

City Council Work Session

March 3, 2008
5:30 PM
Community Center

ATTENDANCE:

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

ADJOURN TIME: 8:35 p.m.

Agenda

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

- Tom Llewellyn addressed the rate study that has been going on with public utilities and system development fees. He said Billings was the only city that had done it correctly. The process followed involved all stakeholders, included good explanations, ample review time, and listened to the development community.
- Rod Wilson said he served on the Public Utilities Board and on the FAC. He also felt the public utilities study was an incredible process for the last five months. The reports were very good. It was a good move to combine construction fees with the SDFs. It meets law requirements. He learned a lot throughout this process.
- There were no other speakers and the public comment period was closed.

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| TOPIC #2 | <i>Representative Dennis Himmelberger</i> |
| PRESENTER | |
| NOTES/OUTCOME | |

Mayor Tussing introduced Representative Dennis Himmelberger. Councilmember Veis stated that he was not in contact with Representative Morgan, but she would probably visit the Council another time. He then introduced the three topics that legislators have addressed during previous meetings: local option tax, tax increment financing and transportation and infrastructure.

Representative Himmelberger stated that it would be hard to get a local option tax passed due to rural to urban conflicts. Even the “urban” districts contain rural areas within them. He stated he didn’t foresee a local option passing and encouraged Council to put effort into a statewide general sales tax, with the possibility of a 1% local option tax. He noted that Senator Essman has worked in conjunction with other legislators in the area of tax reform. Councilmember Ruegamer stated that the Council’s desire was to extend the application of the resort tax. He continued that every legislator has pointed out that the rural districts

oppose the tax and that is why passing it would be so difficult or impossible. He explained that there are seven large cities in Montana and 80% of the state's population lives in those cities. He added that there are also seven other cities in Montana with populations over 5,500 people for a total of approximately 50,000; there are approximately 850,000 people who would benefit from the tax and it was difficult to understand that the rural communities can decide that the tax won't pass. Representative Himmelberger responded that the way that the districts are drawn may be a factor because even in the districts that contain those larger cities, the majority of the constituents may not be in the urban setting. He added that he could support the tax if there was some type of property tax relief, but he would have to see the specific bill in order to know whether to support it.

Councilmember Ruegamer explained that the request was just for the Legislature to authorize a vote. He said that cities that support the tax would have to sell the program to the local voters. He said sales tax has been a topic of discussion for more than 50 years and we're no closer to it today. He indicated that the State won't help, and cities the size of Billings, Bozeman and Missoula struggled with infrastructure without the ability to receive tax revenue other than property taxes. Representative Himmelberger disagreed that we're no closer to a sales tax. He stated there appeared to be more support now than just one term ago. He added that Committee structure makes a big difference. Councilmember McCall said that the tax bill can't get out of the house taxation committee; it was almost a party-line vote. She said it appeared that House Republican leadership seems to be opposed to a local option tax and we're only asking for the opportunity to take the issue to voters. Representative Himmelberger stated he felt the same frustration last session when he sponsored the fireworks bill. Councilmember Ruegamer said he would support a statewide tax but the State tends to not give the money back.

Councilmember Veis introduced the next topic, tax increment finance districts. He said the City of Billings was not interested in any changes because the current system works well.

Representative Himmelberger stated that he has supported tax increment finance districts in the past. He visited with a County Commissioner a few weeks ago who expressed concern that a new district can be created in the same area once an old one sunsets. Representative Himmelberger expressed concern about the loss of tax dollars to schools, but also recognized that TIDs have done a lot of good, especially around Billings. Councilmember Clark pointed out that a new district starts with the base of the district that reached sunset status. Councilmember Veis said cities have a disadvantage because they can't prove a negative – what would have happened if the TID had not been created. Councilmember Ulledalen stated that the City could have allowed downtown or the east end to rot, but now those areas serve as a positive example. In the existing TID, parking was still an issue and something that needs to be addressed. He said the City could take the stance to ignore it and say it's good enough, but that may not work for the next 20-30 years. Representative Himmelberger said he would have a hard time not supporting TIDs, but there are some criticisms. He added that opposite opinions come out of the same community.

Councilmember Veis introduced the final topic, transportation and infrastructure. He said transportation projects are too slow, too expensive and there has been great frustration with Montana Department of Transportation. He added that any assistance from legislators would be appreciated.

Representative Himmelberger stated that MDT was an executive agency but with his background on Airport Road and other projects, he has done what he can to move those projects forward. He continued that the process takes a long time with a series of events that slow down the project. He added that he shares the frustration that projects take so long, especially since he was a resident of the Heights where some of those major projects are and related problems with the delays.

Councilmember Ulledalen stated that Jim Lynch from Montana Department of Transportation has indicated that there are right-of-way issues on Airport Road which could delay the project a long time. He said the City owns most of the right-of-way and hasn't been contacted yet. Representative Himmelberger said he was also a property owner in that area and believed that process had been handled poorly, primarily in the communication area. He added that he understood the complexities of the projects and there may be issues that the general public was not aware of, but again, the communication was poor.

Councilmember Veis invited Representative Himmelberger to bring any other issues to the Council. Representative Himmelberger responded that communication was the biggest problem encountered in government. He said there had not been enough talk between governing bodies. He said turnover makes it hard, but the groups should try to communicate more frequently and openly.

Councilmember Ulledalen said a general theme the City was dealing with was how to pay for growth. He stated that House leadership directs us to live within our means, but Billings was a big trade area to support with only a local property tax. He added that some constituents don't benefit from trade or the medical community, so they oppose property tax. He said the question was how and at what rate the city can grow. He noted that if there's no more money coming, we would have to figure out how to deal with growth without adequate revenue.

Mayor Tussing thanked Representative Himmelberger for attending the meeting.

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| TOPIC #3 | <i>Photo Red Light & Photo Radar</i> |
| PRESENTER | Rich St. John |
| NOTES/OUTCOME | |

Police Chief St. John reported that through Council initiative, the Police Department was asked to look as the prospect of photographic traffic enforcement, specifically red lights and speeding. He reiterated that photo enforcement was not designed to generate revenue; it was designed to modify driving behavior and reduce numbers of accidents. The concept still allows the Police Department discretion on enforcement.

Councilmember Veis asked if an officer would be assigned to adjudicate. Chief St. John said that was the intention, and he would provide further explanation, along with City Attorney Brooks and Attorney Hensel. Chief St. John stated that the system would free up officers for other calls. He provided brief statistics on accidents for the past year. There are major accident intersections and several speeding areas. He reviewed the equipment and how it works and noted out that all equipment works basically the same. He pointed out that intersection control works from two cameras so it can catch intersection violations as well as

speed, and can capture the license plate and a photo of the driver. He said another option was mobile speed units which can move to problem areas.

Councilmember Ruegamer inquired as to what constitutes a red light violation? Chief St. John responded that the law states that if a driver enters the intersection when the light is red, that's a violation. He said a driver could potentially be ticketed for speeding through an intersection even if there isn't a red light violation.

Councilmember McCall asked if there has been any research with other communities to determine which type of enforcement, mobile or photo was more effective. Chief St. John said there are numerous studies available and both methods were effective. He said vendors will study the community and make recommendations. He indicated that there was also an option to install as many units as the community wishes to have. Councilmember Clark asked for confirmation that the stationary and mobile units were used for different purposes. Chief St. John answered that they are and there are several programs available but they all work the same. He stated that the units are 100% offender financed. Companies own the equipment, maintain it, and process the violations. He explained that the City would maintain the discretionary issues and some follow-up. Chief St. John added that little or no up-front money would be required to start this process.

Councilmember Clark asked how the cost of violations would be set. Chief St. John stated that those rates are set by Council. He provided examples of the four photographs that are typical for photo red light violations. He said the City can set its discretion from no tolerance to some flexibility. Councilmember Stevens asked how an officer would be treated if they violated the red light rules. Chief St. John responded that there would be no tolerance - there would be discipline. He reviewed three primary pricing models: per-paid citation (the company would receive a percentage of the fines); a fixed fee-per-unit system; or a combination. He stated that companies were usually receptive to some officer discretion.

Councilmember Veis asked how visitors are managed. Attorney Hensel said a notice would be sent to the registered vehicle owner if that was the process selected to use for collection. Chief St. John added that photo enforcement was allowed by state law but it would probably require new ordinances. He continued that issues that should have discussion are whether or not this was a civil infraction, which was similar to a parking violation. He said it doesn't count on the driver's license record, doesn't go to the state, doesn't have a burden of proof, etc. He indicated that there are other issues: who carries the burden of responsibility - owner or driver, and an appeal process. Chief St. John said the next step to consider was the need to have a full court press with the publicity if this process is adopted. He said the program, its goals and how it will work needs to be publicized.

Mayor Tussing asked if there are many cities currently using this system and if there are cities that have discontinued using it. Chief St. John responded that there are several hundred locations throughout the country utilizing this program, but he was not sure how many cities have discontinued it. He added that according to information he reviewed Montana and Nevada were the only states not using the methods to date. Councilmember Ronquillo said he just returned from Prescott and knows it works well there. He said the people don't necessarily like them, but they acknowledge that they do work. Chief St. John mentioned the halo effect - people would assume that all intersections have the cameras and may alter their behavior as a result of the potential for the photo enforcement. Councilmember Ruegamer reported that he saw a presentation about this process and wanted to add some additional points: photo enforcement intersections are marked so drivers know that system was in

place; and statistics show that the system decreases the number of violations and major accidents, but there are more rear-end accidents because people stop at red lights when drivers think they will keep going.

Councilmember Veis asked if research indicated how long before driver behavior changed and how that would impact the revenue generated by this type of enforcement. Chief St. John replied that it takes a couple of months to change behavior and revenue should eventually drop off, but there should be safety improvements almost immediately. He continued that feedback from other areas using this system advises that the revenue should not be used for on-going expenses. He said in one instance, the revenue was sent to the school district. He added that one chief said that the sure way to kill the method was to fund because people would get the impression that citations were issued as a form of project funding. Councilmember Veis asked what kind of revenue would be needed for the department with this system in place. Chief St. John said he may need some infrastructure support, specifically with courts and attorneys because it would create a ripple effect. He would anticipate one or two officers assigned to this system.

Councilmember Clark asked if there was anything within state law requiring identity of the driver. Chief St. John responded that it would be difficult to utilize this system for criminal prosecution, but in the case of a civil infraction, which was more like a parking ticket and the responsibility goes to the vehicle owner, it wasn't necessary to prove the identity of the driver. He added that if it was intended to go on driving records, it would be hard to implement. Chief St. John suggested keeping it local and treating it as a municipal infraction. Councilmember Stevens stated that she thought photo enforcement would cut down on police department and court complaints. Councilmember Ulledalen added that the single biggest complaint he has heard was about people running red lights, and speeding complaints are right behind that. Chief St. John agreed that additional enforcement was needed for those types of issues, but the Department doesn't have personnel to sit at the problem sites, and it takes 10-15 minutes to write a ticket which takes an officer away from more important calls. Councilmember Pitman added that if revenue was the objective, officers would be the only enforcement tool because with officers conducting the ticket process, there would be opportunities for multiple violations by the time the ticket was issued. He also asked if insurance companies or vehicle owners would have access to the photo information. Chief St. John replied that he believed the information related to the citation could be available on a company website.

Councilmember Veis asked about the case of fleet vehicles or rental cars. Chief St. John said that vendors had the answers because they have dealt with these issues all over the country. Councilmember Astle added that he knew that rental car companies would charge the customer's charge card for the violation.

City Attorney Brooks explained a handout that illustrated the typical criminal track and a civil infraction process. He also distributed the municipal infraction statutes. He indicated he would recommend a consultation period with entities, including Municipal Court, because they would be impacted with implementation of the photo enforcement process. He explained that civil infractions can be used for other violations so our work to write the ordinances would cover many types of violations. It was his recommendation that a civil infraction ordinance be enacted. Councilmember Pitman asked about the impact on courts. Mr. Brooks responded that it would depend on how the company worked. He said initial

steps would be the hardest because the process would probably be challenged, so all internal areas that could be affected needed to be ready for the challenges.

Councilmember Veis asked how the current system categorized a speeding or red light violation. Mr. Brooks replied that the citation went on the driving record; it was the traditional approach in that it progressed through municipal court with a fine and a citation. Councilmember Veis then asked how it would work when photo enforcement was in place and an officer wrote a ticket, was that also an infraction or a law violation. Mr. Brooks suggested that all red light violations be infractions so there was equal treatment for all certain types of violations.

Councilmember McCall surmised that if the infraction was set at a reasonable amount, people would probably not challenge it. City Attorney Brooks said it was likely that municipal infractions wouldn't go on the records, but that had to be verified with the motor vehicle department.

Councilmember Pitman asked if photos could be used for other purposes such as an accident that occurred after the infraction. Chief St. John responded that the police can still enforce other violations. He also stated that he didn't want to see power taken away from officers to write criminal violations.

Councilmember Astle commented that since the intent was to improve driver behavior, there may not be a need for criminal violations to modify behavior. City Attorney Brooks agreed and recommended a limited term contract to try it out. Councilmember Stevens suggested there could be two different standards -- camera or officer enforcement. Councilmember Gaghen asked if habitual offenses would go up in severity. Mr. Brooks responded that he would be concerned about differing penalties for the same violation. Councilmember Pitman asked if there would be an issue with infractions on state highways, such as Main Street, vs. city streets. Chief St. John said it should not be a problem since citations are currently issued on Main Street.

City Administrator Volek stated that if Council wanted to proceed with this option, it would be necessary to write and publish an RFP, and further research should be conducted regarding the municipal infraction ordinance. Councilmember Ruegamer said a public hearing would be necessary. Councilmember Stevens indicated that we need to make sure this was a concept the Council wanted to pursue so Staff didn't complete a lot of work and then it was turned down by Council. Councilmember Veis commented that he was more interested in red light enforcement, than speeding. He said he believed there would be more pushback on speeding enforcement.

Councilmember Ulledalen asked Public Works Director Mumford if there cameras were on any lights at this time. Mr. Mumford replied that there were cameras on some of the lights because they tripped the signals instead of under-pavement loops, but it wasn't a system to maintain records.

City Administrator Volek said Staff would proceed and return to Council with this issue.

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| TOPIC #4 | <i>Draft Water/Wastewater Rate & Fee Study</i> |
| PRESENTER | |
| NOTES/OUTCOME | |

Public Works Director Dave Mumford introduced this item and thanked Council members, citizens and others for their participation in this study. He said Paul Matthews from RedOak Consulting would be making the presentation. He explained that there were three legs to the rates: fees, system development fees and the debt we want to incur to accomplish the capital improvement program. He said there were changes this past year -- statute now required that all fees be paid at building permit issuance, so the construction and system development fees (SDF) were consolidated. He added that another change was the proposal of block rates for water rates. For low-volume use, the rate wouldn't be changed. He noted that there would a slightly higher rate for the middle volume users, which was about 75% of users, and a higher rate for those at the top end. He said that system provided for the high-volume users paying for the excess capacity in treatment, storage, etc. He stated that calculations predicted a savings of up to 1 million gallons of usage per day.

Paul Mathews said his presentation would cover long-term financial plans, retail water and wastewater rates, SDFs and miscellaneous fees. He explained that the long-term plans required approximately \$95 million debt and a 60/40 split of debt and cash over 8-10 years. Councilmember Astle inquired if the Lockwood water treatment was in any of the recommendations and if the City anticipated their SDF and other revenue? Mr. Mumford responded that it would not be not significant revenue. Mr. Matthews stated that neither revenue nor expenses for Lockwood were included in the information

Mr. Matthews continued that there was a 60/40 split of debt and cash in wastewater. He said water reimbursement from SDFs was about \$600 and about \$1900 for future improvements for a single family house. He said the wastewater fee would be \$993 for existing components and \$785 for future improvements. He said that combined water and wastewater SDFs would go down with the proposed rates compared to current rates. Mr. Matthews added that consumption rates were based on utility revenue needs. His presentation showed that the fixed charge went up about \$1 each month. He added that the conservation block rates may change some of the consumption.

Councilmember Gaghen asked why the Heights Water District rate reflected a lower percent increase than our own customers. Mr. Matthews responded that their rates tend to jump higher when improvements were made, which was the nature of the contract terms between the two entities. He pointed out that this was a wholesale rate and retail rates from the Heights District were slightly higher than the city's. He further explained the water usage averages and how conservation rates figure into them. Rates for wastewater tend to move toward charging more for higher strength waste. He explained that a high-strength waste user would be similar to a meat packing plant, a bakery, culinary uses, etc.

Councilmember Stevens asked how often the rates would need to be revisited. Mr. Mumford answered that it would be preferable to review them every three to four years to update our costs and match rates to them. Mr. Matthews said a rate can stay in place as long as five years if revenue estimates are updated each year. He said one exception would be when the conservation rates change because the rates are based on assumptions. He noted

that in the next few years, we needed to carefully check how customers react to the new rates and total revenue being generated.

Councilmember Ulledalen asked how this study was related to master plan funding. Mr. Mumford said this was basically looking at the next 10 years of infrastructure needs. The rate recommendation accounts for it. Councilmember Ulledalen commented that some past annexations used cash for infrastructure when it should have been reserved for repair and replacement, so now we have to finance improvements that could have been paid for with cash. He asked how that can be avoided for future. Mr. Mumford acknowledged that cash was used and we have pursued state SRF funds because they contain lower up-front costs and the cost needs to be spread out to users over the long term. He said maintenance was funded through cash and multiple-year projects were financed to spread the debt over to users. He added that currently, there was a great deal of capacity to bond against.

Mr. Matthews continued with wastewater bill comparisons as reflected in the handout and comparisons to other communities. Councilmember Clark asked if comparison cities had other fees that add to the ones shown. Mr. Matthews said comparisons were problematic because there may be other factors that allow for the differences that were apparent. He noted that each location had conditions that have to be dealt with which could change infrastructure needs.

Mr. Mumford said a public hearing was tentatively scheduled for April 14. He explained that changes to the recommended rates would affect capital because operating costs were basically fixed. City Administrator Volek said the March 10 meeting would include a consent agenda item to set the public hearing.

Councilmember Ulledalen commented that his ward tended to be a pro-community area but he was getting more questions and comments about whether growth has come too fast or too slow and whether it was paying its way. He indicated that he believed it sent a signal that the growth costs were being borne by current residents and not as much by new residents. Mr. Mumford referred to the master plan of \$260 million. He said the plan assessed what was growth related and the new system development fee was based on those costs needed for growth. He added that there was quite a bit of growth in the 1980s, and then development stopped. There was a period of a lag with the infrastructure that was in place, then the growth started again in the 1990s and we basically out-stripped what was built in the 80s. He stated that right now we're just trying to get the infrastructure to catch up with the current growth.

A short break was taken.

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| TOPIC #5 (originally item #6) | <i>Downtown Billings Partnership</i> |
| PRESENTER | |
| NOTES/OUTCOME | |

Mayor Tussing said that he was allowed this item to be presented now to accommodate Mr. Krueger and Ms. Harmon's schedule.

Greg Krueger of Downtown Billings Partnership (DBP) and Lisa Harmon of Downtown Alliance presented a one-page quarterly report and a description of the cooperative security program.

Mr. Krueger reported that the courthouse project was still alive but the House was giving it a considerable amount of scrutiny. The next vote was scheduled for March 15. He outlined other DBP development projects:

- County parking – the partnership has come to terms with the county for replacement parking
- Quiet zone is underway. DBP is working closely with Public Works and anticipates much safer crossings

Mr. Krueger pointed out that in 1996, the downtown taxable value was nearly as low as the 1976 value. He said the City took a risk and committed the dollars to downtown and more than 200 projects that reinvested tax increment funds, and the value has nearly doubled the base today. He continued that starting in FY 2009, approximately \$700,000 to 800,000 per year would be realized as revenue to the City. He added that there were still areas that need attention. He said those areas were in the N. 27th Street Tax Increment Finance District and would not be addressed at this meeting.

Ms. Harmon stated she wanted to comment on the success of the Business Improvement District. She said it helped maintain what had been gained from the TID; outreach efforts for at-risk populations; clean and safe efforts; and surveys from downtown businesses and owners. She explained that the security program, which was intended to get the downtown beat cop program restarted. She said that the program was similar to a neighborhood watch concept downtown and the hope was to expand it to other areas of Billings. She explained the proposed components of the plan – a watch program; eyes and ears reporting; crime prevention training and a certified crime prevention business program.

Mayor Tussing asked for an explanation of funding for the intended officer. Mr. Krueger stated that funds would be similar to a school resource officer where three years worth of funding would be collected from property owners to go with the three years coming from the TID, if a large project didn't proceed. Councilmember Veis asked about chances that the large gap funding project would proceed and when that would occur. Mr. Krueger responded that chances were pretty good, but he would know more in a few weeks.

Councilmember McCall asked what shift the officer would work. Ms. Harmon answered that the police department data and information had indicated that daytime would be best to help protect the downtown employees going back and forth to parking areas, etc. She said the district could extend as far away as North and South Park. She added that there may be efforts to expand the district south of the railroad tracks. Mr. Krueger added that the hospitals and the University are interested in participating and the coal board may be able to fund some of the cost. Ms. Harmon added that Conoco may also be interested and as new tenants to the downtown area, they were interested in a police presence.

In conclusion, Mr. Krueger said he would be getting back to Council soon on the gap funding issue.

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| TOPIC #6 (originally item #5) | <i>Proposed Amendments to Urban Planning Study Area Boundary & Limits of Annexation Map</i> (3/10/08 Council agenda) |
| PRESENTER | |
| NOTES/OUTCOME | |

Planning Division Manager Wyeth Friday introduced a two-part presentation in conjunction with Planner Juliet Spalding. He said a March 10 recommendation would be presented to Council to change the urban planning area boundaries and the limits of annexation area. He reviewed the Urban Planning Area put into place in 1964 and said it looked at a 10-year horizon. He noted that it was developed prior to the annexation policy and contained the same criteria that property had in an annexed area in order to get city services. Mr. Friday reviewed statistics related to the growth patterns. He explained the challenge to growth was how to provide municipal services to new development while still maintaining the desired level of service to existing city residents. He said there were a variety of tools to get to that outcome which are: the urban planning area, the annexation policy and area and the CIP. The review would include the changes to the urban planning area boundary and information that would be addressed at the March 10 meeting. He explained that part of what started the study was the discovery that the annexation and urban planning area boundaries did not match; there were areas included in the annexation map but not in the urban planning boundaries.

Planner Juliet Spalding reported that there was consideration of not only expansion but actually some contraction of the limits of the annexation area. There were six areas targeted for changes. She said changes were based on the CIP and the urban planning studies done over the past few months. Ms. Spalding reviewed the urban planning area and annexation maps and inconsistencies in the boundaries. Staff had prepared six planning studies which were provided to Council prior to this meeting. She said that this would be an item on the March 10 regular meeting and Council would be asked to determine whether or not to accept the six studies and then whether the urban planning area should expand to match up with the limits of annexation map. She reviewed the six study areas as: Bitterroot-Mary, Riverside (Riverside and Coulson Parks), Blue Creek, Mallowney Lane area, 3 parks in Zoo-Shiloh area and a multiple-park area in Northwest Billings. Her detailed explanation follows:

Bitterroot-Mary

The proposal was to expand the Urban Planning Area to meet the red limits of annexation. The areas outside the red area are proposed to change to yellow and orange. The eastern edge of that section is steeply sloped and doesn't appear to be an area where services could be extended for development. There was also a challenge area north of Mary Street and it was unlikely annexation will be requested in the next 5-10 years.

An area within the County-owned Two-Moon Park was erroneously included in the red area and is recommended to be changed to white to remove it from the map. It was an area that doesn't have annexation potential. It was recommended to entirely remove Lockwood from the planning horizon.

Riverside

Areas within the red boundary near the river need to be organized. Riverfront Park area would be desirable to be annexed in the future to eliminate jurisdictional confusion. It was recommended to add Riverside and Coulson Parks to the red annexation area and the Urban Planning area. There was the realization that anything within the floodplain in that area would not be served with sewer and water extensions.

Blue Creek

The recommendation was to add the Blue Creek area (between Briarwood and Cedar Park) to the Urban Planning Area. It was within the red area of the Limits of Annexation Map, but not in the Urban Planning Area. This change would help infill between Briarwood and the main city and make use of the services extended there.

Muldowney

There are two areas west of Muldowney Lane that are partially developed and within the county and surrounded by an area that could be more densely developed within the city. It would be desirable to include that area in the Urban Planning Area and in the red annexation area.

Zoo-Shiloh

The Zoo area has two sections that could have commercial/industrial uses and another area is the County's Sharptail Park. Sharptail has been identified in some stormwater master plans as having good potential for stormwater detention as well as park land. Including this area in the Urban Planning Area would allow that potential to be realized. No changes in the limits of annexation map are needed for this area.

Northwest Billings

There is a small strip along the west side of 62nd Street West and along the rims, an area northeast of Yellowstone Country Club, and one small piece south of Rimrock Road that are included in the red area and have development possibilities. It was recommended to add those areas to the Urban Planning Area.

Ms. Spalding concluded that in all but one case, (Muldowney Lane area) the properties within the study areas were already within the red annexation area. The Yellowstone County Board of Planning and the annexation committee have recommended these changes.

Councilmember Ulledalen stated that he won't be at the March 10 meeting and he was glad that there was no recommendation for large expansions. He said he has been asking developers how long building can continue without additional annexations and their response has been that it can go 8-10 more years. Ms. Beaudry added that when the annexation policy was developed, the projection was 10-12 years. Councilmember Ulledalen said he continually hears from more people in his ward to fix the existing city problems before

further expansion occurs. He cited an example of Rush Park and a short section of Poly Drive that were to be addressed but it isn't complete yet.

Councilmember Stevens stated that she has heard the same things as Mr. Ulledalen. She said she was pleased with responses from people regarding the cost of services study and many comments indicated that we should fix what we have first. She has heard that annexation such as Ironwood, Rehberg Ranch, Briarwood, etc., utilized infrastructure and that the general consensus was that people would like that to slow down. She continued that the issue was services expansion that diminishes service in the rest of the community. She said she was also glad that the expansion was approached in a conservative manner.

Councilmember Ulledalen asked if areas that may have limited industrial and commercial use were in the proposed expansion areas. Ms. Beaudry replied that the areas southwest of Mallowney Lane were being developed in the county and were not in the limits of annexation boundary mainly due to water service problems. Ms. Spalding added that there was a parcel of approximately 60 acres north of the existing Titan Subdivision that was vacant ground being recommended for addition to the urban planning boundary and annexation area because it was contiguous and should be easily developed. Councilmember Ulledalen said that was the area he was referring to.

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| TOPIC #7 | <i>Quarterly Budget Report</i> |
| PRESENTER | |
| NOTES/OUTCOME | |

Assistant City Administrator Bruce McCandless reviewed the content of the quarterly reports. For new Council members, he explained that on a quarterly basis, a report was provided on the largest funds – general fund, public safety fund and enterprise funds. He stated that there wasn't anything significant in the reports. He pointed out an item in the public safety operations and maintenance budget which reflected that it was 76% expended and that was due to the firefighter's lawsuit payoff. With the budget adjustment that was completed, the fund was now at about 50% expended which was about where it should be at the present time.

Councilmember Veis asked why the code enforcement expense was so high. Ms. Beaudry and Mr. McCandless responded that was due to weed abatement costs and because code enforcement officers have been cashing out comp time. Ms. Beaudry explained that she expected some revenue in the weed abatement area. Mr. McCandless predicted there would be a request for a budget amendment in that area before the end of the fiscal year. Councilmember Veis suggested that revenue from weed abatement was mentioned when the budget amendment request was submitted.

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| TOPIC #8 | <i>Council Initiatives</i> |
| PRESENTER | |
| NOTES/OUTCOME | |

City Administrator Volek distributed the list of council initiatives that had been approved since August 2007. The list contained 38 items and staff considered 13 of them to be complete based on presentations made or Council decisions to date. Those would be deleted from the next list unless she heard otherwise from Council.

Councilmember Veis asked if there would be more work on photo enforcement or if the presentation fulfilled that item. Ms. Volek said that not all components of that item have been addressed yet so work would continue on that topic.

Councilmember Ronquillo asked about the 6th Street West underpass cleaning. Ms. Volek responded that we were waiting on a reply from Montana Department of Transportation as to whether the area could be screened. Councilmember Ronquillo said a MDT district engineer wanted to talk with us about that as well.

Councilmember Stevens stated that Council has often asked for staff work and then the topic gets shelved or dropped. She said she was aware of a suggestion from Staff that a fiscal note be attached to such requests. She said it was something Council should be aware of and possibly something that should be considered. Councilmember Veis said a past initiative from Councilmember Brewster was to look into a zone change for Salvation Army and even though a lot of time and energy went into it, that issue was going to be touch and go. He added that sometimes Council needed some guidance as to what was possible and that should not take lots of time, for example the Broadwater traffic report. Councilmember Stevens suggested more conversations with staff before the work started so they had an idea how much work was necessary for the response desired by the Council member who proposed the initiative. Councilmember Veis asked if it should be a requirement that Council meet with staff to describe what was desired. Ms. Volek responded that she would talk with senior staff about how to better manage these. She said the initiative process was good and staff work was what was expected of us.

Councilmember Ulledalen suggested consideration of moving initiatives higher on the agenda. He stated that late items weren't discussed sometimes because the meeting had been long already and everyone was anxious to leave. Councilmember Gaghen agreed that the timing earlier in the meeting might be better. She said she has felt that there could be some knee-jerk reaction to what had occurred in the meeting and there may not be sufficient time to think about the issue before asking for such full-scale projects.

Councilmember Veis suggested that staff should be allowed to ask for more clarity from initiative sponsors.

Councilmember McCall said she liked the idea to discuss initiatives earlier in the meeting. She said she was hesitant to start a 5-10 minute discussion at the end of a long meeting. She said a time limit or limit to the number of initiatives presented could be implemented. Mayor Tussing said that when a Council member knew they were going to sponsor an initiative, they could let others know in advance to allow time to consider the matter and provide better discussion.

Councilmember Clark added that he didn't see the reason to move the initiatives to another part of the agenda because with the exception of the last meeting, most meetings hadn't been too long. He said he was afraid the agendas would become longer.

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| Additional Information: |
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Councilmember Ruegamer stated he would ask for reconsideration of the Lenhardt Square annexation request. City Administrator Volek reported that she and City Attorney Brooks met with the attorney in this matter, Bill Cole, prior to this meeting and suggested that they come to the public comment session of the March 10 meeting to ask for reconsideration. She continued that if Council chose to reconsider, she would request that it would be set back a few weeks so that there was ample time to prepare the needed information.

Mayor Tussing said the Nation's Capitol Christmas tree was going to be harvested in Montana this year and would travel throughout the state. If the City would like to host an event related to that, a decision was needed by April 15. Councilmember Clark said he would like to work it in the schedule if it was possible. Councilmember Stevens said it would be great to get groups, like the downtown group, to help sponsor it. Councilmember Gaghen said each state typically provides an ornament to be hung on the tree and that could lend itself to a competition related to that. She felt that would be a good complement to a celebration. It was Council's consensus to go forward with this project. City Administrator Volek said she hadn't reviewed the information yet and would pass something along to staff to coordinate an effort.

The meeting was adjourned.