

City Council Work Session

5:30 PM
Council Chambers
Date: May 5, 2014

ATTENDANCE:

Mayor/Council (please check) X Hanel, X Cromley, X Yakawich, X Cimmino,
X Pitman, X McFadden, X Bird, X Swanson, X McCall, X Crouch, X Brown

Agenda

(Budget Only)

TOPIC #1: Budget Overview

- Tina Volek: Presented City of Billings FY15 Budget Overview. Budget will begin once adopted by the City Council, on July 1, 2014 through May 31, 2015. This will be the first of 5 meetings devoted solely to the Budget. We will have a meeting on May 13, May 19, May 28 and on June 2. Budgetary basis of accounting for this Budget is of 2 types: A Governmental Fund Type and a Proprietary Fund Type. The Governmental Fund Type is on a modified accrual basis. This recognizes revenues at the time they are measurable and available, and expenditures at the time of payment. An accrual basis recognizes the financial effect of transactions when they occur regardless of the timing of the related cash flows. Also have proprietary type funds which modified accrual basis are used for the budget and full accrual accounting is used for external financial recording. Have several budget practices that affect the budget, and have over the years. One is the Capitalization Procedure, our investment policy. Our Capital Replacement Policies, the Capital Improvement Plan (CIP), the Equipment Replacement Plan (ERP), and the Technology Replacement Plan (TRP) which you recently approved. Our Growth Policy: We have a policy that requires a balanced budget. This year for the 13th year, we have not automatically allowed the Departments to increase their Operation and Maintenance funds. Instead, we have provided them with specific information in regard to items such as salary increases, which have been negotiated. For the remainder, we asked them to complete something called a Supplemental Budget Request (SBR). Supplemental Budget Requests are required every time the Department wishes to add employees or programs. Also have recommended reserves. They can see savings when they occur or roll back into the budget. Of course we have your Strategic Goals. These are all items that reflect on the budget. Also have some legal requirements. We are required to keep certain reserves that cover our bond funds. Also are required by the State to keep certain reserves. In some cases there is a cap on what they allow us to keep. Our facilities are allowed to only keep two years of budgets. We have reserve

recommendations for our budgets which were adopted last by the City Council in 2010. We get property tax funds twice a year after the property taxes come in through the County and State. We make sure that we have sufficient to cover our payroll during those periods of time without having to borrow. This marks the 21st consecutive year that the City has received the Distinguished Budget Presentation Award from the Government Finance Officers Association.

Proposed Budget: You see the proposed revenue is for all funds. Are up approx. 3.6% from last year when our approved budget was \$249,645,198.00.

Revenues – All Funds: \$258,672,186

Charges for Service	\$101,284,126	39%
Inter-Governmental	31,164,381	12%
Licenses & Permits	6,252,335	2%
Special Assessments	22,049,239	9%
Taxes	35,645,763	14%
Miscellaneous	1,790,926	1%
Debt Proceeds	27,931,695	11%
Interfund Transfers	28,968,831	11%
Donations/Contribution	848,638	0%
Investment Earnings	558,865	0%
Fines & Forfeits	2,177,387	1%

Expenditures – All Funds: \$277,387,193

Interfund Transfers	\$ 28,968,831	11%
Debt Service	15,420,810	6%
Capital	84,265,263	30%
Personal Services	86,520,223	31%
Operation & Maintenance	62,212,066	22%

These prices are up about 6.5% from the current budget we are completing which is \$260,469,586. Budget contemplates a 2.9% COLA. Increase will look larger when you look at the budget book. Actually reflects a 5.8% increase from 2014 – current budget year. When we adopted last year’s budget, we had yet to complete our contract negotiations with our bargaining units. Number was not included in that budget and hence the increase looks twice what it is because we did include two years in the current budget. Paid it and last year we amended the budget but the increase looks larger then it really is. Health Insurance has decreased \$500,000. Other major changes that you will see in Operations and Maintenance: Major Changes 14 to 15 –

Property/Liability Insurance	\$231,459
TIF Development Incentives	\$600,000
VISTA Living Allowance	\$191,710
Building Rent	\$105,042
Landfill Post closure	\$100,000

Interfund Transfers – All Funds – Transfer from the GF to Public Safety Fund is \$21,901,000 of \$28,968,831. Other transfers include transfers from the GF to the Library Fund is required by the City Charter. \$30,000 from the GF to the CDBG, the EQR fund, grants and gas tax funds are among those that are transferred. Transfers are not “REAL” expenditures.

- McFadden: Question about Interfund Transfers – Looking at total budget \$277,000,000. When this Interfund Transfers happens does it make the total more or less or would it stay the same?
- Tina Volek: Makes it appear more. Was a problem when this all began. Not normally required 10-15 years ago. The Government Accounting Standard Board made us show the transfers. Actually does look as if we doubled the money.
- McFadden: Real budget is closer to \$250,000,000?
- Tina Volek: Yes
- Tina Volek: Here are some of the major CIP projects that are recommended for the coming year.

<u>Major CIP Projects:</u>	East End Storm Sewer	\$10,253,750
	Reservoir Pressure Zone Adj.	\$ 7,000,000
	Water Main Replacements	\$ 6,600,000
	Chemical Building Improvements	\$ 6,000,000
	Sanitary Sewer Main Replacement	\$ 4,000,000

Most of these provided by fees for service.

Major ERP Replacements/Additions:

- 10 Police cars
- 1 Loader
- 1 Sewer Jet
- 6 Waste Collection Trucks
- 1 Landfill Compactor
- 1 Ladder Truck

One of the major advantages of the City's EQR plan is, that by planning ahead by very carefully betting which pieces of equipment need replacement, and by very careful management transfer and what equipment is necessary, these items are all paid for. We do not have to borrow any money. Look for things very closely like age, wear, maintenance issues, availability of equipment.

Major Initiatives:

- Priority Based Budgeting
- Continued Innoprise Implementation – Is our organization wide software. Is software that is going to cover everything from Finances to our Planning Dept.
- New World Public Safety Software – are in the process of implementing that.
- Strategic Plan Implementation – you approved and will begin implementation in 2015.

Proposed Fee Changes:

- Water – Varies depending on services
- Wastewater – Varies depending on services
- Arterial – 2.8% for average (Residential increase of \$1.15).
- Street Maintenance – 3% (Residential increase of \$2.60).
- Storm Sewer – 3.5% (Residential increase of \$1.34).
- Solid Waste – Increase of 13.1%
- Individual PMD rate changes
- Individual SLMD rate changes

Supplemental Budget Requests:

These are specific requests from Departments for increases in staffing, or operations for the General and Public Safety Funds. The total Supplemental Budget Requests made this year, were \$524,757. Of those, \$398,133 was funded. We offset that with a \$45,000, one time increase in revenue from a Northwestern Energy rebate. \$89,416 of the proposed increase is for ongoing expenses. Seasonal wages for the Parks and Recreation Dept., to keep them competitive with the food service and other industries that attract young workers in the summer. And a \$10,000 ongoing replacement cost for fire and medical supplies. There are \$308,717 one-time expenditures that were recommended. \$7,000 for an FTR Player in Court that was discussed in the last budget hearings. \$165,000 for a replacement of a leaking roof at Fire Station #1. The roof at the fire station is necessary in order to maintain infrastructure. \$30,000 for a fire hose that is no longer workable. \$60,000 for a burn building. At one time we had a burn building at the airport. That building became structurally unsound. As a result, it was removed. We are now working on buying several cargo sheds that are adapted to become burn buildings. These will be placed at the airport and available for the use of the Fire Dept. A very valuable learning tool. The cost of these items is offset by savings. Such as not having to hire a person part time for the summer. \$25,000 for priority based budgeting. SBR's are judged on several categories. Occasionally, we will have a request that is based on a mandate from another government. For example, Federal Government required several years ago that we fence all of our wading pools. In all other funds, for the Internal Service Funds, Motor Pool, Facilities, etc., total request of \$606,500 which were approved. They are funded from the operating budgets and reserves of those departments. Enterprise and others requested \$2.8M and was recommended for \$2.78M.

FY 15 Staffing Positions Proposed

Number of Positions	Fund / Department	Position
2	Streets	Equipment Operator
2	Solid Waste	Maintenance-Landfill
.5	Community Development	Administrative Assistant

We should have added ½ position in Community Development Block Grand Funds. The Streets and Solid Waste positions are paid for by the fees for those departments. The CDBG Fund is paying with the Federal Funds for the Administrative Asst. part-time position. This is regulatory compliance for the home funds. Which represent the largest source of funding for the CDBG budget. Have \$9.5M at risk should we not follow the appropriate procedures. Home is becoming more and more demanding that the procedures be followed, and what the procedures are. After discussion with Ms. Beckett and Ms. Millar, did decide to recommend to Council.

Have undertaken in the last decade, several items to control our budgets. Mr. Weber has been diligent in attempting to identify additional revenue sources.

Have seen this in some of the bond funds that we have talked about and the other items that we have used in other years. We have kept our Operations and Maintenance at 0%. Have required that Departments provide us with SBR's for any additions, and limited staffing additions. We have added several revenue sources. Transferred 2.3M in FY06-08 from the SID Supplemental Revolving Fund when it was no longer needed. Made a one- time accounting change to reduce the public safety fund balance by \$1.6M. It was carrying a larger number then it needed to have. That was in FY09. In FY13 we transferred \$1.8M from the SID revolving lump fund. The Council was made familiar with all of these at the time it was adopted.

This gives you an idea of the General Fund and the Public Safety Fund approved supplemental budget request over-time.

First year I was here \$1M in supplemental budget requests were recommended and approved by the Council. In the time since then, the largest that we have ever recommended, and the Council has adopted, is \$463,698. This year it is around \$398,133. The Departments have become more responsible in the number of requests that we have. They have been much more modest and realistic about what we can afford and what we need to do.

Here are the expenditures for the General Fund and the Public Safety Funds that are recommended for the coming year.

General and Public Safety Funds

	Proposed FY 15	PERCENT TO TOTAL
EXPENDITURES:		
MAYOR AND CITY COUNCIL	\$ 271,091	0.5%
CITY ADMINISTRATOR/CLERK	678,102	1.4%
HUMAN RESOURCES	681,072	1.4%
CITY ATTORNEY	1,430,680	2.9%
MUNICIPAL COURT	1,239,818	2.5%
FINANCE	1,395,057	2.8%
CODE ENFORCEMENT	288,951	0.6%
PARKS, RECREATION AND PUBLIC LANDS	4,518,315	9.1%
¹ NON-DEPARTMENTAL	783,099	1.6%
COUNCIL CONTINGENCY	65,000	0.1%
POLICE	21,396,238	43.2%
FIRE	<u>16,766,512</u>	<u>33.9%</u>
TOTAL EXPENDITURES	\$ 49,513,935	100.0%

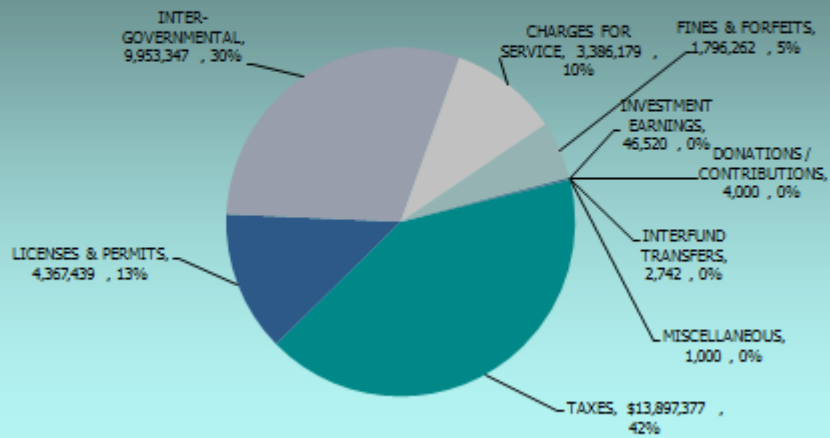
¹ GF transfer to PS of \$21,911,000 and Library transfer of \$860,961 removed.

In 2004, we had 38.8 square miles of land covering the City of Billings. Today we have 42 square miles. We had a population of 97,000. Today our population is 106,000. We went from 491 to 530 miles of streets. We added 566 fire hydrants and 678 developed acres of parks. We did so by adding none in the Park Recreation under the General Fund staff funding. We did add some under the Maintenance District which will be talked about later tonight. Added 14 to the Police Department and 7 to the Fire Department under the first public safety levy we adopted in 2004. We have added a part-time person in Human Resources because of increased demands. 2 people were added in the City Attorney's office. These positions are paid for by Enterprise Funds. Specifically Public Works and the Airport. We added 5 ½ people in Municipal Court. Again, increase in numbers and staffing issues lead to us making recommendations which the Council granted over-time. In the same period of time, our square miles have increased 3.2, our population has increased 9,700. We have added 29 positions. 21 of which were funded by the Public Safety Levy.

GF & PSF Staffing Additions over 12 Years

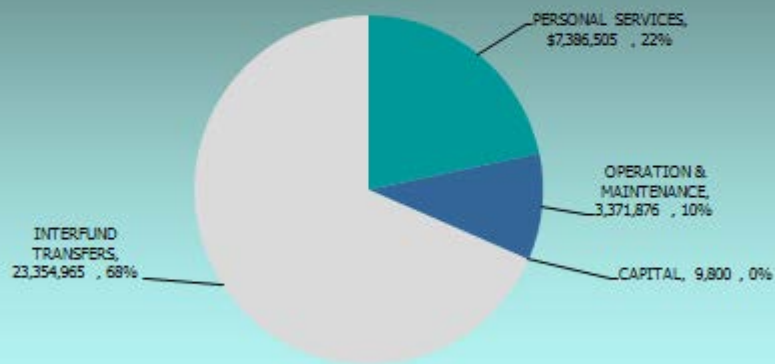
	FY 04	Proposed FY 15	Difference
	FTE	FTE	FTE
Mayor and City Council	5.5	5.5	-
City Administrator	5.0	5.0	-
Human Resources	4.5	5.0	0.5
City Attorney	8.0	10.0	2.0
Municipal Court	11.5	17.0	5.5
Finance	11.0	11.0	-
Code Enforcement	3.3	3.3	-
Parks, Recreation and Public Land	24.0	24.0	-
Cemetery	4.0	4.0	-
Police	153.0	167.0	14.0
Animal Shelter	7.0	7.0	-
Fire	139.0	146.0	7.0
	-	-	-
TOTAL GENERAL and PUBLIC SAFETY FUNDS	<u>375.8</u>	<u>404.8</u>	<u>29.0</u>

Revenues – General Fund \$33,454,866

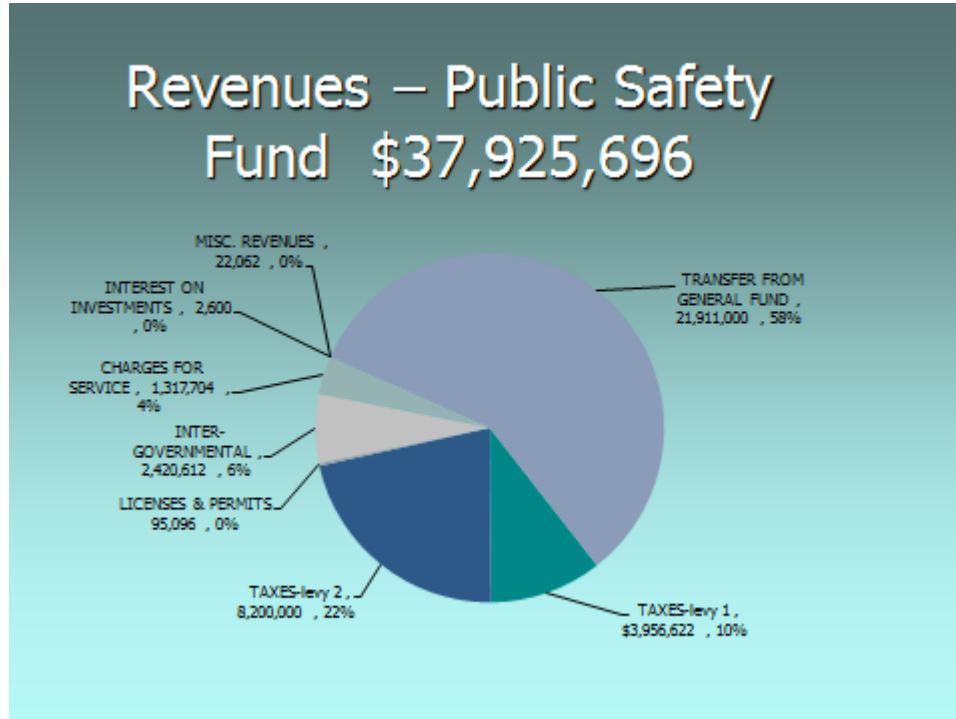


Revenues – General Fund for the coming year. Up about \$462,000 from the FY14 Budget Year. Was budgeted for \$32,992,139 – about a 1.4% increase.

Expenditures – General Fund \$34,123,146



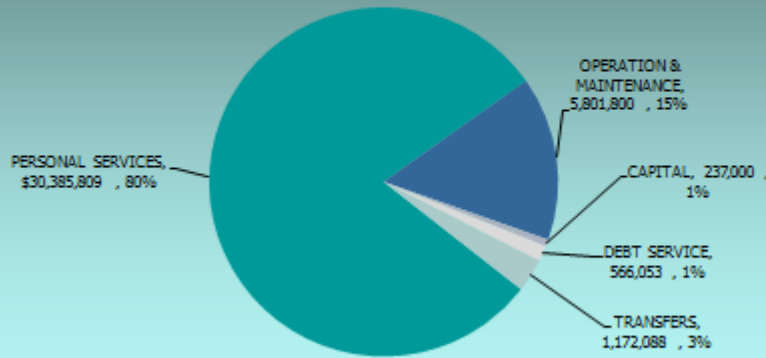
Expenditures are up 3%. In 2014 a total of \$33,115,313. There are some one-time costs for the Legal Department software in the amount of \$68,000. Entrance remodeling of \$25,000. Strategic Planning of \$25,000. Interfund transfer is the largest at 64.2% of the GF is transferred to Public Safety.



62% of the GF, 58% of Public Safety Fund comes from the GF Transfer. There have been questions in the past about what happened to the two levies. We add \$21,000,000 in addition to the revenue that is raised by the 2 levies. Consistently added significant amounts in addition to those levies since they were passed. The first in 1999 was for a levy, and it raises for the coming year, \$3.9M. The second levy was \$8,200,000 and continues to be on a steady basis. Was a one-time aberration. The next time the Legislature met they amended the wording so that future levies will be on mills rather than on flat dollar amounts.

- Swanson: Do the levies have a time limit?
- Tina Volek: No. They continue.
- Tina Volek: Here are the proposed expenditures in the Public Safety Fund.

Expenditures – Public Safety Fund \$38,162,750



The total Police Department budget for the coming year is recommended at \$21,396,238. The total Fire Department budget is recommended at \$16,766,512. A 3.04% increase for Police, and a 6.15% increase for Fire.

A heavy piece of that is the increase in the equipment and maintenance that is represented in the additional truck we are buying and the maintenance that is being done at the station.

- McFadden: Would like to see to some information on the details of the fire truck. Concerned may not be able to get on some of these big buildings getting built on the West end (Scheels, Fed Ex, etc.).
- Tina Volek: The Fire Department usually creates a committee to order trucks. We will not order just a ready-made truck. These trucks are all custom made. Will have the Fire Chief prepare to discuss when he comes for his meeting. It comes out of an EQR Fund accrued and ready to go to purchase the equipment. Have the money to do it and need to keep our fleet in good shape. We do have sufficient amounts to carry us through FY16 or FY17 before we would be in a position that we would have to cut expenditures.
- Cimmino: We are looking at \$11M? The difference in expenditures in revenue is \$18M.
- Tina Volek: It is not \$18M between expenditures and revenues. Total City wide, In many departments like Public Works, we lay aside money over time to do big maintenance projects. Perfect example: Zimmerman Trail. We got that money from Federal Government 7 years ago. Going to be extending it this year. Not taking it out of revenues that they are receiving. It has been held in reserve and will be paid for out of reserves that we kept in place.

We are going to start eating into our 11.7 unbudgeted reserve to cover our transfer (GF and Public Safety Fund Operations) starting in FY15. Reason we started building an \$11.7M reserve. 10 years ago we were all aware that we have a flat no levy which cannot be increased by action of the City Council. At that time, just passed and retained the Public Safety Levy. Were aware that our costs over time once that Safety Levy capped out, would not be covered, and we needed to have money to do that. Had instruction from the Council not to use reserves to balance operating budgets. Had a good effect on our bond rating. Went from a B to an AA2 which is good in the markets of today. Did make our operation more transparent. Reason we did accrue an 11.7M unbudgeted reserve. Some was actually done by not granting all supplemental budgets requests that we had and by being very careful about expenditures and rolling that money back in to the next year's budgets when we didn't need it.

Staff recommendations are to approve the 2015 Budget using the reserves to balance the GF and the Public Safety Fund. To take a Public Safety Levy to the voters in FY2015. There is a copy of the budget available for public inspection at the City website at www.ci.billings.mt.us under Finance. There is also a separate section that shows the presentations that are being made tonight and subsequent nights.

- Public Comment:
- Kevin Nelson – 4235 Bruce Ave.: Cost of living increases.

Have people that live in the City that have cost of living increase because they are affected by street maintenance. People out in the County don't have the same cost of living. Consider the people that you are really going to affect. If you pass a Safety Mill Levy, they will be compensated. But people at the bottom don't have the ability to get those funds. They are the ones that hurt the worst.

TOPIC #2: Parks, Recreation and Public Lands

- Mike Whitaker: Presentation Outline:
 - Accomplishments
 - Current Projects
 - Visits at Major Parks
 - Department Overview
 - Department Budget
 - General Fund Budget
 - Organizational Chart
 - Supplemental Budget Requests
 - City-wide Park District
 - Park Maintenance Districts' Fund

Accomplishments – 6 restrooms remodeled in Stewart Park, North Park, Veterans Park, Optimist Park, Pioneer Park, and Gorham Park. Installed 4 modular restrooms in Central Park, Sacajawea Park, Swords Park, and Mountview Cemetery. Swords Park modular restroom paid for with a grant and donations by the public. Hands up to Chamber of Commerce who helped

facilitate getting those donations to make restroom a reality. Replaced the fall protection at 22 playground sites. Roughly have 40 playgrounds and some of those playgrounds are new and do not need to replace fall protection. Still a number of playgrounds that need to have the fall protection replaced. Parks and Recreation Board will be developing another 3 year plan to bring to Council this fall. Replaced 2 existing slides and added a speed slide. Have started on FY14 projects. Replaced the batting cage equipment at Stewart Park. Addressing our deferred maintenance, Council provided funds to help us improve our ongoing maintenance. Developed a Community Outreach Program – (Volunteerism) – 1,800 people have volunteered at the Parks and Recreation Department since May 2013. – Total Hours: 8,139.75 - Value of Hours: \$128,038

Because of volunteers, this has had an impact on our Dept. Able to do things that we did not have time to get to. For example: Mulching trees, and getting to areas of the rims to remove the graffiti. Have developed giving catalogues in case a resident would like to make a donation to the Park in regards to a shelter, picnic table, etc. Or if they would like to sponsor our Parks and Rec Brochure. These catalogues are on our website. Would be glad to print a hard copy for anyone who would like it. We have sold 25 trees in the Memorial Tree Program. Trees are \$450 each. The funding is donated and then Parks and Rec goes to nursery and picks out the tree.

- John Thompson: The tree is \$300 and with a plaque, it brings the cost up to \$450. 2” caliber trees. Depending on the variety, they could be anywhere from 8’ to 12’ tall.
- Cimmino: Can a tree be bought from an individual at a lower rate and still be part of the Memorial Program?
- John Thompson: Particular about the types of species and varieties that go in the parks. Try to steer people to go through us because we know what trees grow well here. This is a memorial tree program that is commemorating a birth, a wedding, and death. If someone wants to donate money to us to plant trees, that would be a separate program.
- Mike Whitaker:
 - Current Projects - Rebuild Pioneer Park & Castle Rock tennis courts
 - Upgrade South Park playground equipment
 - South Park Spray ground – Replaces a wading pool
 - Update Centennial Park Master Plan
 - Ponderosa School Trail
 - Resurfacing 10 tennis courts at Pioneer and Rose Park
 - Aronson bypass trail at Swords Park
- Bird: Didn’t we receive a sizeable contribution from the Billings Tennis Assoc.?
- Mike Whitaker: Yes. That is in regards to the resurfacing at Rose Park. Received approximately \$35,000 that went towards around an \$85,000 project. The contract is in place, and the temperature is almost at the right point for them to come and resurface the courts.

- Bird: Follow-up. If we are resurfacing 10 tennis courts at Pioneer and Rose Park, then there must be more tennis courts at Pioneer Park that actually has to be rebuilt?
- Mike Whitaker: Correct. We currently have 9 courts at Pioneer. We are reconstructing 3 of the 9 courts and resurfacing the other 6. We feel that we can get more years out of those courts.
- McCall: In terms of the tournaments, how are we going to do that?
- Mike Whitaker: In constant contact with the tennis association. They have a contingency plan. The contract we have with the tennis contractor is to have it completed by May 15. Lately our weather has not allowed us to start. Need 50° or greater throughout the day. The company we hired is a national company out of Texas.

Other projects are working on. Currently negotiating with a consultant on updating the Centennial Park Master Plan. Also negotiating with another consultant in regards to the Ponderosa School Project and the Aronson bypass throughout Swords Park. Being reviewed by the State.

- Bird: In terms of updating the Centennial Park Master Plan – something we are paying for?
- Mike Whitaker: Yes
- Bird: How are the rules to determine what Master Plan's the City pays for?
- Mike Whitaker: Several ways to do that. We could do a SBR. With this specific Master Plan, Rick Devore our Parks Board President came and asked Council for contingency funds to fund this project because there are several groups that would like to use that facility.
- Tina: When we can, we try and find other sources for the renovation of Master Plans. If we can get cooperation from other groups. Mike has recently done a survey of users and has gotten from that some indication of what it is people put a priority on in terms of development.
- Mike Whitaker: Just did city-wide needs assessment in the month of December. That will help provide the data that we will be using to do the Master Plan updates in Centennial Park. Do have the survey results on our Department website. Anyone interested can go to the Outreach portion and pull up that study.
- Cimmino: Was that a random mailing of participants of 2,500 people?
- Mike Whitaker: Did a random sample. Return rate was high enough to be statistically valid. For a survey to be statistically valid, it has to be a random survey. Basically they have a computer program that picks the address that the survey goes out to.
- Cimmino: Anyone can go on the website and participate.
- Mike Whitaker: Correct.
- Brown: Why are Master Plans so expensive every time we have to do anything with them?

- Mike Whitaker: Our budget is roughly \$40,000. There is a lot involved. If it is a Master Plan like a neighborhood park, (Yellowstone Family Park), the homeowners association paid for it and it was \$25,000. More of a regional park like Pioneer Park, it was roughly \$80,000. It goes to how complex the Master Plan will be. Did some research, worked with the City Clerk, and we came up with two drawings. One was a tree inventory and one was a construction document that was done back in the early 60's. We would like a City Council approved Master Plan.
- Tina: What we are calling a Master Plan is not what you would consider a Master Plan today. They are much sketchier than the old ones.
- Brown: So some of these we actually are creating a Master Plan. Many cases the community is asked to pay for that? Seems like a lot of money for a bunch of neighbors trying to do something with their park.
- Mike Whitaker: If we are approached by an organization wanting to do a development in the city park, then they would require a Council approved Master Plan. And that has been paid for by a Homeowners Association before. That is typically the way we and most departments do it. Want to insure public input. Part of developing the Master Plan is gathering input from the public. You want to gather information from the neighborhood but you want to use regional information like the survey data.
- McFadden: Comment heard from public is "Couldn't we save a lot of money if we did those Master Plans in house instead of contracting them out?"
- Mike Whitaker: Yes could save money but it is more from a workload perspective? Do a lot of construction projects right now. If we were not doing any major projects, I think we would have the capacity to do so Master Plan updates. Council can choose to reprioritize our park district projects vs. the Master Plans.
- McFadden: Is there some kind of competitive bid?
- Mike Whitaker: Yes. We do an RFP (Request for Proposal) when we do Master Plan updates.
- Cimmino: Example of neighborhoods getting together to pay for their own Master Plan. Case and point – Yellowstone Family Park. 300 homeowners that got together and paid \$25,000 to get the ball rolling. After that they were assessed for an SID (Special Improvement District) to have that park built and it was around \$2.8M. Turned out to be an amazing project. Getting back to a Master Plan – it is one thing to fund the Master Plan it is another to fund the actual items that are in the plan. For example, Castlerock Master Plan; they had a community center. It is great to see it on paper, but we don't have the money to actually build the community center. It is a two-step planning process. Would recommend when you all have the time, review them.
- Mayor Hanel: The average cost of a residential property in Billings in comparison was approximately the cost of the gazebo in South Park. Very expensive.
- Mike Whitaker: According to our latest community survey, the number of visits in the major parks has increased from 1 million in 2009 to 2.4 million in 2013. Our

parks are getting a lot of use. Had over 800,000 more visits at our local parks than the State had at their parks in the State of Montana. We maintain roughly around 2,600 acres of parkland. That land is spread throughout the City. Roughly 10% of the land inside the City of Billings. Also manage and maintain 140 facilities directly or indirectly. We have an agreement with the Exchange Club to manage Par 3 golf course, and have an agreement with the Mustangs to manage the stadium.

- Pitman: Outdoor concerts. Not showing any kind of recreational concerts within our park system at all this year.
- Mike Whitaker: Was in contact recently with the promoter who assisted with the concert shown in the handout. He tried, but due to limited number of dates that we have at the stadium, we were unable to secure an event there. We get 15 dates at the stadium. It is important to remember that we have 4 baseball teams that play at the stadium. It is very difficult to get the dates that we need to get concerts. Still working on it.
- Pitman: When you refer to any recreational concert as far as revenues, you are selling 0. We don't make any money on the concerts?
- Mike Whitaker: The Blues Festival will be donating roughly \$3,000 to our scholarship fund for low income children to participate in rec. activities. There is another possible concert that I talked to him about. We have no agreement. It is at Coulson Park. Same arrangement to donate to the scholarship fund.
- Pitman: Wish we could find a way to utilize it more. Know that is part of our contract we struggle with. At some point as a Council, we have to follow-up with what we said we were going to use that for. Not just baseball.
- Mike Whitaker: Agree with you CM Pitman. We do have other community events there. Bike Net has their annual event in September, and we have several small community activities going on. We are doing our best to try to bring the concert in.
- Bird: The Melenkamp Concert was very well attended. Think that would go over well with the community. Anyway to do differently? Soliciting for interest earlier before the baseball schedule is set?
- Mike Whitaker: Have talked to Tim Goodrich who has done the Blues Fest. Tim was not able to find an act that could make money at the stadium. We also have Mitch Dimich who has assisted with the previous concert and he is doing everything he can to help us.
- Mayor Hanel: A lot of logistics involved in planning. Good topic for a Work Session.
- Tina Volek: Have a contract with the Mustangs that renews in 2018. May be a topic of discussion at that point. In 2017, we are due to get the theater back. We will have potential programming there that will be ours to work on smaller events. Not as big a house as having in the ball field.

- Cimmino: Mustangs renting the \$12M stadium at \$30,000/year. They do have priority for these dates for the games to take place there. Once again, did market it with the taxpayers to support that particular bond as a multiuse.
- Tina Volek: The \$30,000 was what our Bond Council set. There are very complex Federal Government rules about how much you can accept in donations, and still have bonds that are tax deductible bonds. The \$30,000 was a number we came to with our Bond Council in order not to take ourselves over that level and make the bonds only sellable as taxable bonds which of course is a huge consideration to people when they look at these bonds. Once the bonds are paid off, that may have an impact on that as well. We do have a specific order of how the dates are selected and given to us. It is a very well used facility.
- Mike Whitaker: The Recreation programs we provide: We have approximately 43,000 visits at our pools annually. We offer 338 recreation programs at the park. Where does the money go? Roughly 70% of the funds go directly towards maintaining parks and facilities. Biggest question. Where does the money come from? Funding comes from the City's General Fund. Fees, miscellaneous funds, city-wide park district, and 37 individual PMD's. If you subtract the amount of revenue you bring into the City from our General Fund Contribution, only 44% of our budget actually comes from the City's General Fund. Very important to point this out. Our Recreation Division generates approximately half of its budget through program fees. Their budget is roughly \$1M and they generate around half a million dollars in fees. Total GF part of our budget is a 44% plus a 13%. The 13% we call GF Revenue is the amount we bring into the City. This goes into a GF rather than being kept in a Park Fund.

GENERAL FUND BUDGET

	Budget FY2014	Proposed FY2015	Change
Personal Services	\$2,742,689	\$2,972,967	\$230,278
Operations & Maintenance	\$1,206,682	\$1,248,883	\$42,201
Capital	-0-	\$9,800	\$9,800
Transfers	\$287,909	\$286,665	-\$1,244
Total Expenditures	\$4,237,280	\$4,518,315	\$281,035

- Mike Whitaker: The increase in our GF Budget request is mainly from SBR's, COLA and step increases. Have had several retirements in the Parks Division over the last couple of years. So brought in a lot of new maintenance people at a

lower wage. They are eligible for step increases now. Asking for around 6.6% increase in our GF this year.

General Fund
Supplemental Budget Request

Uncontrollable Expenses

- Season Wage Increase \$60,701
- Island Leases with the Montana Department of Natural Resources State Lands Division \$4,715
- Generate Fund Park Irrigation Water \$4,000
- Increased Personnel Vehicle Mileage \$2,000
- Machinery and Equipment Parts Purchases-Approved \$8,000

Life Safety

- Community Center Fire Alarm \$5,917
- Front Office Safety Upgrade \$9,800

Non-General Fund
Supplemental Budget Requests

Life Safety

- **Tree work at cemetery** \$10,000
 - Funding Source: Cemetery Expansion Fund

City Council's Strategic Plan

- **Update Parks and Recreation Comprehensive Plan** \$110,000
 - Funding Source: Pay in lieu Park Dedication
- **Urban Forestry Strategic Plan** \$17,000
 - Funding Source: Park District #1
- **Develop Section 15 at the Cemetery** \$10,000
 - Funding Source: Cemetery Expansion Fund

Department Cost Savings

- **Park Maintenance Tracking Software** \$19,998
 - Funding Source: Split between Park Maintenance Districts – Park District #1

City-Wide Park District

- FY2013 Assessment \$1,855,000
- FY2014 Assessment \$1,895,000
- FY2015 Assessment (Proposed) \$2,267,300

- Mike Whitaker: First started assessing the public in FY2013. Now in the last year of the three year plan. Third year appears to be more, but our goal was to assess \$2M each year but when we rearranged the projects, it made the third year the most expensive. That is for the major change between the first, second, and third year. 28% of the assessment goes towards ongoing Park Maintenance. 72% goes towards deferred maintenance projects. Really important that a portion goes to ongoing maintenance because that will help us not get caught in the same situation that we were a couple of years ago.
- McCall: Regarding the City-Wide Park Maintenance District, and then our multiple Park Maintenance Districts; how do you gauge the attitude of the community about this? Do people understand the difference or do they still believe that they have to pay for two when they should only pay for one? Do you get any comments anymore?
- Mike Whitaker: The second year of the assessment, I only had one or two questions. The only other question I get, "I thought the park district was going to pay for this."

Proposed FY2015 City-Wide Park District Projects

- **Stewart Park Infrastructure Improvements** \$1,200,000
(Auto/pedestrian circulation, parking, safety, emergency access, irrigation upgrades, etc.)
 - **Amend Park Irrigation Upgrades** \$250,000
 - **A large event shelter at Pioneer Park** \$200,000
(Replaces a shelter that had to be removed from North Park)
 - **Emergency and General Maintenance** \$53,500
(Roofs, pumps, irrigation systems, etc.)
- Mayor Hanel: What about the ground squirrel problem in Amend Park.
 - John Thompson: Explained the cost and taking care of the ground squirrels is expensive. Not a lot of chemicals are safe or effective. Have tried flooding out holes. Some parks don't have water source readily available.
 - Tina Volek: Looking for natural solutions. Mr. Whitaker and I are conferring about how to talk to Fish, Wildlife about getting hawks to help with problem. Have had calls on this problem. Want everyone aware of issues.
 - Bird: Cost analysis of what it would cost Amend Park to block off for 48 hours and fumigate?
 - John Thompson: Cost estimate was around \$8,000. Have not gotten a cost estimate to block off. Substantially more with protective gear to wear.
 - Mike Whitaker: It is a responsibility of the officials to walk the field before they start any game. Game officials are trying to fill in holes prior to game. The ground squirrels dig back out in 24 hours. The problem cycles. Life span roughly around three months. After three months they will be gone. They

migrate through Billings in the ditches. Centennial Park is the park that we have really been trying to address the problem.

- Jon Thompson: Three years ago before new rules came out, did use phosphine gas at Centennial Park and got a great kill. Contracted that out. At that time, around \$600 before the new EPA rules. Gas bombs are only 20% effective.
- Mike Whitaker: Proposing a 7% increase in PMD (Park Maintenance District) Fund. All of our 37 PMD grouped into one fund. Even though they are separate funds within the overall fund. Most of increase is due to the cost of water. All PMD's are paid for City water. Since City water is going up, so will PMD's. Continuing to bring out more parkland in the PMD on a regular basis.
Showed Graph on Park Maintenance Districts' Fund – (Assessments and Expenditures). Have made major improvements predicting the assessments to the expenditures. There are things we can't predict. When there is a really wet summer, the expenditures go down. When there is a really dry summer, our expenses go up. Goal is to develop a fund balance which will take the Parks Dept. through those high and lows.
- Bird: Where are we with getting Parks all equipped with irrigation systems?
- Mike Whitaker: 35-40% automated. That is in our GF parks. All of our PMD's are automated. Able to save around 30% of water costs in PMD's.
- Bird: Follow-up – For the GF parks that aren't underground irrigated. Idea on how much money we would save if there was a good solid irrigations system for all parks?
- Mike Whitaker: Would reduce our water costs in those areas that are not automated by 30%.
- Pitman: Kiwanis License Plates – Showing \$4,000 in revenues and \$9,000 in expenses. Wasn't supposed to be a losing opportunity. Explain what is going on?
- Mike Whitaker: Those are reserves that we have in that fund. Not spending more then what is coming in. Those hours we have been using to purchase trees. Will provide acct. balances to CM Pitman.
- Tina Volek: Paid out of that fund for some of the initial costs of putting everything together. Represents the higher payments in 2012. Was \$9,812, now down to \$4,000 for next year proposed in revenue.
- Yakawich: Expenditure was \$7,789,000 in one year graphs. Was that from 2014?
- Mike Whitaker: This is for 2015. Graphs are projected.
- Yakawich: With SBR's, the Dept. has a projection of \$130,357 under Supplemental.
- Mike Whitaker: This is the SBR's that City Administration has approved to move forward.
- Yakawich: The SBR – Is that part of the overall \$7,000,000 that you gave us as an expenditure?

- Mike Whitaker: Yes. The approved SBR's is what is on the two slides provided tonight.
- Tina Volek: For example - There is a credit card fees item in the list in the back of the budget book. This is marked no for \$4,000. There is a public address system at \$11,000. Those items are not included in here. Those marked yes are included in that number.
- Public Comment: None

TOPIC #3: Planning

Candi Millar: Gave presentation on Planning & Community Services Department FY15 Budget. Tina listed pages in book that cover funds. Mixture of Special Fund and General Fund. Also have another fund we administer. It is the South Billings Tax Increment Finance District.

Want to cover a view of the accomplishment our Dept. achieved in FY2013. By no choice of theirs they had to move their office into the Miller Bldg. Another big change in Dept. was hiring a receptionist. The building division since July 2013 issued 1,735 building permits. Impressive. A record setting year. Total construction value of those permits was \$248,577,341. Quite a contribution to the City of Billings.

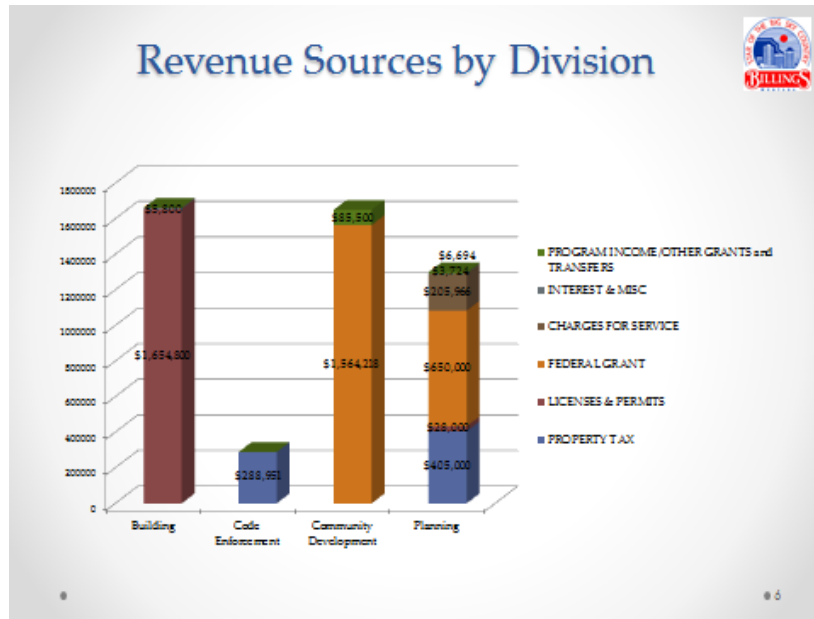
- FY15 Supplemental Budget Requests –
 - Code Enforcement - Since July, with only two Code Enforcement Officers, opened 3,343 cases. Resolved 3,400. Resolved cases that was still open. One of the abatements from last year closed a case that had been opened for ten years.
 - Community Development – Using Home Funds have rehabilitated 16 houses. Allowed 47 households to achieve home owners. Also purchased 4 homes with 3 of them rehabilitated. Are exceeding 100 VISTA volunteers. An affordable housing project (Kings Green) is completed. 49 affordable housing units that was created through the CDBG Funds. Billings Community Connect this year served 428 homeless individuals. Were assisted with over 100 organizations at a one day event.
 - Building
 - Planning – Subdivision activity – Have only processed 17 final plats this year. Had 22 zoning applications. On top of our current planning activities (is subdivision zoning and permitting) participated in a number of plans that was drafted this past year. These include the hospitality corridor plan, long range transportation plan. Are implementing the South Billings Park Urban Renewal District Master Plan, and the East Billing Urban Renewal District Master Plan. Participated in a lot of collaborative efforts including the joint City School District #2 facility site planning for the two middle schools. Participated in train traffic litigation planning, and historic preservation. Have found the funding for the trails that are being put in the parks. We do all of this with 34 people. Salaries paid from divisions under my supervision. We filled 4 positions this year. Candi named Managers in Dept. Started looking at the comparison of the sheets I

have from Finance. Numbers are slightly wrong but percentages are generally the same.

Department Revenue Sources – FY15

Federal Grant	\$2,214,218	45%
Licenses & Permits	\$1,682,800	35%
Property Tax	\$ 693,951	14%
Charges for Service	\$ 205,966	4%
Program Income/Other Grants and Transfers	\$ 92,194	2%
Interest & Misc.	\$ 9,524	0%

Candi went over Revenue Sources by Division found in the handout.



Federal Grant: We are entitled to about \$1.2M. This has to be matched with local funds. So far able to only match about \$650,000. Because everything we do that we use transportation funds for, has to be transportation related. Have not been able to access the remainder of our entitlement funds.

- Bird: What is the match requirement? Dollar for dollar?
- Candi Millar: Very complicated. Depends on what the activity is, how much it is related to transportation. For instance, our long range transportation plan is 100% funded by Federal funds. A land use plan for instance, the South Billings Urban Renewal District Master Plan only has very small transportation element.

Department Expenditures – FY15

HUD / Rehab Projects	\$1,209,867	23%
Operations and Maintenance	\$1,336,801	25%
Personal Services/Administration	\$2,704,750	52%

Spend the bulk of money on personnel services. Largely because we don't have capital improvement projects. HUD funds are all passed through. We get allocation from HUD, but turn around and get it out the door in terms of first time homebuyers, housing rehab programs and affordable housing programs. With

the exception of being able to take some of that funding for administrative purposes, that is accounted for in O & M.

Discussed Expenditures by Divisions handout.

Reserve Status

- Building Division: \$1,443,980, 87% of operating budget (Recommended Reserve = 25%)
- Planning Division: \$179,271, 12% of operating budget (Recommended reserve = 13%)
- Code Enforcement Division: N/A
- Community Development Division: N/A

South Billings Boulevard Tax Increment Finance District

- Estimated annual increment = \$1.27M
- Planning Department Charges = \$17,883
- Cost Allocation Plan Charges = \$30,168
- Zeier Consulting, LLC = \$37,400
- Capital = \$3,255,000
 - Jackson Street Sewer Project
 - Calhoun Lane Reconstruction

FY15 Supplemental Budget Requests

- Code Enforcement
 - \$2,500 for additional training and travel for new Commercial Code Enforcement Officer – granted, one-time only
- Community Development
 - \$3,000 to reclassify Admin. Support to Grant Technician – granted
 - \$13,000 to convert temp. Grant Technician to half-time position - granted
- Building
 - \$3,338 to pay inspectors overtime for holiday worked - granted
- Planning
 - \$15,000 to convert part-time Alternative Modes Coordinator position to full-time – denied
 - \$6,400 to replace copier and printer – granted

City Council Strategic Plan Goals

FY15 Department Actions

Honest, Responsive Government -

Streamline regulatory process
Timely response to complaints
Community outreach

Comprehensive, Orderly Growth –

Plan for growth
Promote affordable, fair housing

Transportation –

Secure transportation funds
Implement transportation plans

Sustainable Economic Development –

Support partnerships

Build capacity

FY15 Department Focus

- Billings Metro VISTA Project – Program Grant
 - HOME program rule change and compliance review
 - City-County Growth Policy
 - Highway 3 Corridor Study
 - Riverfront Park to Zoo Montana Trail Feasibility Study
 - Building Plan Review and Inspections
 - Residential and Commercial Code Enforcement
-
- Brown: Concern about being understaffed.
 - Bird: I too have a concern about understaffing. Sometime we as a Council are going to have to address this problem as our City continues to grow. Has Planning ever done an analysis on what other cities for permitting? Maybe regional cities? One way to generate more revenue is to increase fees.
 - Candi Millar: Yes. We do every time we go forward with a fee increase. Would be unrealistic to go beyond what we are charging right now. If there is anything to do for this Department, is ask the County Commissioners to increase the Mill Levy. They can do that without going to a vote of the people. They resisted it for a long time, and yet the City is part of the County.
 - Pitman: Discussion on going to Legislature and asking to be able to keep more of our money in reserves for a longer period of time.
 - McCall: Legislature is very conservative.
 - Bird: Does the money you get for fees go into the GF for Code Enforcement? What would be the impact of Code Enforcement fees going back into Code Enforcement?
 - Tina Volek: It becomes a nightmare in terms of accounting to create a separate fund for every single account. Have hundreds of accounts now and when we proliferate them, they become a management nightmare. Because all departments are in the GF, the decision has been made to consolidate, move the money through, and address the financing that way.
 - Public Comment: None

TOPIC #4: Council Discussion

- Yakawich: Received a document from Kenneth Peterson. Tina or Brent, have you had a chance to look at this?
- Brent Brooks: Have read through it. Appended or attached to Mr. Peterson's materials was a land use case that was very specific in some of the things that were done improperly by the then Council as warned by the then City Attorney Jim Tillotson. That is separate and apart from your Legislative function. As an overall function, there are some distinctions that could be made between when you pass an ordinance or resolution vs. a land use decision. The case that was attached to the materials goes to land use and not your legislative function. Generally speaking if a Legislature at the local or the state level, were subject to being sued, because they did or did not vote a certain way, we wouldn't get a

whole lot done. Did talk with Allen Holes of the MMI is who your risk retention executive director. Want me to convey to you that as long as you are within your legislative authority to pass an ordinance, or not to pass one, it is going to be very difficult for someone to succeed by suing you because of that. There are a lot of nuances in being sued. Anybody can sue anybody else at any time, whether or not it is legitimate. Would be more than happy to try to prepare some additional remarks concerning Mr. Peterson's materials submitted to you. May very well call him myself and discuss some of the issues raised. Biggest concern is generating unnecessary fear. Want to make sure that we don't overreact or underreact. But provide you with some black and white factual information. Not only about the status of your Legislative function versus your land use decision making function. Also some assurance from the MMI, that as you sit here you are not going to lose your house, your car, your livelihood and everything else. In the process of trying to compile something that makes sense and is brief. Have already started down that road. Hopefully within the next week or so I will get it done. Will send a draft memo to Tina for her review. And of course to Council.

- Crouch: Passed around a handout to Council. This is something from March 23, 1993 when the Council joined against the hate groups. As you read this, the second column, ordered the Administration to buy advertisement in the Gazette publicizing their Resolution. Would like to put on the docket for next time that we buy a page to welcome the people that are coming here that are actually NIOT Conference. Council has been involved before and set president. It is something that we are not giving away money; we are buying something and hopefully buying love? Just a page but also the positive return we would like to have.
- Cimmino: That means another \$25,000 investment.
- Crouch: I said \$5,000 for a page. We are not talking about giving them any money, we are buying a page. We have done it before.
- Tina: Just to clarify, this is not a newspaper ad but an ad in the program directory. Is that correct? I think hence the difference in the cost.
- Crouch: Correct. This is the page in the City of Bloomington paid their dollars to welcome the people when they came there 10 years ago. As a City Council, they bought the page.
- McFadden: What is the difference? We are giving them the money and buying the page.
- Crouch: We are getting something in writing on a piece of paper. Each person that is coming will see. They will take it back home with them, "Hey, the City welcomed us".
- Cimmino: Tina but usually whenever gatherings of this magnitude, usually there is a welcoming letter by our Mayor that is part of the program. I have seen it many times.
- Tina: We often do a Proclamation which is passed on to an organization. And the Mayor signs welcoming letters for things like the Chamber when they do an insert in one of the local publications. I have seen that done as well.

- Hanel: I have written letters of welcome for different groups. However, I am very cautious in respect of each and every one of you. Not to say I support, I contribute. Bowling commerce that came, the women Billings welcomes your organization. We wish you the best of luck. Spend a lot of money while you are here. Things like this. But I don't take any position on your behalf. We as a City support your organization. We as a City in favor. Never would want to put any of you in an uncomfortable situation. Have not been asked to do a letter for the Conference.
- Bird: This brings to light what we have all been dealing with the last several weeks. And the comments from our citizenry about NIOT and also potential for the City to be considering a non-discrimination ordinance. I think CM Crouch is making a very good point that, here is the City of Billings where NIOT supposedly started/originated. We have a national conference coming for NIOT, and yet we are having a disagreement about whether we want to welcome them. I don't want to get into it tonight, but I would support what Ken does offer. And I think I am very concerned that we are sidestepping our responsibility to be supportive of every citizen in this community by playing the games we are playing right not. When Montana League of Cities, and Towns were here, did the Council contribute anything to that conference?
- Tina: As the host they provided a welcoming gift to the members. The remainder of the material was provided by the League. It was a jacket that we bought with a City, allocation from the Council Contingency Fund. Normally an Initiative would come at a Council Meeting, so there is not a protocol in our code for adding one tonight unfortunately, though it probably needs action at a regular council meeting.
- Cimmino: Anyone of us could come up with a Council Initiative and request \$5,000 from our General Fund as a gesture of goodwill, and participate in welcoming this gathering. I as a personal individual I'm attending it. If that is the case, can we afford \$5,000 from our General Fund?
- Tina: It is a matter of what the Council wishes to spend its monies on. If that is something the Council values, it certainly is a possibility. You were in the waning days of the current year budget. There is money left in the Council Contingency Fund. I do not know the amount this evening and I can have it for you and send you an e-mail if you would like. That was a source when we did the league meeting for the funding for that prize or welcoming gift that was provided to the league members.
- Cimmino: Why is it so expensive just to put an ad in a booklet of 200 people that are attending?
- Tina: I can't answer that question. It is a color book which is pretty expensive to print and that may be part of the situation.
- Brown: I would like to remind everybody that we didn't vote that down to begin with. They withdrew that. I think we are kind of jumping to say that nobody was going to vote for it or against it. I would love somehow to support this but not in such a monetary way. I have always stood on the fact that NIOT was not a City Government or whatever function. That was the citizens of Billings. It really was that I think they deserve or we deserve or however you want to put it. Really do

have a problem with paying \$5,000 more or \$25,000 for that. There has got to be a way that we can support this.

- Hanel: Good topic for each and all of you to give some thought to. Any action needs to be brought to a business meeting as an initiative unless it is on the agenda. Is there any other Council discussion?

TOPIC #5: Public Comment on Items not on the Agenda

- Public Comment: None

ADDITIONAL INFORMATION:

- Public Comment: None

ADJOURN TIME: 9:13 pm