

# City Council Work Session

May 19, 2008

5:30 PM

Community Center

## ATTENDANCE:

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

**ADJOURN TIME:** 8:40 p.m.

## Agenda

The taped recording of minutes wasn't available for items 1-3

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

- Jeff Havig, 4560 Toyon Drive, presented a short letter from the Friends of Pioneer Park which expressed the group's concern about disc golf. The group requested a halt to the activity.

Councilmember Ruegamer stated the activity couldn't be suspended right away because it wasn't appropriate to stop one group's activity and not others. Mr. Havig indicated he was a spokesman only and the group wanted an opportunity on an upcoming agenda to discuss the disc golf problems. He said he didn't live in the area but was contacted by residents to speak on their behalf. Councilmember Astle asked who the Friends of Pioneer Park were. Mr. Havig said he needed to have that information and asked for it.

City Administrator Volek advised Mr. Havig those individuals could testify during the public comment period at a regular meeting.

- Trent Godfrey, 737 South Billings Boulevard, spoke about the closing of manufactured home parks. He referred to new statutes adopted last year.

City Administrator Volek advised that Community Development and several public service agencies were working to assist residents of the North Park trailer park with alternate housing. She noted that some funding assistance was available and distributed protocol information.

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

<b>TOPIC #2</b>	<b><i>Landfill Methane Gas</i></b>
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<b>PRESENTER</b>	
<b>NOTES/OUTCOME</b>	

Public Works Director Dave Mumford reported that he and officials at Montana Dakota Utilities explored the idea for the past several months and jointly financed a study. He said the study results were positive. He noted MDU wanted to drill wells now without the City having to do the test wells. Mr. Mumford said a contract would be submitted to the City. He noted that Rick Reid and Dan Farmer from MDU were present to answer questions. Mr. Mumford said the revenue from that project would be 15% of net income and would go to the General Fund.

Dan Farmer, Regional Gas Superintendent, said MDU had a 60-year presence in the community and the 'Green' project was to harvest gas from the landfill, which would serve as an additional source of gas for the future. Mr. Farmer noted MDU would invest about \$8 million and expected operating and maintenance costs to be about \$600,000 per year. He said they anticipated an additional \$800,000+ in the future as the landfill expanded.

Mr. Farmer explained there were three options for gas use: on-site or nearby user; generate electricity; or clean the gas and inject it into the MDU system. He projected a 40-year life of the project which should generate about \$19.5 million.

Councilmember Stevens asked if there were problems with gas. Mr. Farmer responded that water and CO2 had to be cleaned. Councilmember Stevens asked for the flow rate. Mr. Farmer said it started at about 1450 cfm and went up from there.

Councilmember Gaghen asked who used methane gas. Mr. Farmer explained that refineries used it as fuel and had other uses as well.

Councilmember Astle asked what happened to the impurities that were removed. Mr. Farmer responded that the water went into the sewer system.

Councilmember Ulledalen asked if a dry landfill was a problem. Mr. Farmer responded that water could be added if needed. He said some wet material went into the landfill and low precipitation was accounted for. Councilmember Ulledalen asked if CO2 could be recovered. Mr. Farmer said it could, but it had a low value.

Councilmember Ruegamer asked if problems would be encountered with EPA for putting water into a landfill. Mr. Mumford answered that water couldn't be put into a lined landfill and the City just started to use them.

Mr. Mumford stated that he'd like to present a contract at the June 9 Council meeting. Councilmember Ulledalen asked what the price was based on and Mr. Farmer indicated the dekatherm price was adjusted for removing impurities.

Councilmember Veis asked what the next step was and if there were foreseeable problems. Mr. Mumford advised that MDU was ready to start test wells and he didn't know if there would be other problems.

Councilmember McCall asked if MDU had similar operations in other areas. Mr. Farmer said MDU was involved in a similar project in Fargo, N.D., and considered another project in Rapid City, S.D.

Councilmember Stevens asked Mr. Farmer for an average number for pricing. Mr. Farmer responded he didn't have it with him but could mail it.

Councilmember Veis asked why the City wouldn't take the project on itself. Mr. Mumford responded that the City didn't have the expertise and didn't market gas. Councilmember Veis asked how is it was different than the wastewater plant. Mr. Mumford

responded that the City could take it on alone, but \$8 million was a big investment in a business that we didn't have the expertise in. He said generating electricity had the same problems.

Councilmember McCall asked when it would go on line. Mr. Farmer said MDU planned to begin in 1-1/2 years unless there were permitting problems.

Councilmember Veis asked if there was anyone else who might be interested and if others were given access. Mr. Mumford responded he wasn't aware of others in the area but a request for proposals wasn't issued. Councilmember Veis asked if the City was required to bid it in case there was someone else willing to pay more. City Administrator Volek and Financial Services Manager Pat Weber agreed that it wasn't a project that required the City to competitively bid. Councilmember Veis asked if MDU would proceed with test wells without a guarantee for gas. Mr. Farmer responded 'no.'

City Administrator Volek asked if there were time constraints that prevented the City from going to an RFP. Mr. Mumford said there were none, but MDU was ready to proceed with the project. Councilmember Veis asked about PSC regulations. Mr. Farmer said the regulations were the same for that project as the rest of MDU's business. He said PSC wouldn't be able to set the price but could control the rate of return on the investment.

<b>TOPIC #3</b>	<b><i>Public Works Budget Review</i></b>
<b>PRESENTER</b>	
<b>NOTES/OUTCOME</b>	

Public Works Director Dave Mumford presented the Public Works budget. He mentioned that division managers and information people were in the audience to help answer questions.

Mr. Mumford began his presentation by saying that his department thought of itself as a business and tried to operate that way. He reviewed the various facilities and their locations, and the number of employees in each department.

Mr. Mumford identified the major revenue sources as:

- ✓ Administration Division
- ✓ Solid Waste Division
- ✓ Street-Traffic Division
- ✓ Water & Wastewater Divisions
- ✓ Engineering Division
- ✓ Capital Project Funds

Mr. Mumford reviewed the community service projects of the department as:

- ✓ Bright 'n Beautiful
- ✓ School District #2
- ✓ Environmental Division
- ✓ Public Speaking
- ✓ Public Works Week
- ✓ Miscellaneous -- Christmas tree recycling, the Toxic Trash Roundup, etc.

Councilmember Gaghen asked how idea of busing 3<sup>rd</sup> graders to treatment plants was generated. Mr. Mumford explained that teachers wanted field trips but the bus expense was too much. He said it was a \$2500 per year expense for Public Works.

Mr. Mumford reviewed the budgets of the divisions within Public Works.

Councilmember Veis asked why street maintenance revenues dropped. Financial Services Manager Pat Weber explained there was a philosophical change in where reserves were kept in street and traffic maintenance and most of the funds were now in street maintenance district funds instead of Fund 211. He said there wasn't as much money transferred from district to street and traffic.

Councilmember Veis inquired about the \$160,000 transfer for forestry. Mr. Mumford explained it was a transfer from the General Fund for forestry work in the parks - not part of the streets operation. Councilmember Veis asked how the transfer amount was determined. Mr. Mumford said it was an estimate that was based on time tracking.

Councilmember Stevens asked if the City would be charged indefinitely for capital for Northwestern Energy lighting districts. Mr. Mumford said 'yes' and that was why there's discussion to change the downtown district to a city-owned district. City Administrator Volek advised there was a two-year notice requirement to move districts from Northwestern Energy to City. Councilmember Stevens asked if people could petition to be removed from the districts. Mr. Mumford said it was possible and for the City-owned districts, Council resolution was required; for Northwestern Energy, there would be a notice period and costs for removing the equipment.

Councilmember Veis asked why estimated revenues were increased in funds 801 and 802. Mr. Mumford explained that the City's growth resulted in more properties to assess. He noted that rates hadn't changed much, and growth kept us current with fixed expenses.

Councilmember Astle asked if contracts for outlying customers were based on tonnage. Mr. Mumford responded that there was an annual contract and customers paid a tipping fee based on tonnage. He said Solid Waste was starting to have some net income issues.

Councilmember Stevens asked what was done with compost. Mr. Mumford citizens could pick it up and there were no guarantees.

Councilmember Veis asked the reason for three new positions in the Solid Waste division. Mr. Mumford responded it was due to the yard waste program expansion, City growth and equipment with it. Councilmember Veis asked if there was a charge for the yard waste program. Mr. Mumford stated there was no extra charge. He said 25-30% of waste was yard waste, so it extended the life of the landfill. Councilmember Stevens asked when it would start in her neighborhood. Solid Waste Superintendent Ken Behling replied it would be late in the current year or early next year. He said it took a long time to get the trucks, which slowed down program implementation.

Councilmember Pitman asked Mr. Mumford if he knew what the wastewater treatment cost increases would be in the future. Mr. Mumford stated he understood some of them and was studying removal technologies and costs so he didn't know final costs. He added that TMDL limits would be set 2009 – 2010 and implemented by 2012. He noted that the EPA indicated it was acceptable to spend 2% of median household income for sewer expenses.

Councilmember Veis asked if the Public Works Department budgeted for Lockwood. Mr. Mumford said it wasn't and was unlikely to connect during the next fiscal year.

Councilmember Ronquillo inquired of the meter change-out program. Superintendent of Commercial & Meters Division Dwile Weagle reported there were still about 6,000 to change which should take about two years.

Councilmember Pitman asked what funded the costs of credit cards. Financial Services Manager Pat Weber answered that it was covered by the compensating MIA funds.

Councilmember Ulledalen asked about those costs in the public sector. Mr. Weber said he didn't know yet and would gather data for a few months before costs and benefits were known.

Councilmember Pitman asked what fee the bank charged to process checks. Mr. Weber said he didn't have that on hand but would get the information for Council.

Councilmember Gaghen said she knew the County accepted credit cards, but charged a fee to the user. She said there may be merit for the City to do that as well. Councilmember Clark asked if the County charged a per-transaction fee or a percentage. Mr. Weber said he would check on that.

Councilmember Stevens asked if Public Works Administration made a profit. Mr. Mumford said it didn't, but accumulated reserves for cash flow purposes.

Councilmember Veis asked if construction cost inflation was reflected in the budget amounts. Mr. Mumford answered that it wasn't because it typically caused the project to slow down or be terminated.

Councilmember Clark asked about free services to City departments. Mr. Mumford said an example was water, sewer and trash collection for Parks Department.

Councilmember Veis asked what kind of increases commercial property would have with an arterial fee increase. Mr. Mumford said he didn't have that information but would send a chart to Councilmember Veis.

Mr. Mumford stated there was a need to consider a solid waste rate increase. He said it would be studied for a year and a recommendation would be made in 2010.

Councilmember McCall asked about the cost out curbside recycling. She said Barb Butler made excellent presentation at Rotary the previous week and said the present fee wouldn't touch the costs of recycling. Mr. Mumford said the private sector was encouraged to manage that issue. City Administrator Volek added it was an isolated market with fluctuating prices; it was difficult to compete with the private sector. Councilmember Clark said he thought a service was available. Mr. Mumford said that was correct, the name of the provider was Helping Earth First. Councilmember Clark asked how large their market was. Mr. Behling said he didn't know for certain but it operated four days each week with two trucks. Councilmember Gaghen stated McCall's development encouraged recycling in that neighborhood.

Councilmember Astle asked if private lawn contractors were charged at the landfill. Mr. Mumford said they were charged by the ton.

Councilmember Veis asked if one supplemental budget request was a decrease. Senior Administrative Analyst Jennifer Duray explained the capital program had to be reduced. She said the 2009 replacement program would be reduced. Mr. Mumford said he would be back before Council later this year about complete restructuring of the CIP. He said funds that could have been saved for the next year's projects were being used.

Councilmember Stevens asked what PAVER was. Mr. Mumford said it was a software program that helped identify roads that needed to be repaired and replaced.

Mr. Mumford summarized his presentation by addressing the future. He said he recognized that rates couldn't be raised fast as costs increased. He said he would prepare an

organization-wide business plan to determine which services were high priorities and what may have to be dropped.

Councilmember Stevens commented that standards of living may decline, and if so, how did government agencies deal with that. Mr. Mumford said that was why there was a need for a business plan.

City Administrator Volek said that was one reason why the cost of services study was started. She said staff recognized that fees and taxes wouldn't keep pace with costs, so it was necessary to prioritize the services and consider how we charged for them.

Councilmember Stevens said her reason for her earlier question about street light districts was that she wondered when it would be more efficient for someone to install a motion detector on a yard light instead of paying for a light district.

Councilmember Ulledalen commented he was glad the department looked at differential rates for out-of-county landfill customers. He asked when it started. Mr. Behling said it was about 25 years ago. City Administrator Volek asked if there were state regulations that limited landfill openings. Mr. Behling responded that the regulations made it so expensive to open a new one that it was cheaper to haul trash to an operating landfill.

Councilmember Astle said he wanted to compliment the solid waste people.

Councilmember Clark asked if contaminants were found in yard waste containers. Mr. Behling said overall most people were pretty good, but if trash was put in them, a sticker was left behind and it was usually corrected.

Councilmember Ulledalen asked if commercial property paid enough for street maintenance services. He asked how that would be evaluated. Mr. Mumford stated that residential properties probably subsidized commercial property which was an oddity in our system. He said the Legislature could be asked to amend those laws again.

Councilmember Stevens commented that out-of-town vehicles don't pay but the businesses benefited.

Councilmember Ulledalen said he wondered if there would be realistic tax reform in his lifetime. He said citizens couldn't sit still and wish for what they didn't have.

Mr. Mumford said the PAVER program indicated that funding has slid as costs increased. He said there was a strain between maintenance and reconstruction. Councilmember Ulledalen said it was important to be honest with the community to let them know costs increased and the money had to come from somewhere. Councilmember Clark asked if State highway gas tax receipts increased or decreased. Mr. Mumford said he didn't know if more funds were available and would check on it.

Councilmember Stevens asked if it was a case that we could do anything except what the state says we couldn't. City Administrator Volek answered that theoretically that was true, but State intrusion increased.

Councilmember Ulledalen asked if there was a Plan B if the Briarwood sewer increased to \$7 million. Mr. Mumford responded their plant would have to be rebuilt and it wouldn't allow for much growth. Councilmember Clark asked if federal regulations controlled their plant. Mr. Mumford said they did and it would be necessary to invest a lot into it to comply with the regulations. He said it would be difficult and expensive to build and maintain. He noted the project would be bid in June.

<b>TOPIC #4</b>	<b><i>Administration Budget Review</i></b>
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<b>PRESENTER</b>	
<b>NOTES/OUTCOME</b>	

Assistant City Administration Bruce McCandless presented the Administrative and Internal Services budget.

Mr. McCandless reviewed the Internal Services: Finance, Human Resources, Facilities Management, Fleet Services, Information Technology, and Parking. He noted that parking wasn't traditionally an internal service but it leased spaces to City departments in the downtown area and was under his area of responsibility. He provided a brief explanation of each department's function and said it basically started at the beginning and quit at the end of its particular process. He used Human Resources as an example which worked with people in the new hire stage all the way through to eventual termination or retirement.

Mr. McCandless reviewed a comparison of operating costs by division and noted that two divisions reduced operating costs; two increased those costs by less than 3%, and two departments increased the operating budget by about 10%. He said both of those increases were small dollar amounts. Councilmember Veis asked what drove the increases. Mr. McCandless said Human Resources had an increase in charges for services and some personnel salary step increases. He explained that IT's increase was due to the size of its division of 18 employees and about \$75,000 was personnel cost increases and \$40,000 was capital.

Mr. McCandless advised the Finance Division contained a staff of 10 and was a General Fund division. He listed some of their apparent functions as:

- ✓ Prepare financial statements and budget status reports
- ✓ Assist with grant accounting
- ✓ Banking relationships
- ✓ Reconcile accounts
- ✓ Investments
- ✓ Debt Management
- ✓ Accounts Payable
- ✓ Business Licenses
- ✓ Water billings inquiries and payments
- ✓ Purchasing

Mr. McCandless noted that Bozeman, Great Falls and Missoula each had a larger staff in their finance department than Billings does. He said a 2004 study indicated the City's financial services division was under-resourced by about any measurement used.

Mr. McCandless reported the Finance Division had a 2.4% overall budget increase, with about 60% of the total expenditures in personal services. He listed some of the principal costs in the O&M budget as:

- ✓ Annual audit
- ✓ Annual Cost Allocation Plan
- ✓ City-wide forms
- ✓ THE software maintenance
- ✓ Budget book printing
- ✓ Record retention (microfiche)

Mr. McCandless reported that Human Resources was also a General Fund division and provided the following services:

- ✓ Benefits administration
- ✓ Payroll administration
- ✓ Recruitment and selection
- ✓ Collective bargaining agreements
- ✓ HR consulting
- ✓ Training
- ✓ Citizen information

Mr. McCandless noted that the Employee Assistance Program and the Family Medical Leave Act (FMLA) had become more common and it was necessary to manage them correctly which our HR Division did. He said there were approximately 850 permanent employees and up to 300 seasonal employees and every one came through HR with recruitment, training, benefits and payroll needs. He reported that three collective bargaining contracts covered about 650 employees so that was an important part of HR. Mr. McCandless pointed out that the Human Resources Department, in conjunction with a couple of other agencies, put together a supervisor training program, which encompassed all the supervisors as well as some potential supervisors. Councilmember McCall asked if the training was generally contracted or provided in-house. Mr. McCandless said in the case of the supervisor training, a lot of it was internal, some was through the EAP program, and a good deal was offered through MMIA.

Mr. McCandless provided a comparison of number of staff versus HR staff for Billings, Missoula, Great Falls, Bozeman and Helena. Billings had the highest ratio of employees to HR staff at 210. Councilmember Clark asked if some of the cities contracted for services which lowered their number of employees. Mr. McCandless said he thought Billings had the broadest range of municipal services in the state. He said some cities didn't run a water department, solid waste department or transit system and no city ran an airport which accounted for the difference in staff numbers.

Mr. McCandless advised the FY 2009 budget for Human Resources was \$505,606, with 57% of that in personal services. He listed the other larger items as: IT charges for services, Management Assistance Program, public information, advertising, and City Hall facility management.

Mr. McCandless reported the Health Plan was administered through the Human Resources department as an internal service fund and revenues came from both the City's contribution and employee contributions. He said employees paid about 25% of the costs, an increase from zero seven years ago.

Mr. McCandless reviewed the Liability and Property program, for which premiums were paid for liability and property. He said local funds had to be used to satisfy deductibles or to pay for losses that were less than the deductible amount. He said the liability deductible was increased to \$50,000 and he expected that to work well. He pointed out the importance of the risk management to identify and correct problems that could help control some of those costs.

Mr. McCandless reviewed the Facilities Management budget, an internal fund. He listed some of those functions as:

- ✓ Manage/operate designated facilities
- ✓ Budget/Planning
- ✓ Capital & other projects

- ✓ Project management
- ✓ Consultation on facility matters
- ✓ Facility maintenance program & security
- ✓ ADA and other regulatory codes

Mr. McCandless noted that staff number was modest. He also pointed out that the Facilities Manager was also the City's ADA coordinator. He said the significant proposed change was to add two custodial personnel at the Billings Operation Center. He said that was previously under a cleaning contract and found it increasingly expensive and difficult to retain consistency with the people that worked in the facility. He said the proposal was to hire two staff and eliminate the cleaning contract. Councilmember Clark asked if the cost would be the same. Mr. McCandless responded that it would be and the same concept was proposed for parking. He said in that case, the contract cost more than an employee would. City Administrator Volek said the contract required the company to cover the stop-loss portion of the insurance so if a company needed the insurance, it was added to the contract and with City employees, the coverage was there. Councilmember Stevens said she had experience with contracted building maintenance when she worked at the refinery and she felt the City would be happier when the contract service was eliminated.

Mr. McCandless advised the Facilities Management budget was \$1,491.452 and about \$1 million was the Billings Operations Center; \$380,000 for City Hall, and about \$140,000 in administration which included the ADA coordination. Mr. McCandless reviewed the expenditures for the BOC and City Hall and noted the BOC debt service was listed at \$548,951. He advised that departments were charged rent for occupancy depending on the size of occupancy.

Mr. McCandless advised Fleet Services was the new title for the motor pool. He said it was an internal service fund that managed 860 pieces and 86 classes of equipment. He said the department handled the purchase and maintenance aspects with a staff of 16 people, which included administrative support, a parts counter and the courier service. Councilmember Clark asked if it served all the departments. Mr. McCandless responded that the Airport and the Fire Department utilized little, if any, of the fleet services, and the Utilities department took care of its own minor maintenance. Mr. McCandless showed a chart of maintenance hours by repair type and pointed to the unscheduled and emergency maintenance. He stressed the importance of keeping that number low because it was important to keep the equipment operational and on the streets.

Mr. McCandless advised Fleet Services expenditures were about \$1.2 million, with about 75% of that in personal services and no capital for the year. He noted that projected revenues were about \$1.2 million as well, which came from charges for services and parts and the labor cost had to balance the expected expenses so there was an exhaustive process to calculate labor costs. He reviewed a labor rate comparison chart and noted that the City tried to keep its costs lower than the commercial shops to keep the business. He said the fleet services operated 6am-11pm. Councilmember Gaghen commented that when the operations center was proposed, there was consideration of reducing the size of the building by 10 feet which would have resulted in an immediate cost saving, but not doing so, provided space to have two bays in that facility rather than one and also allowed more opportunity for maintenance off hours to reduce costs. She said that was valuable and profitable in the long-term. Councilmember Stevens asked if the City of Billings number included benefits and Mr. McCandless responded that it did.

Mr. McCandless reviewed the Information Technology budget, an internal fund, which provided the following services:

- ✓ Administrative services
- ✓ Application development
- ✓ Network/PC support
- ✓ GIS support

Mr. McCandless said the IT staff totaled 19, which included the Central Telephone Services position. He noted the IT department was involved in two major projects during the past year – the new website and 76 new mobile data terminals for the police patrol cars. He noted revenues from the City departments totaled \$1.9 million. He explained that departments were charged for time, materials, equipment, software, etc. Councilmember Stevens asked what service was provided to the Sheriff's office. Mr. McCandless explained they also used the public safety program, New World, and it was a combined system in the communications center for which the Sheriff's Office paid its share. Councilmember Clark asked if the mobile data terminals helped keep the police officers on the street more. Mr. McCandless responded that was the idea behind it so officers didn't have to return to the station to complete reports and it helped them to be more self sufficient. Councilmember McCall asked if the county paid into the revenues for the 911 dispatch. Mr. McCandless answered that they were charged by both IT and the communications center.

Mr. McCandless reviewed the IT expenses, \$1,847,365, with personal services about 70% of the total. He said the capital items and supplemental budget requests were reviewed by the City Administrator to determine if they went forward to the proposed budget.

Mr. McCandless said Central Telephone was a service under IT and was also an internal service fund. He said some of the primary functions included maintenance of the internal phone system, the City's cell phones, and training. Mr. McCandless noted the services were provided by one Telecommunications Manager with support from the IT Administrative Secretary. Councilmember Pitman asked who had the 230 cell phones maintained by the City. City Administrator Volek said the Police Department had most of them, supervisors, on-call staff and remote employees had them. IT Manager Watterson added that each cell phone cost about \$11 per month and was an efficient way to conduct business for some employees who were away from the office or in a remote location. Mr. McCandless reviewed the revenues by department which totaled \$353,168. He advised expenses were \$347,716 and included personal services, communications and long distance, equipment, phone and voice mail maintenance, and technical training.

Mr. McCandless reviewed Parking, which was an Enterprise Fund. He advised that department's functions included:

- ✓ 4 parking garages
- ✓ 5 surface parking lots
- ✓ 1000+ parking meters
- ✓ Enforce parking ordinances
- ✓ City-wide parking violations
- ✓ Parking zone changes
- ✓ 7 office spaces
- ✓ Budget
- ✓ Construct parking facilities and capital projects

- ✓ Assist County, State and Federal agencies with parking needs

Mr. McCandless said the Parking division had 14.8 FTE employees and the proposed budget increased that to 15.8 FTE with the addition of a custodian to replace the contracted cleaning service. He said the cleaning contract currently cost about \$58,000 and an employee could be hired for less than that and better service would be realized. City Administrator Volek reported that a consultant would be at City Hall the next day to work on the valuation and potential sale of Park II and Councilmembers were welcome to attend that meeting. Councilmember Astle asked why the City wanted to sell it. Mr. McCandless said the consultant would determine its value, and then the decision could be made whether the City was interested in selling it. He said it served an area outside the core of the downtown area and didn't really fit with the other parking facilities. Mr. McCandless reviewed revenues which showed a small increase across the board with the most significant increase in parking garage income. He noted that Park IV was full for the first time. Mr. McCandless noted that expenses were a little more than \$2 million. He said the primary reason expenses exceeded revenue was the downtown parking study, a study that hadn't been done for about 10 years and was designed to identify the supply and demand for parking. He said it was necessary to wait until Park II was settled down and it should help determine if additional off-street parking was needed and where. He noted the transfer to the General Fund that was fixed in 2006 at \$233,308. Councilmember Stevens asked for an explanation of that transfer. Mr. McCandless said the parking meter and enforcement function was in the General Fund previously and when it was moved to the Enterprise fund, it was generating a net income to the General Fund. He said when it was moved, that net income amount remained in the General Fund through a transfer from the Parking Enterprise Fund to the General Fund. Councilmember Stevens asked if that defeated the purpose of an enterprise fund. Councilmember Clark stated it still made enough money to keep it going.

Mr. McCandless reviewed miscellaneous funds and budgets which included:

- ✓ Mayor and Council
- ✓ Non-departmental
- ✓ City Administrator
- ✓ Tax increment
- ✓ Debt service funds
- ✓ Business Improvement Districts

Mr. McCandless reported there was no change in the Council Contingency Fund which was budgeted each year, with the current budget amount \$65,000.

Mr. McCandless said items that didn't fit into other categories were included in the non-departmental budget. He said some of those items included: transfer from General Fund to Public Safety Fund, one-time transfer to the Planning Department, transfer to Streets for forestry operations, Legislature Advocate, community television, sick and vacation payout for employees.

Mr. McCandless advised there were no major changes in the City Administrator's budget, which also included the City Clerk expenses. Councilmember Pitman asked if the City Administrator's budget increased \$100,000. Mr. McCandless explained the FY 08 budget was \$675,000 and the proposed FY 09 budget was \$687,000, which was a \$12,000 increase. He said he would report back to Council why the O&M expenses were lower than the budget estimate. He said the capital expense planned wasn't going to be accomplished during the current fiscal

year so the funds were moved to the FY 09 budget. City Administrator Volek noted that was for a new agenda system for the Clerk's office.

Mr. McCandless said the Tax Increment category included the tax increment funds. He said the North 27<sup>th</sup> Street and South Billings Boulevard Districts were active and some revenue was included for the N. 27<sup>th</sup> district. He noted the South Billings Boulevard district was in the capital construction funds because the construction was anticipated on King Avenue East and a bond sale to finance it.

Mr. McCandless explained that the revolving loan fund item was a remnant from the downtown tax increment district where tax increment dollars and bank funds were matched up to make revolving loan funds available in the downtown. He said no major changes were expected and more loan payments were expected that would be offset by payback of the loans to the lending banks. Councilmember Clark asked if any of the loans were in jeopardy. Mr. McCandless responded that YMCA was still pending.

Mr. McCandless explained that debt service funds didn't have any major changes except the elimination of the downtown tax increment debt payment.

Mr. McCandless reported there were two business improvement districts. He said the Downtown Business Improvement District with budgeted revenue and expense of \$219,000. He said the Tourism BID was new and operated on a half-year revenue and FY 2010 would be its first full year of revenue. Councilmember Veis asked for some historical information on both business improvement districts. Councilmember Veis said his request was to maintain consistency since that information was provided for all other funds. Councilmember Stevens indicated there may be some difficulty in that because she talked with Lisa Harmon who said a new chart of accounts was established, so the information may be gross figures, not line-item information. Mr. McCandless said the City's part would mainly be receipt of funds, then expenditure of funds in lump sums. Councilmember Clark asked when the Downtown Business Improvement District was created. Mr. McCandless responded it was about four years ago.

Mr. McCandless reported that previously, Councilmember McCall advised she wanted to talk about a citizen survey. He said the Citizen Survey was an item in the Strategic Plan adopted in 2007. Mr. McCandless displayed the goal, objective and action. He said the item was discussed a year ago and Council decided not to fund it, and a supplemental budget requested for \$20,000 was submitted. He noted it would be a General Fund expense if funded by the Council because it didn't fit into another category. He said if it was funded, the General Fund was in as good shape as it had been in years due to additional revenues and the hold on expenses. He indicated it was timely because it had been about 10 years since the last survey and the cost of services study would be completed during the fiscal year and input from customers was a natural part of strategic planning. Councilmember McCall stated a citizen survey was critical to understanding and improving the quality of service delivery and quality of life in Billings. She noted that Public Works Director Dave Mumford stated that he operated his department as a business, which she felt was very smart and the City was actually a multi-million dollar business. She said dialog needed to be held with citizens to determine essential services, quality of life indicators, and cost of services. She said she felt the communication with citizens was important. Councilmember Veis asked about the PowerPoint slide that contained the statement that a survey would be used to establish a baseline to measure and improve our customer service and whether the questions asked in a survey would be what administration was held accountable for to make sure those things went up. Councilmember McCall said questions would be asked about specific services to get the impression of participants. Councilmember Veis asked if that

would be used as the baseline to evaluate administration. Councilmember McCall said the information would be used to improve the operation so in some fashion that would be used as indicators. Councilmember Veis asked who would set the baseline for the questions asked. Councilmember McCall said a task force would join together to determine a series of questions. Councilmember McCall passed out a national citizen survey completed for Sioux Falls. She said questions could be customized. Councilmember Veis asked if the survey had to be done yearly to determine whether things were better or worse. Councilmember McCall said every year was probably not necessary, but every two to four years would reflect the trends and also compare nationally with other comparable cities. Mr. McCandless said the strategic plan goals indicated every three to five years. Councilmember Astle asked Councilmember Veis what he meant by evaluating administration. Councilmember Astle said he envisioned questions about satisfaction with services such as garbage, police, etc. and to him, administration meant the City Administrator and Assistant City Administrator. Councilmember Veis answered that if a baseline was established, it meant we would try to do better than the baseline and the question was how was it measured and what was measured. Councilmember Ulledalen said he felt 'baseline' was the wrong word to use; maybe the word 'standard' was more appropriate. Councilmember McCall said the Sioux Fall survey provided an idea of the types of questions that could be used. Mr. McCandless stated that Councilmember McCall proposed that groups of citizens and business people would try to refine responses from the surveys.

Councilmember McCall stated there were two options for implementation of the survey. She advised one option was to become part of the National Citizen Survey, which was part of the International City County Managers Association, the group that sponsored and partnered the effort to see it done across the nation. She said the survey was customized by selection of standard questions used and tested in various pilot sites. She said that survey was conducted by mail and available by website. She noted the typical size was 1200 surveys with a rate of 400 responses, with a time frame of approximately 12 weeks.

Councilmember McCall advised the second option was to utilize the services of MSU-B's Center for Economic Research. She said that department was experienced in that area and the local design provided a higher degree of understanding to local issues. She noted that she and Mr. McCandless were initially leaning toward the National Citizen Survey option.

Councilmember McCall reported the cost of the Citizen Survey would cost \$15,000-20,000 regardless of which option was utilized. She said her request was for \$20,000 to complete it.

Councilmember McCall said she wanted to discuss follow-up once the survey was completed. She said each ward would have focus groups to discuss the results, address service need responses and prioritize important indicators. She noted the focus groups needed to be well designed with a good facilitator to get the same kind of experience with each group, and that cost was included in the cost of the survey. Councilmember Astle asked if Council Contingency funds could be used to fund the survey. City Administrator Volek said that was possible.

Councilmember Gaghen commented said some of the value would be to emphasize the importance of prioritizing service. Councilmember McCall said she talked with Chamber representatives, Greg Krueger of DBP, Dr. Sexton of MSU-B, a newspaper publisher, and all supported the idea and the need to engage citizens. Councilmember Ulledalen said he wondered if other entities would contribute toward the cost because they could benefit from the survey as well. Councilmember McCall said she was working on that and had a couple of proposals out.

Councilmember Pitman said he thought it was a good idea and was not only information in but information out.

Councilmember Ulledalen stated he had asked constituents and got surprising results. He said he received varied opinions and common threads, so he felt it made sense to do it.

Councilmember Stevens indicated that at some point the City needed to prioritize services and knowing the willingness of citizens to pay for the services or do without them was good information to have. Councilmember McCall noted that the data could be sorted by ward and there should be equal numbers of responses by ward.

Councilmember Clark stated he didn't have a problem with a survey as long as it's conducted by mail and not by phone.

Councilmember McCall said as she talked about the survey within the community, various groups were willing to help promote participation in the survey.

Councilmember Gaghen asked if one question on the survey would be about school levies to determine why the differences in ward responses and that could assist with merging efforts with schools, etc. Councilmember Clark suggested the survey not be too broad or contain too many questions.

Councilmember Veis said he still opposed the survey. He said he felt the decisions were too complex to boil it down to a few questions and answers. He said he felt people wouldn't understand that wanting a specific service meant paying for it as well.

Councilmember McCall stated there was an excellent guide available to use as a guideline.

#### Additional Information:

City Administrator Volek reminded Council that the following Monday was a holiday and the Council meeting was Tuesday with the agenda and budget review on Wednesday, May 28.

Councilmember Veis commented on the Friday Packet information regarding Planning Department budget questions and his question about reduction of two planners. He said it looked like a position was created in order to take away a position. He said that before he heard again that Planning staff was down two planners, he wanted to know what was actually authorized and then if it wasn't filled, he wanted to know why it wasn't and when it would be.

Councilmember Clark asked if new department heads were asked to live within the City of Billings. He said he felt a discussion should be held whether City employees needed to live within the city limits.

Councilmember Ulledalen reported he was aware there were eight or nine people from the North Park trailer court that weren't able to make housing arrangements yet. He said he knew that Family Services provided some assistance. He said he understood that about a month ago, some tenants stopped paying rent and received a 30-day eviction notice and when they didn't pay the rent at that time, they received a three-day eviction notice. City Administrator Volek advised there were about 40 units in that mobile home park and about half were occupied. She said Family Services set up a fund and only one family used it. Councilmember Gaghen said it was a messy situation. She noted that the property owner jumped the gun. She said Aaron was scheduled to attend the North Park Task Force meeting to review the future plans and that didn't work out, then one of the owners, Rick Dorn, issued the 30-day eviction notices. She said the letter was shown to her at the task force meeting and she felt it didn't come together as it should have. Councilmember Ulledalen reported that day was the deadline date; skirting had to

be off units that would be moved and those with a 3-day notice had to move that day. City Administrator Volek said part of the problem was that some of those individuals had felony records that prevented immediate approval for public housing without an appeal process and some had records that prevented them from ever being allowed into those units.