

# City Council Work Session

September 20, 2010  
5:30 PM  
Council Chambers

## ATTENDANCE:

Mayor/Council (please check) X Hanel, X Ronquillo, X Gaghen, XCimmino, X Pitman, X McFadden, X Ruegamer, X Ulledalen, X McCall,  Astle,  Clark.

ADJOURN TIME: 8:10 p.m.

## Agenda

<b>TOPIC #1</b>	<b><i>State Legislative Agenda</i></b>
<b>PRESENTER</b>	
<b>NOTES/OUTCOME</b>	

Ms. Volek introduced City Lobbyist Ed Bartlett. Mr. Bartlett referred to a memo from Assistant City Administrator Bruce McCandless that was sent in the September 17 Friday packet that contained a preliminary list of the City's legislative priorities. He said it would be refined, and then presented to the Council for final approval. Mr. Bartlett highlighted a few important topics on the list of priorities for the upcoming legislative session that included: general fund budget; workers compensation issues; public health matters; public pension plans; and medical marijuana. Mr. Bartlett requested input from the Council within the next few weeks so the list could be finalized.

Mr. Bartlett commented that there would be a large number of bill requests from legislators during the session.

Mr. Bartlett briefly reviewed the resolutions of the Montana League of Cities and Towns, and the Community Policies document that was attached to Mr. McCandless's memo. He advised that the Community Policies document was distributed by the Chamber of Commerce and the Billings Chamber did not expect all the entities to support all the topics, but rather support priority items of each entity. Ms. Volek added that staff had some input on the Chamber items.

Mayor Hanel asked about the load trading policy and if the services provided to Lockwood would make any difference to the City. Mr. Mumford explained that it did not appear that Lockwood would be a benefit to the City. He said there were some good parts to that bill and the Montana League of Cities and Towns had discussed that at a recent meeting.

Councilmember McCall suggested councilmembers review copies of the resolutions from the MLCT and provide comments to her. She advised she would be meeting with the committee in Helena later that week and work on those resolutions would be done at that time and presented at the state meeting in October.

Mr. Bartlett asked if Bruce MacIntyre could comment on the Community Policies document prior to any questions that might be asked about it.

Councilmember Ruegamer commented that he thought Councilmember McCall should be involved in the process so she was informed when she went to Helena. He stated that the State would be tempted to balance the budget on the backs of the seven large cities, but he wanted it emphasized to legislators that it should be balanced in Helena, not in Billings and Missoula.

Councilmember Ulledalen stated he thought zoning as an underlying framework for assessing street maintenance fees was somewhat dropped during the last session. Mr. Mumford explained that language regarding street maintenance fees was changed about four years ago to help distribute fees, and at the last minute, a language change made it more difficult to use. He said staff had reviewed the process and thought it could be handled without legislative action. He said other cities, such as Great Falls and Missoula, had been working with the City. Councilmember Ulledalen asked if something should be done legislatively now so they did not determine in four or five years that something should have been done. Mr. Mumford advised that the Legislature was touchy about street maintenance fees. He said he was working on something and would know in the next couple of weeks if something was needed, and he would work with Ms. Volek on it. Councilmember Ulledalen said he felt that it was important to shift the impacts so residential was not paying for commercial. Mr. Mumford said that really showed up with Shiloh Road. He said if it all developed as commercial as planned, it would not collect enough to pay for the annual maintenance, so that needed to be adjusted so roads taken over from the State were not taking funds from other roads.

Councilmember Pitman asked about the use of arterial fees to pay the bonds. Mr. Mumford explained how that was done with the King Avenue East project. He said he was concerned with bond counsel's suggestion to make a state law for arterial fees, instead of the current process. He said he hoped for a discussion of what needed to be done versus the bond counsel's nervousness. He said there was a little time before they had to move forward.

Mr. Bartlett introduced Bruce MacIntyre from the Chamber who provided an overview of the Community Policies. He said the document included issues that were important to the City. He said all the groups went to the Legislature with an agenda, but did not necessarily get together to support each other. He explained that the document identified 10 organizations as key players. He said the intention was to hand it out to every legislator so when an issue came up; it was listed in the document if it was of importance to any of the organizations.

Ms. Volek stated it would be helpful to have any comments from the Council by the end of the next week, so they had them before the MLCT meeting the following week. Councilmember Ulledalen suggested that any obvious conflicts that needed the Council's attention be brought up by Mr. Bartlett or Mr. MacIntyre.

Councilmember McCall stated that was the first time in many sessions that local option tax was not on the list for the League. Mr. Bartlett recommended not putting it on there. Mr. Bartlett said it was known that funding was needed, not just on a local level.

The public comment period for that item was opened.

- **Joe White, Billings, MT**, said he thought they should ask the Legislature to appoint a special committee for police, public health and finance to study the government and make recommendations about it. He said it could probably recommend a new class for urban governments. *The remainder of Mr. White's testimony was inaudible.*

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

<b>TOPIC #2</b>	<b><i>Tourism Business Improvement District Report</i></b>
<b>PRESENTER</b>	
<b>NOTES/OUTCOME</b>	

Ms. Volek introduced Joan Kronebusch, the Convention and Visitors Bureau Director. Ms. Kronebusch referred to a listing of the past bed tax and BID collections that was distributed to Mayor and Council. She reviewed year-end numbers for 2009.

Ms. Kronebusch provided an overview of convention recruitment, shows that staff attended, and all other recruitment activities.

Ms. Kronebusch introduced Kelly McCandless to review the marketing efforts and changes made during the past year. Ms. McCandless referred to the new website and noted that the changes were positive. She explained that a unique visit was a way to track the number of visitors to the website. Ms. McCandless provided examples of promotional ads and publications.

Ms. Kronebusch spoke about work of the Visitors Bureau and the number of visitors to the Bureau. She reviewed goals and activities for the upcoming year. She explained the Trailhead Tourism Ambassador program that would be presented to tourism partners to provide education about Billings history and attractions. She reviewed the ‘Bring it to Billings’ campaign that would be implemented the next year. Ms. Kronebusch advised that they hoped to add a staff member to serve in an administrative coordination position. She introduced the Convention and Visitor Bureau staff members: Tom Krause, Kelly McCandless, Nick Mann, and President and CEO John Brewer.

Councilmember Gaghen stated that the Council received a bit of a backlash from someone that wanted to camp overnight in a parking lot rather than in a campground, and asked if they had heard a similar complaint. Ms. Kronebusch said the four-wheel market they were trying to attract was car rallies/shows. She said she was aware of the camping situation, but not prepared to speak about it.

Councilmember Ruegamer said he did not think the camping was a big deal. He said he went to the WalMart parking lot and saw about five campers parked there, but considered it a non-event. He said he thought it should be left alone. Councilmember Gaghen stated she felt it was a valid concern and that the current policy was fair, but she was interested in the impact.

Councilmember Ulledalen stated that with slowing economic times, he felt it was interesting that despite the hard work on the part of the visitors’ bureau, there was still a decline in the number of beds sold. He asked if there was any way to determine how much of the decline was business and how much was leisure. Ms. Kronebusch said that information was not available from the study. Councilmember Ulledalen said from what he heard, business travel was down, but leisure travel seemed to be strong.

Mayor Hanel complimented Ms. Kronebusch and her staff for their efforts and hard work. Ms. Kronebusch distributed samples of recruitment materials.

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

<b>TOPIC #3</b>	<b><i>Tax Increment Financing Districts</i></b>
<b>PRESENTER</b>	
<b>NOTES/OUTCOME</b>	

Ms. Volek referred to an email from her that contained a letter from Steve Arveschoug of Big Sky Economic Development Authority, and additional comments regarding the ACCORD. Mr. Arveschoug spoke about BSEDA's request for \$8,000 from the City to help pay for an Economic Impact Analysis of Tax-increment Finance Districts. He said the total cost of the study was \$19,000. He said that once the financial commitment was in place, an initial scoping meeting would be held to determine what questions were to be answered. He advised that Dr. Scott Rickard of the MSU-Billings Urban Institute would conduct the study, and hoped to complete it in November. Mr. Arveschoug advised that he would provide a detailed scope of the study.

Councilmember McCall stated she felt that was a good investment for the Council. Mayor Hanel stated he agreed and hoped the County would support it as well. Mr. Arveschoug stated he felt the County did not need any arm twisting, and they had ideas of what would be included in the study.

Councilmember Ruegamer thanked Mr. Arveschoug for doing that and was glad to know that a local person would conduct the study.

Ms. Volek proposed the source of the funding for that request be the Council Contingency Fund. She reminded Council that \$2,000 was recently allocated for the Trail Maintenance Plan, leaving a balance of \$63,000 in the contingency fund. She said if Council agreed, it would be put on the October 12 agenda.

Ms. Volek spoke about the membership of a committee which would accept and review applications for the expansion, formation or modifications of tax increment finance districts. She explained the original proposal of a 14-member committee. She said that as a result of comments, she revised the membership related to Council representation, along with recommendations for non-voting members. She advised that item could be added to the October 12 meeting agenda if Council desired.

Mayor Hanel commented that he favored the reduced number of committee members.

Councilmember Ulledalen stated that he thought the Commissioners felt they were uninformed on the issue. He stated that rather than debate the issue, it would be a matter of meeting with the Commissioners to explain what was going on so they understood what the City was trying to accomplish. He said he was afraid it complicated the process and made it easier to get derailed, but could be solved by keeping each other informed. Councilmember Ruegamer stated he agreed with Councilmember Ulledalen that just a committee of Councilmembers and Commissioners was best. He said he had not seen anything from the school district that it was really in support of TIF districts. Ms. Volek said she had not really had a discussion about that with the Superintendent, but knew that at a school board meeting, it was discussed and the board did not think it had any impact on the district because they understood that the mills could not come in at all if expansion was not allowed, and after 15 years, the money went back in increased tax dollars. Councilmember Ulledalen said he thought the school board had done a couple of TIF districts and decided they were not detrimental to them. He said the problem was with attempts to establish communication with the school board to be able to discuss those issues.

Councilmember Ronquillo said his only problem was the comments he heard about lack of communication. He spoke about rumors that went around during the process, but favored the committee, because there would be open communication back and forth. He commented that the County Commissioners did not involve the City with their issues. Councilmember Ronquillo

said they were trying to establish something on the south side to build up some of those entities. He said the committee idea was good even though he was not too happy about involving the County Commissioners and agreed with Councilmember Ruegamer's comments about the school board because they did not invite the City. He said he had communicated with Dr. Beeman, who seemed more interested than the previous superintendent. He said he felt the open communication would serve the Council better.

Councilmember Pitman said he agreed that the communication would be beneficial. He said he did not foresee that there would be much work for the committee because there were limited areas where a TIF district could be started.

Councilmember Gaghen advised that in the very early stages of the formation of the East End TIF, the then-superintendent sat in on the discussion and indicated no concern with establishment of the district. She said the school district had been as involved as it wanted to be.

Councilmember Ronquillo commented that the Council would make the decision because the committee was an advisory committee.

Ms. Volek spoke about staff and Council involvement in TIF districts. Councilmember Ulledalen said he thought Councilmember Pitman's comments were correct that there may never be another new one, so tabling it might be the best option. He said what happened was that the Commissioners sent a letter asking for money, and the City responded by forming a committee. He advised that Commissioners could be invited to a work session if it involved a TIF district. Councilmember McFadden commented if it was the County's thought was just to get a piece of the pie, they should be told to butt out at an early stage. Mayor Hanel stated that School District Superintendent, Mr. Beeman indicated an interest in learning about the TIF districts. He suggested that the item be placed on a future agenda for further discussion. Councilmember McCall agreed and reminded the Council that the agreement was carefully drafted with the County and she felt it needed to be considered carefully in terms of the relationship with the County. She added that the school district was one level of local government and she thought if that was passed, an invitation should be given to the superintendent out of courtesy. Councilmember Ronquillo suggested tabling it. Councilmember McCall pointed out that tabling it indefinitely ultimately killed it. She advised that during the upcoming legislative session, there would be discussion about TIF districts and there was fear of legislative changes to them. She said the foresight in creating a group like that was creation of a model that proved local entities could work together. She said she favored further consideration. Mayor Hanel stated he agreed that tabling it indefinitely would be a mistake and sent a negative response to those that wanted to work with the City.

Councilmember Cimmino asked about the urgency of the study. Ms. Volek said the study was desired prior to the legislative session. Mr. Arveschoug explained that the Commissioners had good questions about the impact of TIF districts and those questions needed to be addressed, which should help the relationship between the City and County. He advised that as the largest urban center in the State that had the most ability to use TIF districts, Billings needed to take a leadership position on the issue and the study would help represent the City's case. Mr. Arveschoug stated that he informed the Commissioners that the discussion would take place that evening about the ACCORD and he asked what they wanted from it. He said the Commissioners advised him they wanted to have a voice in the process. He suggested a defined process that made sure the entities were communicated with and input was sought.

Councilmember Ulledalen stated that Billings spoke with several voices from different entities, and sometimes had conflict with the parties that represented it. He said he felt having

the study in place was a definitive tool to show what had been accomplished with creating urban renewal districts.

Councilmember Ronquillo spoke about an individual that attended Southside Task Force meetings that took part of a question and answer and went with it, so the study would help make the issue more understandable. It was Council consensus to bring forward the funding for the study, but not the ACCORD for the October 12 agenda. Mayor Hanel confirmed that the ACCORD was not tabled indefinitely. Ms. Volek said it could be revisited when the study was done.

The public comment period for that item was opened.

- **Greg Krueger, Executive Director Downtown Billings Partnership** spoke in favor of the funding for the study. He said he was also a little confused about the ACCORD. He clarified that he and Dr. Beeman from the School District decided to work together so Dr. Beeman was fully informed. Mr. Krueger stated he felt the Downtown Billings Partnership was a good model for tax increment districts. He referred to quarterly reports that were sent to the County, School Board and City. He said he did not feel that the County had concerns with the downtown tax increment districts, but were somewhat concerned with their involvement in the creation of the TIF district on South Billings Boulevard. Mr. Krueger agreed there were not many spaces left for creation of additional tax increment districts. Mr. Krueger advised that he attended a recent forum that included discussion on tax increment districts and the overall consensus was that they should be left alone because they were working. Mr. Krueger advised that he felt tax increment funds were an appropriate use for the study.

Councilmember Ulledalen suggested that presentation of the quarterly or annual reports would be an opportunity for a joint meeting that could answer all the questions at the same time.

- **Joe White, Billings, MT**, stated that he supported tax increment districts, but he thought it created a problem when inexperienced people worked on them. He suggested a commissioner to oversee the districts.

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

<b>TOPIC #4</b>	<b><i>Park V Concept Preview</i></b>
<b>PRESENTER</b>	
<b>NOTES/OUTCOME</b>	

Mr. Krueger reported that a parking study recently completed, along with a 2002 study, both indicated a need for additional parking downtown. He said the potential for a downtown conference center added to the necessity of an additional parking structure. He asked for support for a new structure that would accommodate 705 cars, and asked for authorization to allow staff to begin discussion with bond counsel, and for the Downtown Billings Partnership to start negotiating development agreements. Mr. Krueger explained that those steps would show how a structure would be funded, what it consisted of, and the timeline for the development. He said a decision was not requested at this time, but the question was being asked whether a new structure was needed and if that was the appropriate location.

Mr. Krueger advised that representatives from Collaborative Design, the firm contracted with for preliminary design of the structure, were present that evening. He said Mr. Nelson from the Northern Hotel was also present, along with Mr. Chris Mallow from the City Parking Division to reinforce the parking study.

Mr. Jeff Kanning of Collaborative Design reviewed the study done on Montana Avenue regarding location of a parking facility and a conference center. He said the proposal was to create a parking garage on Montana Avenue between 27<sup>th</sup> and 28<sup>th</sup> Streets North. He said the proposal was for about 20,000 square feet of commercial/retail space, with the parking facility on the upper levels, in addition to some private underground parking. He provided a brief overview of a proposed conference center.

Mr. Kanning reviewed the budget. He said the median cost for the parking garage was about \$16,000 per space, but the figure of \$17,000 per space was used, along with some demolition costs that would be involved with preparing the site. He said \$2 million would be allocated for the street level facility and other needs and contingencies, for a total of about \$17 million. Mr. Krueger explained the relationship with Crown Plaza in the project. He advised that new increment would be added to the existing district. He said the intention was to make the facility as much mixed-use as possible with as much parking as possible.

Mr. Krueger said that once the Council indicated it wanted a parking garage at that location that kicked into motion discussions with private developers about what else could happen there.

Councilmember McFadden asked how that would benefit the Northern Hotel. Mr. Krueger explained that the Northern currently had a 189 space parking structure that was very old and outdated, when at the same time, the Northern was being encouraged to be a high-end facility. He said the parking structure was privately owned and it was always known that private structures were more difficult to maintain because the public structures subsidized the cost of construction. He said a large parking structure that was mostly publicly-owned would be a huge benefit to the Northern.

Mike Nelson of the Northern Hotel, spoke about the benefits to the Northern, even though it would also create a few challenges. He stated that the project would benefit other businesses in the downtown area.

Councilmember Ulledalen stated that a facility would allow the City to attract larger conventions that were not interested now. Mr. Nelson advised that between the Northern and the Crowne Plaza, about 1300 people could be accommodated for a conference, but the proposed facility would accommodate almost 1500. He predicted demand for additional hotel rooms and restaurants. Councilmember Ulledalen asked Mr. Nelson to speak about the groups that could and not be accommodated at the present time. Mr. Nelson provided examples of larger groups that could not be attracted to the available facilities.

Councilmember Cimmino asked where the 705 car estimate came from. Mr. Kanning explained that the number came from the parking study. Mr. Krueger explained that the study indicated a 500 space deficit in that block, and if the garage adjacent to the Northern was torn down, that was another 189 spaces. Ms. Volek advised that there were about 180 spaces in Park II for the hotel.

Councilmember Ulledalen mentioned that a developer would need to understand the new market tax credits.

Councilmember McFadden asked if other businesses would be helped with the proposed garage. Mr. Nelson explained that other downtown businesses rented some spaces in his current garage and the new facility could serve the whole downtown as well.

Councilmember Ulledalen asked if there was any idea how much vacancy would be held in the garage for convention attendance and how much would be committed for downtown employees. Mr. Krueger advised that the feasibility study would address that question. He noted that airline access would be included in that study as well.

Councilmember Gaghen asked if that would be the only facility in the area that could accommodate a convention of that size. Mr. Krueger said he thought that was true, but he knew that Missoula was considering the same size convention center.

Mr. Kanning reviewed the proposed schedule. Mr. Krueger reported that land acquisition would add about \$3 million to the project, but he believed that there was still sufficient increment and revenue to bond, and much of it would be recouped by the sale of private components of the garage. He said that would likely be brought to the Council at the end of the year or the first of the next year. Mr. Kanning noted that once construction began, it would take about 15 months for completion.

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

<b>TOPIC #5</b>	<b><i>Community Conversations</i></b>
<b>PRESENTER</b>	
<b>NOTES/OUTCOME</b>	

Ms. Volek advised that there was some email conversation with Councilmember McCall indicating that staff and Council had agreed there would be additional community conversations and some topics had been suggested. Ms. Volek said the Library was suggested, but Mr. Cochran had informed her that with design work and architectural studies in progress, it would be better to reserve that project until the coming spring. Ms. Volek said staff recommended considering the planning levy as a conversation topic. She noted that ballots would be mailed October 4, so the timeline was tight.

Councilmember McCall explained that if the planning levy was going to be the topic of the community conversations, it would be a challenge to pull off. She asked for feedback from the Council before too much work was put into it. Councilmember McCall said the thought was to have three sessions – one in the Heights, West End and downtown/south Billings. Ms. Volek pointed out that if they were not scheduled soon, they would interfere with the holidays. Councilmember McCall said if the conversations were not held this fall, they had to be done next spring. She expressed her concern that if the practice was not continued, it would be lost. Ms. Volek mentioned that the park issue had been discussed as a potential topic for the spring session.

Councilmember Ulledalen stated he thought the process needed to be continued. He said he was concerned that there was not enough time to market it, and there also needed to be a multitude of topics to attract a broader spectrum. He suggested a review of the strategic planning process before December because that would provide topics for the spring conversations. Councilmember Ronquillo stated he agreed with Councilmember Ulledalen. He said he could arrange to have the mill levy topic presented at the Southwest Corridor Task Force because he thought it was short of time.



Councilmember Gaghen said she was supportive of having community conversations, but she was also concerned with the timeframe and the need for multiple topics. Councilmember Gaghen suggested Ms. Beaudry attend the Southwest Corridor Task Force later that week because waiting until the next meeting at the end of October might be too late for people that would have already sent in their ballots on the planning levy.

Mayor Hanel asked if any thought had been given to a different method of getting the planning levy message out if the community conversations venue would not work. Councilmember McCall stated she knew that Ms. Beaudry was working with a committee and would make numerous presentations. Ms. Beaudry explained that staff would make informational presentations, and a committee of supporters, Friends of the Levy, would promote the levy through social networking, fliers, advertising, letter writing campaign, and possibly other activities.

Councilmember Pitman stated he was nervous about bringing the mill levy into the community conversations. He said the conversations should include topics for discussion, such as the ones discussed that evening, instead of issues with preordained decisions. Councilmember McCall said she was fine with that and was only pushing it because of the time factor related to the levy. Councilmember McCall asked Ms. Beaudry about her thoughts. Ms. Beaudry expressed appreciation for any efforts given that department. She said if the conversations did not happen about the levy, she was ok. She said she agreed with Councilmember Pitman about topics for the conversations, and with the tight timeframe for the levy, it might not be as effective as they could be.

Councilmember Ulledalen commented that at some point, there needed to be an opportunity for community input regarding the Library.

Mayor Hanel stated that if the community conversations did not occur regarding the Planning Levy, he encouraged Councilmembers to get the word out about the levy as much as possible.

Councilmember Cimmino stated that the Council approved funding for studies and projects, so could it do a public service announcement for the levy for the Planning Department before the ballots went out. Mr. Brooks explained that there was a statute that prohibited public officials from expressing support or opposition to a ballot measure or a candidate. He added that the statute did allow public officials or an entity to provide informational documents regarding the impact of the passage or defeat of the ballot measure. He advised that he had prepared a memo related to that a few years ago and could provide the information to the council. Councilmember Cimmino said she understood that and her objective was not to endorse it, but to inform people of the issue that would be on the ballot and to provide the information so voters could make an independent decision. She said she also wondered how the cell phone ban information would be provided. Councilmember Gaghen said the committee was meeting with the intention of providing as much information as possible to the public. She spoke about entities and associations that would be contacted. She said the committee was meeting that coming Thursday and anyone was welcome to attend the meeting. She advised that signage would be posted, and the media was assisting with getting the information out, as well as the school district and colleges.

Councilmember Ronquillo stated he saw a flashing sign near the Gallatin Valley that said not to text while driving. He suggested something similar or to work with the State if they posted that signage.

Mayor Hanel confirmed that the consensus was to not proceed with community conversations at the present time.

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

<b>TOPIC #6</b>	<b><i>Public Comment</i></b>
<b>PRESENTER</b>	
<b>NOTES/OUTCOME</b>	

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

<b>Additional Information:</b>
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Councilmember McCall referred to a recent article in the National League of Cities newspaper regarding a program that allowed member cities to engage with the National League of Cities and CVS Pharmacy to provide discount pharmacy cards for residents in their communities that did not have insurance, Medicare or Medicaid. She said it seemed like a good idea and there was no cost to the cities to participate. She said if Council agreed, it would be great to have staff check into participation in that program. Mayor Hanel stated that from a PR aspect and a benefit to the community, it sounded like a good program to pursue.

Councilmember Ronquillo announced the Eat and Meet event that would be held at Garfield School, the following evening at 5 p.m. He said the theme was Educating the Youth and talked about the information that would be provided.