to be in the staff memo or the findings of fact. Prior to the commencement of the Council meeting, Councilmember McCall had a conversation with Candi Millar, Planning Director, and Dave Mumford, Public Works Director, inquiring about an SIA and one was not located. Ms. Volek responded staff was not able to locate an SIA in this matter and recommended Consent Agenda Item E be postponed until the next regular business meeting, December 9, 2013, to allow time for this matter to be resolved. Councilmember McCall stated she spoke with Mr. Hamwey about a continuation of this matter and he was agreeable. Councilmember McCall moved for Item E to be postponed and moved to the Agenda for December 9th regular business meeting, seconded by Councilmember Cromley. Mayor Hanel asked Ms. Millar, Planning Director, if the timeframe would work. Ms. Millar responded this is a minor subdivision and it needed to be reviewed and acted upon within 35 working days. That time period ends December 4, 2013, but if a written request to extend the time frame is received from the applicant, then the matter can be heard on December 9, 2013. On a voice vote, the motion was approved 10 to 0.

REGULAR AGENDA:

2. PUBLIC HEARING and approval of a substantial amendment to the FY2012-2013 & FY2013-2014 Consolidated Plan - Annual Action Plans for CDBG and HOME funding, reallocating CDBG funding from the Manufactured Home Repair Loan Program to the First Time Homebuyer Program. Staff recommends

approval. (Action: approval or disapproval of staff recommendation.) Brenda Beckett, Community Development Manager, gave a presentation outlining the need for the reallocation of CDBG funding from the Manufactured Home Repair Loan Program to the First Time Homebuyer Program. There is a substantial amount of money left in the Manufactured Home Repair Loan Program and Community Development is not experiencing a demand for the monies as expected. HUD's point-in-time measurement will be May 1, 2014. This determines how much money is left in the integrated disbursement information system. Over \$200,000 remains in that fund from the 2 years combined, she estimated \$40,000 of those monies is needed to fund the existing applicant pool. Believe the demand is not as great this year because the program was redesigned from a grant program to a loan program; and there are some complexities involved with the loan program. Eligibility criteria for the loan program are: the age of the manufactured home (cannot be pre-1976); the homeowner cannot have any late house payments in the past 12 months; property taxes and assessments must be current and the property free of any encumbrances and delinquent liens; the taxable value of the property must be less than \$85,000; and the repairs required must be financially feasible. No credit checks are performed on applicants. The City is a risky lender. The Community Development Board is conservative and wants to recapture as much of the money invested in the properties as possible. Can be done with loan programs. To meet the timeliness deadline, Ms. Beckett stated she wished to transfer excess monies in the Manufactured Home Repair Loan Program to the First Time Homebuyer Program. The Community Development Board is continually looking at ways to amend and adjust the programs to best meet the needs of the community. The Board is considering changing the loan eligibility criteria from using the taxable market value of the home to the assessed value so more homes will be eligible for larger loans. The Housing Rehabilitation Programs has been around for more than 20 years and it has been adjusted nearly every year. The City of Billings is one of the only participating jurisdictions in the nation that will loan money to fix a manufactured home. A substantial number of affordable housing units are manufactured homes and the area task forces support this program, so want the program to continue, but have to make adjustments to it to make it work well. Have tried to market the program, but have not done well selling the loans. Many times programs aim to keep people out of being eligible. The Community Development Division and its Board are working hard to meet the needs of its citizens to make sure they are eligible. Want this to be a service that is applicable to the people.

Councilmember Ulledalen asked if there were aspects of the program that did not make sense for it to continue as a loan program. Should it be a grant program? Are we trying to force money into a channel that is not going to assimilate it? Should we assess the criteria in terms of age of the home, income of the household, or condition of the home, where under that threshold it becomes a grant and not a loan? Ms. Beckett

responded that can be considered. The Board is really moving toward loan products, because if continue "granting" the funding and the funding continues to decrease, there will never be program income to reinvest. For the homeowners that are getting loans, they are taking more interest in their work lists; and they are choosier about what work is being done.

Councilmember Cimmino said that with Council approval, there will be \$175,000 transferred to the First Time Homebuyer's Program; will that be sufficient to fund 8 additional households? Ms. Beckett said the average loan under that program was \$12,000-\$12,500, so may be enough for 14 or 15 households. Councilmember Cimmino then asked if this was in addition to the \$250,000 the Council allocated from the Contingency Fund. Ms. Beckett replied that it was. That is nearly one-half million dollars that has been placed in the First Time Homebuyers Program. Councilmember Cimmino continued that the First Time Homebuyers Program is a very successful program in the community. She said the City's website is very informative and she has personal knowledge of people who have benefitted from the loan program. She thanked the Community Development staff for their efforts.

Ms. Beckett explained the differences between CDBG funding requirements and HOME funding requirements. She stated prospective homeowners need to have 50% of their down payment assistance, or \$2,500, according to CDBG requirements. On the HOME side of the funding, they only need to have \$1,000 for their down payment assistance. The larger down payment requirement can slow loan processing. Ms. Beckett was not certain why HUD had different requirements for the two funding sources.

Councilmember Bird commented that she, too, liked the idea of grants versus loans, but believed there is tremendous value in having property owner buy-in in a loan program. It is not an entitlement, but an opportunity to access some capital to make necessary improvements to their homes. She questioned whether there was a waiting list for the First Time Homebuyers funds; and will that money be fully allocated by the end of the fiscal year? Ms. Beckett stated she anticipated the additional funds will be fully expended by the end of the fiscal year and there is not a waiting list. Those applications are rolled out within a couple of days. Councilmember Bird asked what the interest rate was for new home purchases. Ms. Beckett stated it was around 4% in October. She pointed out that when interest rates dropped, there was a lot of refinancing of First Time Homebuyer loans and the program income was paid back for reallocation. She does not see an issue with distributing the funds by the end of the fiscal year. Councilmember Bird then asked if First Time Homebuyers are obligated to carry mortgage insurance for the length of the loan or until the homeowner has 20% equity in their property. Ms. Beckett was not able to answer that question, but stated the loans the City gives are very simple and interest-free; if the loan is for \$10,000, then pay back is \$10,000, even if paid back 20 years later. Time will tell whether the Manufactured Home Rehabilitation Loan Program is a viable program. The next 5 years will indicate whether this is a successful program or not.

Councilmember Ulledalen stated there is a point when an older manufactured home just is not worth anything. If there is an elderly and/or low-income family living in an older manufactured home, at what point is it not worth loaning money on it to rehabilitate and sustain it? Does it make sense to give them the money to repair it or do

those folks get displaced into something else? Perhaps that is something to add into the program is that when a home reaches a certain age, the loan program becomes a grant program just to keep the unit from being junked out. Ms. Beckett responded that if money were no object, she would be more supportive about a grant program. The Community Development Board struggles with this concept and they have had many heated discussions because of it.

The public hearing was opened. There were no speakers, and the public hearing was closed.

Councilmember Pitman moved for approval of Item 2, seconded by Councilmember Cimmino. On a voice vote, the motion was unanimously approved.

3. PUBLIC HEARING AND RESOLUTION #13-13-19326 vacating the north 5 feet of right-of-way of Rimrock Road adjacent to Whisper Ridge Subdivision; LAIS Development, Inc. and Buscher Development, petitioners. Staff recommends approval. (Action: approval or disapproval of staff recommendation.) City Administrator Volek advised there was no presentation, but staff was available to answer questions.

Councilmember Ulledalen asked why the vacation was necessary. Dave Mumford, Public Works Director, responded the original subdivision plat had this right-of-way in it. However, in reviewing the rights-of-way to build the existing sections of Rimrock Road, the 110' that is remaining is within what is necessary to continue the same street section; so the petitioner asked for that right-of-way back for their development. The City does not have a use for it at this time. Councilmember Ulledalen clarified the location of the right-of-way and Mr. Mumford stated it would be something the City would be responsible to maintain for no real use.

The public hearing was opened. There were no speakers, and the public hearing was closed.

Councilmember Ulledalen moved for approval of Item 3, seconded by Councilmember McCall. On a voice vote, the motion was unanimously approved.

4. TEAMSTERS LOCAL 190 7/1/2013 - 6/30/2015 UNION CONTRACT. Staff recommends approval. (Action: approval or disapproval of staff recommendation.) City Administrator Volek stated all of the numbers in this contract are correct and include all extra pays for employees, including overtime, etc. The proposed contract includes:

- A 2.9% COLA for each of the 2 years of the contract;
- The addition of \$50 per employee into a deferred compensation plan, bringing the contribution per employee to \$1,000.22, annually;
- A requirement that an employee who loses his or her commercial driver's license report it immediately to his or her supervisor. There had been occasions when it was belatedly learned that an employee was not carrying a valid CDL;
- Elimination of an administrative review process for non-grievable contract disputes in which the results had been binding. This was a great concern to the City. Creation of an optional step 4 grievance process would allow non-binding mediation on grievable contract items prior to arbitration;

- The addition of a paid personal leave day would bring the total to 2 personal days for Teamsters. Non-represented employees have 3 days and police have 1;
- A \$15 increase in the \$115-\$130 annual contribution for safety shoes for Teamster employees who are required to wear them;
- The elimination of a memorandum of understanding that paid 2 fleet services employees a 4% premium for working on fire department equipment; and
- For airport employees, the initiation of at least an 8-hour rest period between shifts; and
- A reduction of the number of days in which airport operations employees are required to be on standby for snow removal -- they received an additional salary of \$.05 per hour.

Councilmember Ulledalen said he was contacted by an individual asking about the origin of the extra personal day off. Is that going to become an issue for bargaining in the next set of negotiations with the other unions who want to copycat this? Ms. Volek responded it was a possibility. This was a critical item to employees who are not affected by many of the other benefits like boot allowance and other things. That was the reason – our dispatch unit was very concerned about the additional day. They have a very stressful occupation and for them it is a reasonable request. They have watched closely what has been given to the non-represented employees and there are discussions back and forth. The benefits in the other units are sufficient that it is not necessary they receive an additional paid leave day.

Councilmember Cimmino asked if this was in addition to vacation time and holiday time. Ms. Volek stated it is one additional day per year. Councilmember Cimmino stated that when you count holidays, employees are off getting 10 paid holidays and 1 paid personal leave day. Ms. Volek stated this was correct and they were getting an additional 1 paid personal leave day for a total of 12 days in addition to their vacation days.

Councilmember Astle asked if someone would cover for the employee that chooses to take a personal leave day and were there costs associated with that. Ms. Volek referred to Karla Stanton, Human Resources Director. Ms. Stanton stated that a lot of these positions do not require additional staff to fill them. It's just a day they are not at work. When their wages are calculated over 2,080 hours, it would be the same.

Councilmember Ulledalen asked if someone else needed to be brought in at time and a half to cover that person who is taking a personal leave day. Ms. Stanton said perhaps for the 9-1-1 Center, but most other divisions do not need coverage. Ms. Volek stated the 9-1-1 Center is chronically understaffed because of the pressure of the job, so overtime is being paid in that position in any event.

Councilmember Bird asked about the \$130 boot allowance. Was it a cash grant to purchase boots every year? Do they have to use it and if they do not, what happens? Ms. Volek stated the employee does buy boots every year and the employee is required to show evidence that the boots have been purchased and are suitable for employment. Councilmember Bird asked if these were steel-toed, industrial boots and does this allowance cover the full cost of those boots? Ms. Volek responded they are steel-toed

type of boots and this does not cover the entire cost of the boots, but gives them a good base from which to purchase.

Councilmember Ronquillo added that steel-toed boots cost about \$150-\$160. The boot allowance helps employees with meeting a safety standard. Ms. Volek added that OSHA requirements are met this way as well. Councilmember Ronquillo stated that concerning personal days off, only a certain number of employees are allowed off at a time to maintain staffing. Ms. Stanton added that personal days are handled the same as vacation days and the employee must have prior approval from their supervisor before taking a personal day.

Councilmember Ulledalen asked how the City arrived at a fourth level of grievance process. How many chances does an employee require to resolve an issue? Ms. Volek stated there are 3 levels for filing a grievance, currently. The first level is at the supervisory level at their department. The second level is usually to Ms. Stanton, Human Resources Director. The third level is to the City Administrator. Most cases are settled before the third level. Ms. Stanton added that the fourth level was mediation through an independent third party and was free. This offers the City an opportunity to resolve the grievance at that step before it reaches costly arbitration. It is a benefit to the City. Ms. Volek stated that should mediation be unsuccessful, the Union would step in and it would be brought to the arbitration process. Costs are shared with the Union for an arbitrator, so the Union makes a financial commitment to it, as well.

Councilmember Ronquillo moved for approval of Item 4, seconded by Councilmember Astle. On a voice vote, the motion was unanimously approved.

5. COST OF LIVING ADJUSTMENT FOR NON-REPRESENTED EMPLOYEES
(7/1/2013 - 6/30/2015). Staff recommends approval. (Action: approval or disapproval of staff recommendation.) City Administrator Volek stated there are 221 non-represented employees who provide supervision or handle highly-sensitive work for City departments. This includes supervisors up to department heads. The 2.9% COLA that is recommended would maintain parity between the non-represented employees and their fellow employees; many of whom are first line supervisors, narrowly defined of being a bit higher than their line staff, so this maintains that distance. The staff report reflects the cost of the COLA for FY15 as \$484, 990, it should be \$486,408.

Councilmember Ulledalen thanked Ms. Volek for providing the burn rate to Council. He has had several conversations with Tom Zurbuchen and suggested Mr. Zurbuchen bring his questions to the meeting. The issue is getting a handle on the burn rate number and seeing what the number grows to the following year and the year after that. The City will quickly run out of flexibility as the reserves are consumed in the next two budgets and will run out of options. At some point, without a significant tax increase, there has to be a game plan for laying people off. This cannot wait until 2016 or 2017 and then pink slip a whole bunch of people. Council knows what is coming and must face it -- the question is "when". Ms. Volek stated this is the first year of many, perhaps in the past 5 years, where money has been borrowed from reserves to run the City. In fact, in prior years and last year at the close of the FY12 budget nearly \$1.9 million was placed back into reserves. Have created a buffer because we have known the burn rate would become an issue in the near future. There is an \$843,500+ number for salaries for the coming year. \$510,000 of that is in Public Safety and that is why staff has

recommended to Council that a Public Safety levy be considered for next year. There was a discussion about predicted lay-offs should a levy not be sought or was not successfully passed. Those numbers are to be provided for the December 2nd meeting for discussion. Ms. Volek added that continued work on Priority-Based Budgeting and hopefully through the new strategic plan, the City will have better alignment to make cuts, if necessary. It is not a pleasant thought, but trying to work ahead and create a situation where the City can move forward, sustainably.

Councilmember Cimmino added that there are formalized, written contracts with each of the 3 unions; but no written policy providing the same benefits to the non-represented employees. Ms. Volek agreed. Councilmember Cimmino continued that this was an assumption that those employees would get the same benefit. Ms. Volek said it is. She recalled that just prior to her arrival as City Administrator or shortly thereafter, the non-represented employees received a lesser payment than those in the Teamsters Union. Two years ago the City heard from them about it. Denial of benefits creates the potential for non-represented employees to consider unionization. The peers in the County Courthouse are unionized. Creating a consistently lower adjustment for those employees could create that situation. That's not to be threatening, it's just a fact. Councilmember Cimmino stated she totally respected that in the sense that the City is an equal opportunity employer and she would not want to treat employees unfairly. However, the non-represented employees do not pay union dues and some of them were involved in union negotiations. Ms. Volek stated none of them were on the bargaining committees on the union side. The department heads represented the City. Councilmember Cimmino stated the theory is that they are receiving the same benefits that they just negotiated with the unions. Ms. Volek responded they do that with the knowledge of the impact on their departmental budgets and those department heads that participate watch that very closely. It is not done in a self-serving capacity; they really are concerned about what can be negotiated and what can be afforded within their budgets.

Councilmember Bird commented in support of the cost-of-living-adjustment for non-represented employees. As a state employee, who is not a part of MPEA and is in a supervisory position, the reality is that it is a morale issue when there is a preponderance of your employees who are unionized receiving a 2.9% increase and there are 200+ other dedicated, loyal employees that are out in the cold because they are not organized. It is an issue of equity. The difference being that those who are not represented may not get some of the perks that the union members do, but at least from a salary perspective, it is fair and equitable. Do not know how it can be done any differently and keep employees loyal and dedicated to doing the work for the City. Ms. Volek added that many of these employees come to the City with a great deal of experience or they are moved up through the ranks and bring that experience and background with them. They are key department heads and line supervisors managing employees in the field.

Councilmember McCall moved for approval of Item 5, seconded by Councilmember Pitman.

Councilmember Astle offered a substitute motion that all non-represented employees making less than \$50,000 per year receive a 3.5% increase and those who make \$50,000 per year receive 2.9% increase, seconded by Councilmember Ulledalen.

Councilmember Ronquillo asked from where the money was going to come? There were just discussions about pink slips in 2 years.

Councilmember Astle stated it is about \$12,000 per year, that's about one-half a percent for 55 people. Some of them are at \$12.75 per hour and some may be at \$49,800. He asked for an increase in the percentage from 2.9% to 3.5% for the employees who earn less than \$50,000 per year.

Councilmember McCall was not opposed to the increase, but wanted to hear from Ms. Volek about the future ripple effect. Ms. Volek stated she appreciated the generosity of the offer, but there were 2 concerns. One being compression with those who are above the \$50,000 level and the second is the reaction on the contract that was just approved.

Councilmember Bird commented she has witnessed that those who are on the lower income threshold do not experience the same kind of salary relief that those on the higher end of the salary scale do. The State has several times given increases to those making less than \$40,000 per year at the expense of those employees on the higher end, because as the higher salaries continue to inflate, the lower salaries stay low. They are all impacted by the costs of insurance and taxes, etc. There have been many employees who received the raise and actually brought home less money after the raise. So Council may want to think about in the long term whether there is a benefit provided to those on the lower end of the pay scale.

Councilmember Pitman asked for an accurate figure. Ms. Volek responded that a 3.5% increase on a salary of \$49,999 would be \$1,749.97 and a 2.9% increase on a salary of \$50,000 is \$1,450. There would be a \$300 difference.

Councilmember Astle asked for an amount based on the average hourly wage for a non-represented administrative support employee using \$20.42 per hour. Ms. Volek responded that at a 3.5% increase, it is \$1,456 per year or \$6 greater increase than the amount an employee at the \$50,000 per year salary range would receive at 2.9% increase.

Councilmember Cimmino pointed out that each of the union negotiations required approximately 100 hours of negotiating time.

Councilmember Ulledalen stated the extra money would come from the same place the \$1 million that the City does not have in revenue to pay the raises that were just approved. It's just another \$12,000-\$13,000 on top of the almost million dollars. He added he was not convinced he would support the substitute motion. He questioned whether tinkering with the pay range was a good thing. Discussions have been held in the past about whether too much is paid to supervisory people in the Police Department and not enough to the people at the entry level. But that is not up to Council to determine, it is up to the union representatives to negotiate those changes and bring that to Council for approval or disapproval. If the substitute motion was considered, did it open the door to reviewing the other contracts? Ms. Volek stated it may become an issue during the next round of negotiations. She would reach out to other city administrators and city managers of the other larger cities in the state about their salary scales for comparisons, if Council directed her to do so.

Mayor Hanel stated Councilmember Astle will be missed. He continued that he had no problem approving the 3 union contracts; and he respected the employees for their efforts to that point. However, he personally felt that if he received a 2.9% increase

in salary, whatever the salary level was, added to the good working conditions and benefits, he would be happy. Especially given the financial situation where there may not be any raises in 2 or 3 years. He stated this could open the door for future complications and would not support the substitute motion, but would support staff's recommendation for 2.9% increase for all non-represented employees.

Councilmember Bird expressed her support of Councilmember Astle's substitute motion. She said other decisions have been made with Council's knowledge of subsequent deficits. She did not think \$12,000+ would make a major impact on the City's financial situation. This should be considered for those on the lower end of the pay scale who do not have a bargaining unit to represent them. She inquired whether the City pays 100% of the insurance premiums for employees. Ms. Volek stated that has not been done for many, many years. The employees and the City split the cost of any increase in premiums 50%/50%, but just the amount of the increase is split. No increase is expected in insurance premiums for 2013, however there will be a 1% increased contribution from both the City and the employees into the PERS system. Councilmember Bird stated that was a good reason to consider giving a larger raise to those on the lower pay scale.

Councilmember McFadden stated he supported Councilmember Astle's substitute motion. He stated that a \$400,000 group raise was just approved without a hitch for employees who make a lot more money than some of the non-represented employees. A mere \$12,000 increase did not seem out of line.

Councilmember Cimmino recapped that the Police Union contract passed unanimously; the Fire Union contract passed 7 to 2; and the Teamsters Union contract passed unanimously, as well. Changing the increase for non-represented employees from 2.9% to 3.5% for those under the \$50,000 per year threshold is very arbitrary. She did not believe this would enhance morale. Councilmember Cimmino added she would not support the substitute motion.

Councilmember Ulledalen stated it was easy to vote for because it felt good to do so. He cautioned that it would open the door for different groups of employees to petition the Council, behind the back of the City Administrator, for different treatment in contract negotiations in the future.

Councilmember McCall stated she would resist the substitute motion and stated she agreed with the Mayor and Councilmember Ulledalen. It would set a precedent and is short-sighted to do this. She would like to see staff receive an increase, but she would not vote for the substitute motion at this time.

Councilmember Bird commented that Council was perhaps uprooting the negotiation process. Maybe negotiations need to be handled differently in the future. Once one contract is approved, the others seem to follow in the same line, which is very problematic in terms of managing the City budget and having some control and authority as a Council to determine employee salaries.

Mayor Hanel called for a roll call vote on the substitute motion. Councilmembers Ronquillo, McFadden, Bird and Astle voted in favor of the substitute motion. Councilmembers Cromley, Pitman, Cimmino, McCall, Ulledalen, Crouch and Mayor Hanel voted in opposition. On a roll call vote, the substitute motion failed 7 to 4.

Mayor Hanel called for a vote on the initial motion. On a voice vote, the motion was approved 10 to 1. Councilmember Ulledalen voted in opposition.

Ms. Volek addressed the Council concerning Mr. Zurbuchen's comments that the City does not have revenue from July through December. Ms. Volek stated the City actually receives its second tax payment in June. That money is used to fund salaries and operations for all, but maybe the last month or two of any budget year. Also have the unbudgeted reserve, and have a 29% budgeted reserve for the General Fund. That is the equivalent of \$8 to \$9 million and it is repaid when taxes are received. There is adequate funding, without regard to the unbudgeted reserve, to cover salary costs during that period of time.

PUBLIC COMMENT on Non-Agenda Items -- Speaker Sign-in required. (Restricted to ONLY items not on this printed agenda. Comments here are limited to 3 minutes. Please sign in at the cart located at the back of the council chambers or at the podium.)

The public comment period was opened. There were no speakers, and the public comment period was closed.

COUNCIL INITIATIVES – There were no initiatives.

- **Bird:** December 4th marks the 20th anniversary of the “Not In Our Town” movement, which actually sparked a national movement. A wonderful testament to the people of Billings and Yellowstone County; the actions of a few in this community, really sparked a national movement against intolerance and hatefulness. That is to be celebrated. She and Councilmember Crouch attended the Summit on Hate conference at Rocky Mountain College. She encouraged everyone to attend and participate in the National “Not In Our Town” Leadership Conference in Billings, Montana in June 2014. Mayor Hanel thanked her for bringing this to everyone’s attention and stated he had a conversation with Erin Thompson about putting together a proclamation and stated Council will be participating in the convention.

Ms. Volek stated that she was contacted by the “Not In Our Town” steering committee and asked for a staff person to participate. Ms. Volek stated she had committed to be that person, but scheduling conflicts had interfered with her participation. She asked if a Councilmember would be willing to serve in her place. It was suggested that Councilmember Bird be that person and she graciously accepted the honor.

Councilmember Cimmino echoed Councilmember Bird’s sentiments and stated she had communicated with Erin Thompson to advise him that she and Councilmember Pitman would not be able to attend due to their out-of-state business trip. She added that she caught a segment of the “Not In Our Town, Billings” on PBS and that it could be checked out from the Billings Library. She said it is excellent.

There was no further business, and the meeting adjourned at 7:55 p.m.

CITY OF BILLINGS



BY: Thomas W. Hanel
Thomas W. Hanel, Mayor

ATTEST:

BY: Denise R. Bohlman
Denise R. Bohlman, Deputy City Clerk