

City Council Work Session

May 30, 2007
5:30 PM
Community Center

ATTENDANCE:

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

ADJOURN TIME: Not Recorded

Agenda

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

- None

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| TOPIC #2 | <i>CREB Grant Funding</i> |
| PRESENTER | City Administrator Volek |
| NOTES/OUTCOME | |

- City Administrator explains the grants, application process, timing, and the engineering company that would prepare the application.
- Councilmember Boyer: how does this work with energy audits? Think that some of the commission members are doubtful about the application.
- City Administrator Volek: What has been proposed is to buy used wind mills, some question whether this will work. This maybe premature.
- Mayor Tussing: Do any local companies do this work instead of a Bozeman company? RFP process?
- City Administrator Volek: was not a competitive process, so don't know if there are local companies that do this work.
- Councilmember Boyer: commission vote?
- City Administrator Volek: yes, to take appropriate action to approve at least one CREBS grant application this year. Came up suddenly, some members have reservations but the majority voted to approve the recommendation. Funding for the application would be

Council contingency. Do you want to use money for this and do you want to make the application at this time?

- Councilmember Clark: application would have to state the project outline?
- City Administrator Volek: yes
- Wyeth Friday: The short timeframe is due to fact that the grant round is about to expire.
- Councilmember Boyer: Big picture is that the commission was appointed to make this kind of initiative, so we need to support them.
- Councilmember Brewster: wind farm owners should speak to City about what it takes to site a wind farm.
- Councilmember Clark: how can we apply when we don't know what the project is going to be or where it's going to be, etc.?
- Councilmember Ulledalen: Feel we're being rushed. Won't support this idea.
- Mayor Tussing: Agree to put it on the agenda, ask for a presentation and then vote.
- Councilmember Ulledalen: 20 year old equipment, rebuilt and being told this is a great deal. Don't think this makes sense.
- City Administrator Volek: one committee discussion was about firm energy.
- Consensus: put the request and resolution on the agenda.
- City Administrator Volek: don't normally allow anyone other than staff to present, so have them talk at beginning of the meeting?
- Councilmember Veis: won't be at the meeting but seems like too fast for this complex of an issue and this is not a new program so commission should have pursued this earlier or try it next year.
- Councilmember Clark: presentation should be at a work session, not at the regular meeting. 4-5 members agree.
- City Administrator Volek: how many want it on the agenda? 2. Rest do not want it on the agenda? Yes.

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| TOPIC #3 | <i>Budget – Public Works, Planning</i> |
| PRESENTER | |
| NOTES/OUTCOME | |

- City Administrator Volek: Candi will start and Dave follows.
- Councilmember Boyer: want more detail, don't rush over the material.
- Candi Beaudry: compromise. 4 slides on the screen but 15 on the handout. Introduces the division managers. Sensitive to growth and don't produce lots of revenue and is often first point of contact for developers to homeowners.
- Candi : Beaudry building – good year in 2006-2007, so we added to reserves last year. Will have to spend a little this year out of reserves.
- Councilmember Veis: predicting growth?
- Candi Beaudry : not much in building. Subdivision activity is slow, so expect building activity to level out or to decline. Absorption study would be the best way to predict how

many lots are needed for current building needs, but they're expensive and we can't afford to do one. Point out the major expense changes in the FY 08 budget. IBC will soon start review the procedures and policies of building, fire, planning, engineering.

- Candi Beaudry : code enforcement funded in general fund. Not growing even though the city is growing. Don't generate much revenue. Lost the county code enforcement officer and lost the revenue so it's a 100% offset. Small increase in expenses. SBRs submitted but 2 not approved because this is a General Fund dept.
- Mayor Tussing: idea of additional .5 FTE is to increase the field operation time?
- Candi Beaudry: Yes, community development – you have recently received extensive information on their programs. On the surface, budget looks good but reprogrammed income and other income are variable and if they're not received, the expenses will equal or exceed revenues.
- Candi Beaudry: Planning division – biggest changes of any division in P&CS dept. Transportation funds have to be matched by local funds. We don't have the match, so can't take advantage of all the available federal funds (\$500,000+ in FY 07). No match is because of no money available to hire and retain two planners. Explains the federal funding procedures. Will be creative this year to maximize the amount of federal funds that we can requested/used. Will deplete reserves by 2009 if we don't generate more revenue. Collecting revenue from Laurel and doing their planning but that's just break-even. Will start charging for condominium site reviews and for zoning compliance reviews on building permit applications.
- Councilmember Veis: uncomfortable with low reserve.
- City Administrator Volek: will be reviewing the general fund, planning and library at least.
- Councilmember Veis: really concerned about planning so want some emphasis there.
- Candi Beaudry : We've asked the BOCC and they have agreed to put additional levy on the ballot in June 2008. But it has to pass and it won't come to us until FY 2009 budget.
- Councilmember Brewster: BOCC could levy this without a vote.
- Candi Beaudry : yes, but it is their policy to vote every levy increase.
- Councilmember Stevens: leaving money on the table by not filling 2 vacant positions?
- Candi Beaudry: yes, but without match, we can't maximize the grant funds. Future looks bleak but I'm confident that we can manage and implement new strategies so we will survive.
- Councilmember Boyer: this funding dilemma is the reason we asked for local option tax authority. Every major city is in the same situation and Legislature isn't listening.
- Wyeth Friday: reviews some of the revenue options such as fees, mill levy, maximize the grant, ask for more money from Laurel, etc. but will cut positions as a last resort.
- Dave Mumford: Public Works budget – introduces the division managers. Reviews the org chart. Facilities review. Over 200 employees but streets will reduce 1 permanent and 8 seasonal positions in order to balance the budget.
- Councilmember Veis: how much of total is enterprise fund?
- Dave Mumford : almost all of it. Expenditures are \$91 million. Will use \$8.9 million in reserves and loans to balance the budget. Discussion on how much is reserves and no definitive answers. **NEED TO TRANSMIT TO COUNCIL AT A LATER TIME.**
- Dave Mumford : discusses the division budgets. Engineering/administration expenses and revenues are up. One expense is to consolidate engineering in one location. Budget

request to accomplish the remodel and move. Not cost effective to remodel at the Library. Looked at other properties too. Depot = \$15/ sq. ft. Increases cost by \$67000 over what it is for the Library.

- Mayor Tussing: what happens to the vacant 4th floor area?
- City Administrator Volek: Dave will pay full year rent, planning will expand a little but some will be vacant. Discusses the prospects for hotel purchasing the property; will know more about this in September.
- Councilmember Veis: why consolidate?
- Dave Mumford : We need to consolidate the Department. Single source of engineering information.
- Councilmember Veis: relationship with planning?
- Dave Mumford : remote operations now with fire and we'll make this one work. Development community supports the move.
- Councilmember Boyer: want to consolidate more than engineering.
- Dave Mumford : Planning can't afford it.
- Multiple questions.... Total capital costs???
- Councilmember Stevens: building proximity to the railroad will be a problem for customers and employees.
- Dave Mumford: don't hear the trains except when the engines pass.
- Councilmember Ruegamer: land lease but own the buildings, what is the lease rate for?
- Dave Mumford: it pays to amortize the leasehold improvements.
- Several more questions about the move.
- Councilmember Boyer: should have been dealt with through a work session.
- Mayor Tussing: revenue sources for \$210,000?
- Dave Mumford: internal dept. charges.
- Mayor Tussing: does Engineering interact more with Engineering or with Planning?
- Dave : Engineering.
- Mayor Tussing: what does Planning think?
- Candi Beaudry: not an ideal situation but it is a solution to his problems.
- City Administrator Volek: we continue to react instead of plan and act. Olsen Architects will hopefully do a complete space allocation plan in FY-09 but we don't have the money now. Discusses other Department needs.
- Councilmember Clark: east end TIF has space?
- City Administrator Volek: no existing building, so would have to build and the costs are higher than remodeling the Depot building. Due diligence was done.
- Councilmember Veis: out of the blue to us.
- Councilmember Stevens: not a lack of trust, but this was a surprise. Don't like to be surprised.
- City Administrator Volek: we can schedule the discussion for June 4th but it's already a full meeting.
- Councilmember Ulledalen: my biggest worry is the long term effect on the Library.
- Councilmember Boyer: also, the effect on Planning.
- Mayor Tussing and City Administrator Veis: development community may not support this and we want to hear from them.
- Dave Mumford: serious department relation issues and can't consolidate on the 4th floor and solve them.

- Councilmember Stevens: more comfortable with the move now, but should have been told earlier through work session.
- Councilmember Ruegamer: The issue is not whether or not Engineering moves, but we do have problems with the lease arrangements. Need to see the base agreement with the Depot and the proposed lease for this space.
- City Administrator Volek: We will be glad to get Council a copy of the lease agreement.
- Councilmember Boyer: very sensitive to taxpayer reactions to City saying we don't have money and then a Department spends money and moves.
- Discussion continues regarding this issue.
- Dave Mumford : Street maintenance, District assessments - asking for 7% increase, last one was in 2003. Even with increase, does not fully restore funding for PAVER program. Have internally justified the higher assessments for District 1. Will have to reduce employment by 1 FTE and 8 seasonal employees. Storm sewer also asking for 7% increase. Last increase was in 2005. Absorbing new drainage district facilities, expanding the city, new federal regulations for storm water discharges. Going to use some of the reserves. Storm sewer also asking for 7% increase. Last increase was in 2005. Absorbing new drainage district facilities, expanding the city, new federal regulations for storm water discharges. Going to use some of the reserves.
- Councilmember Boyer: reserve use in Arterial Fund.
- Dave Mumford: we save for years, then spend because large project costs require more than 1 year of collections.
- Dave Mumford: asking for increase in right of way fees. Last increase was in 1982. Timed the engineers' work on permits and the fees would let us break even. Engineering division: Liability insurance went up; using less GF money all the time, about \$200,000 in FY-07. Solid waste: Discussion on SBRs. Discussion about recycling program and expanding it. Water and wastewater: SBRs focused on the slip lining program and new personnel to add to customer services, due to city expansion. Additional electrician in wastewater needed, due to possession of new equipment.
- Councilmember Stevens: monthly report from Public Works is very helpful, informative.
- Councilmember Boyer: lots of compliments for Public Works workers.

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| Additional Information: |
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- None