

City Council Work Session

April 3, 2006
5:30 PM
Community Center

ATTENDANCE:

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

Note: This is an INFORMAL discussion meeting of the Billings City Council.

CONVENE TIME: 5:30 P.M.

ADJOURN TIME: 9:25 P.M.

Agenda

TOPIC #1

PUBLIC COMMENT

NOTES/OUTCOME

- DAVE BROWN, 544 Wigwam Trail, apologized for any insult at the last City Council meeting
- CLAYTON FISCUS, 1111 Main St., informed the Council he is working with the City Attorney's office to get the ballot language right for the public safety mill levy item. He wants "permanent" and "cumulative" added to the ballot language.
- JOE WHITE, 926 N. 30th St., spoke briefly on the Tax Increment Financing District. (Most of testimony was inaudible.)

TOPIC #2

BOARD AND COMMISSION REPORTS – PLANNING DEPT

PRESENTER

Donna Forbes, Planning

NOTES/OUTCOME

- Interim Planning Director Candi Beaudry introduced Donna Forbes, the new President of the Planning Board. She noted Ms. Forbes has been on the board for two years. Ms. Beaudry noted that Ms. Forbes visits all the sites for subdivision applications and reviews them. Ms. Forbes is very concerned about the aesthetics and quality of life in subdivisions.
- Ms. Forbes said the Planning Board consists of 12 members, formed to administer planning for the jurisdiction. The board meets twice a month on the second and fourth Tuesdays of each month on the 4th floor of the Library at 6:00 p.m. The board currently has two vacancies – 1 in the county and 1 in the City.
- As an advisory board, the board's primary role is subdivision plat review. The board recommends approval, conditional approval or denial to the City Council or the Board of County Commissioners after hearing public comment. She noted subdivisions can only be denied on specific criteria. Ms. Forbes explained there are two hearings on each subdivision plat – a preliminary and the public hearing. A recommendation is made after the public hearing.
- Ms. Forbes emphasized the “depth” of the board's participation. The metropolitan area is “like a growing organism. The county subdivision proposals the board reviews are mostly in close proximity to the City and most likely will become future annexations.
- The meetings are filled with thoughtful discussion, not rancor. Each member has grown in the understanding of the impact planning has on the City and county. During 2005, the board reviewed 18 major preliminary plats in the City and 12 in the county. The Planning Staff processed 17 minor preliminary plats in the City and 30 in the county. All of this subdivision work has placed 858 lots in the marketplace in the City and 358 lots in the marketplace in the county.
- The board also worked with Staff on the revision of the City subdivision regulations and is still working on the county revisions. The board reviewed the West End Floodplain Assessment Study and the Southwest Billings Storm Drainage Master Plan, as well as reviewed and recommended to the Policy Coordinating Committee (PCC) the Transportation Improvement Plan (TIP).
- Ms. Forbes said the Planning Board is the Metropolitan Planning Organization for Yellowstone County, a designation required by the Montana Dept. of Transportation. The board also helped the Planning Staff develop the Planning Dept.'s work program.
- She noted the board supports the Heritage Trail Plan, a wonderful amenity for the City and county.
- The board also reviewed the 20-year school planning report, approved funding for three CTEP projects, and reviewed numerous plans, including the Heights Neighborhood Plan and the Lockwood Plan. Several board members also were involved in monitoring the legislature's activities.
- Ms. Forbes commended the Planning Staff for their hard work, their commitment to the planning process and their professionalism.
- Councilmember Ulledalen noted that board and commission reports were moved from the Regular Meetings to Work Sessions to allow the boards to have more interaction with the Council. He asked if there was anything the board needed from the Council. Ms. Forbes said she could not think of anything. She noted that a lot of work goes into the subdivision review and she hoped that the Council reads what the board sends to the Council.
- Mayor Tussing noted the Council had copies of all but one application for the Planning Board vacancy. He invited the Council to comment on applicants for the City's vacancy on the board.

TOPIC #3	COBB FIELD REPORT
PRESENTER	Jim Iverson
NOTES/OUTCOME	
<ul style="list-style-type: none"> • Mr. Iverson said the consultant HNTB will be setting up a community forum for the purpose of informing citizens about the new proposed baseball stadium at Athletic Park. The most significant item that the Steering Committee has established is this survey by Harstad Strategic Research, Inc. The committee is quite pleased with the results. The survey was conducted by phone the week of March 1-6 among 402 voters in Billings. (SEE HANDOUT #1) • Paul Harstad of Harstad Strategic Research, Inc. (via conference call) gave a presentation on the survey results. He said in response to the question, “thinking about the future of billings in the next 10 years, are you more confident or more worried?” 69% of the responses were “more confident”. Only 9% were unsure. He noted this was a “warm-up” question. Mr. Harstad noted that the responses were more “bullish” on the City by a margin of 3 to 1, a good score with no sense of foreboding or pessimism about the City. • The next question was: “Shall the City be authorized to sell a \$13 Million bond issue for the purpose of paying the costs of designing, constructing, and equipping a new professional baseball park at Athletic Park?” The response was a 52% majority of responses saying they would vote “yes”; 43% said they would vote “no”, with the balance unsure. Mr. Harstad said this is an encouraging indicator on a bond issue. He suggested there may be a little “play” in the amount, but it is definitely a “green light” for the bond issue. While it is not a guarantee of victory, it is a positive sign. The results will depend greatly on the campaign and how this issue is framed. • The next question was for the 52% that indicated they would support a bond issue. They were asked “why” they would support this bond issue. 42% said it benefited Billings' baseball; 31% said Cobb Field was unsafe; 27% said the community benefits from this project; 13% said it would serve multiple purposes; 7% said it would help the local economy and 4% had other reasons. • A companion question was asked of the opponents and undecided respondents as to “why” they did not support the bond issue. 51% said taxes would increase or the costs were too high; 16% said this was not a top priority and there are better ways to spend that money; 11% said they did not like or attend baseball games; 11% thought it was unnecessary; 4% said other alternatives for funding should be found and 9% had other reasons. • The next question asked if each of four different factors would make them more or less like to support a ballpark bond issue or make no difference. A \$50 million school district bond issue in November would make 48% less likely to vote for the ballpark issue; for 28% it made no difference and for 17% said it makes it more likely. Mr. Harstad said this factor is clearly a concern to consider. The next factor – the Mustangs would leave Billings if a new ballpark is not built, had 38% more likely to vote for the bond issue; for 34% it would make no difference and for 22% it would make them less like to vote for the bond issue. • Another factor was that the Mustangs could be required to leave Billings because the current stadium did not meet certain requirements required by professional baseball. 53% of the respondents said this would make them more likely to vote for the bond issue, 25% said it would make no difference and 19% said it would make them less likely to vote for the bond issue. The last factor surveyed was if the new ballpark was available for craft shows, festivals and other community events. 64% said this would make them more likely to vote for the bond issue; for 20% it would make no difference and for 14% it would make them less likely to vote for the bond issue. 	

- The next question dealt with the “believability” of the Mustangs leaving Billings if a new ballpark is not built. 34% said it was “somewhat” believable; 23% said it was not believable; 17% said it was “fairly” believable; 15% said it was “very” believable and 11% were unsure. Mr. Harstad said approximately 1/3 believe it is possible and about ¼ believe it is not believable.
- The next question asked if respondents would be willing to pay an extra \$51/year for this bond issue. 50% of the respondents replied “no” and 43% replied “yes”. The question was asked of those that were not willing to pay \$51/year for the bond issue, how much would they be willing to pay. 49% said they would pay \$41/year and 52% said they would be willing to pay \$31/year for the bond issue. Mr. Harstad informed the Council that for an average \$150,000 home, the taxes associated with the bonds would be \$40-41/year. Other annual amounts surveyed were \$49, \$39 and \$29. The response rates were: 48%, 54% and 57% in favor respectively. Mr. Harstad said it appears that a majority of the respondents were willing to pay \$29-\$39/year for the ballpark bond issue.
- The final question asked how often the respondents attended Mustang baseball games at Cobb Field. 26% said they had never been to a ballgame at Cobb Field; 13% said they had not attended for many years – i.e. 39% are pretty removed from usage. 12% said they attended once every few years; 9% attended once a season; 23% said a few times per season and 16% said at least 5 times/season. Mr. Harstad said this is more usage than they normally would anticipate. It reflects a high level of usage – 2 out of 5 stating they attend several times/season. Together with those who attend at least once/season, 48% of the respondents (i.e. amount one-half) attend at least once per season. Mr. Harstad said this confirms that this venue is a pretty significant presence in the community and a fair level of interest in and attendance at the Mustang ballgames.
- COUNCIL QUESTIONS:
 - VEIS: Councilmember Veis asked if age of the respondent made a difference. Mr. Harstad said age did not make much of a difference.
 - ULLEDALEN: Councilmember Ulledalen asked if the demographics in this survey were significantly different from surveys the firm did in other communities. Mr. Harstad said the demographics were pretty similar to other surveys. It was not an “atypical” survey. The education level was reasonably typical for Montana. He said the respondents reflected mid-term voters, which tend to be older and more active voters.
 - BOYER: Councilmember Boyer asked if the school bond issue were not at the same election, but it comes in the Spring, etc., in addition to the Metrapark roofing bond, would that influence the survey results. Mr. Harstad said they did NOT ask about other lesser amounts that may be on the ballot for this fall. He noted they included the school bond issue because generally schools have a high level of support in communities. Mr. Harstad said it was his impression that the school board was unlikely to propose a large bond issue – which is a good thing for the ballpark bond issue.
 - MAYOR: Mayor Tussing asked if the firm conducted other bond issue surveys of this amount. Mr. Harstad said they have done a number of other surveys. He noted that those in favor of this bond issue will have to conduct a well-organized, aggressive and grassroots campaign.
 - GAGHEN: Councilmember Gaghen noted that support was pretty constant from \$31/year to \$51/year. She asked if an overriding love of baseball pushed lower income respondents to support the ballpark bonds. Mr. Harstad said the support is relatively

fixed, which indicates that support is constant regardless of income. Income was somewhat of an indicator. On the highest dollar amount surveyed, if the family income was less than \$45,000/year, 42% said they would still pay the highest amount; 50% said yes if the family income was greater than \$45,000. Mr. Harstad noted also that 5% of the respondents said they did not pay property taxes (i.e. rent, etc.)

- **MAYOR:** Mayor Tussing asked what the next step in the process was. Mr. Iverson said at the end of the month Patrick Zahn will be in town and will meet with citizens in different wards and different committees to gain a better understanding of what the public wants. The Steering Committee will continue to meet twice monthly and to get other groups involved.
- **RUEGAMER:** Councilmember Ruegamer said Zahn will go to each task force and many other groups (like the Rotary) with a Steering Committee member and one staff person. He noted that the City will need to find a business group to do a private financing campaign to advertise the bond issue.
- **VOLEK:** Interim City Administrator Tina Volek said Staff is looking at what to do if the repeal of the public safety mill levy is also on the November ballot.
- **MAYOR:** Mayor Tussing asked when the Council will know how much private money will be available for the stadium. Councilmember Ruegamer said it was pretty clear there would be NO private money until after the stadium is built – “you can’t sell what you don’t have; you go in and ask someone if they want to buy naming rights and they say ‘of what’, ‘what is it going to look like’, ‘what am I getting’.” Mayor Tussing said he is hearing that there needs to be private money involved, especially from the baseball fans.

TOPIC #4	NEW CITY CENTER TIF DISTRICT
PRESENTER	Bruce McCandless
NOTES/OUTCOME	
<ul style="list-style-type: none"> • The topics reviewed in this presentation have to do with the activities over the last 90 days of the 4th & Broadway Development Review Committee, creation of a new or expanded Tax Increment District and a general project update on where these two items stand and the Council’s role is in the future. • The 4th & Broadway Committee was formed to review the initial submittals that came in for the development of 4th & Broadway. The charge to the committee in January (once the Council decided which proposals to pursue) was to sell the 6 corner lots to Stockman Bank, initiate a 90-day negotiating period with Downtown Billings Investors (i.e. Harrison Fagg) and to minimize the City’s risk and maximize the developer’s risk, particularly in the Sandstone Development proposal. • The Committee members are: Councilmembers Ruegamer and Ulledalen, Al Swanson and Charlie Hamwey, both local real estate professionals, and Mr. McCandless. • Mr. McCandless said Park II has a pretty dramatic influence on what happens with other downtown development projects. It has a significant demand on the Parking Fund reserves and relies on parking rates. Bids were opened and rejected on Park II in February. The bids were restructured and went out a second time and these were to open on March 28th. The week before 	

opening, at a pre-bid conference with the two interested contractors, it was discovered there was still a significant amount of concern and confusion over how the bids were structured. Staff therefore decided to cancel the March 28th bid opening to allow time to restructure the bid again to allow different materials and to lend clarity to the bid requirements. The delay is anticipated to take 1.5 to 2.5 months. The delay has been communicated to Wells Fargo and it does not appear to present a significant problem for them. The parking rate discussion has also been delayed approximately one month.

- Mr. McCandless also noted that a development agreement has been submitted to Stockman Bank about a month ago. The agreement addresses both development and parking. The agreement proposes to sell the land to Stockman Bank for \$900,000 and the bank must commit to build the bank within three years.
- The next project summarized was that from Downtown Billings Investors, aka the “Sandstone” project. There are no firm commitments on this project at this point. Part of the lack of progress is due to the uncertainty that remains with Park II and how much demand it will place on the Parking Reserve Fund and the uncertainty with what will happen with parking rate increases.
- The different elements of the Sandstone proposal are: a 400-415 space parking garage estimated to cost \$6.8 Million, to be owned and operated by the City, 40 spaces of which would be used for the residential condos. This element would utilize \$1.5 to \$2 Million from Parking Fund Reserves. At a cost of \$6.8 Million, the City would have to sell or pre-lease some of those spaces to generate additional revenue to help pay for that garage, or defer some of the library expansion. The next element is a \$2 Million Fannie Mae loan to the City. The City in turn lends it to the developer for a 24-month term to be used for the residential component only. Those funds would be drawn as the units are sold and finished and the loan would be subordinate to the bank loan.
- The proposal for the land is to trade the City-owned land at 4th & Broadway for the Fagg Family lot on N. 27th, part of the previously proposed Sandstone development project. The property would be transferred at the time a development agreement is executed. The City would then re-acquire an interest in the property, proportionate to the value/size of the parking condominium unit or library condominium unit that would be part of the project.
- The next component would involve the formation of a tax increment district to provide sufficient public financing to construct parking and other public improvements. About \$3.7 Million of tax increment bonds could be generated by the private investment being made. Those funds would be used for public infrastructure, with the developer guaranteeing tax payments until the project is sold.
- The final component would involve the library. There is approximately a 12,000 square foot space proposed on the first floor of the structure that could be used for library expansion space. The building would go up right next to the library and the library expansion would be to simply move south into that space. Only shell space is proposed at this time and \$1 Million of public funding would be allocated to this space. Mr. McCandless cautioned that this \$1 Million for library expansion could be needed for the parking garage component to build sufficient parking for the project.
- Mr. McCandless noted that the 4th & Broadway item will be an agenda item on the April 10th agenda. Staff is recommending the Council approve an extension in time to complete negotiations with both developers.

- **COUNCIL QUESTIONS:**

- **BOYER:** Councilmember Boyer asked about the financials on the proposed projects. She asked to see where the numbers were initially and where they are now. Mr. McCandless said not much has changed because of the uncertainty with the Park II Expansion and the parking rate changes. Ms. Boyer said she does not know what the developers want in terms of parking. Mr. McCandless said Stockman has asked the City to provide 60 parking spaces to help support its project. Two figures have been received as to the cost/parking space. One figure was at \$24,000/parking space and the other was at \$14,000/parking space. The \$24,000 figure is inflated to some degree by additional requirements for aesthetic improvements and repair. 60 parking spaces at \$15,000/parking space is \$900,000. Part of the proposal is to rent the parking spaces to Stockman Bank over 25 years for \$900,000.
- **MAYOR:** Mayor Tussing asked the same arrangement with parking spaces applied to the Sandstone project. Mr. McCandless said the present proposal is for the 40 spaces to be “given” to the residential condo units. Additional parking spaces would need to be purchased by either the condo association or individual condo owners. Mayor Tussing asked if the Council needs to make a decision on the new TIF district. Mr. McCandless said any direction from Council would be helpful. The developer would like to get started with creating the district because it takes some time to do so. He noted that improvement will occur in either TID, but it is important for Staff to know if the Council is not willing to create a new district.
- **BOYER:** Councilmember Boyer asked if it was confirmed that the City could have multiple TIFs. Mr. McCandless said it is possible to have multiple districts, noting that Missoula has eleven TIFs. The current TIF district sunsets in 2008. Two separate new districts have been proposed to the City – the one for the 4th & Broadway project and another on the East End.
- **RUEGAMER:** Councilmember Ruegamer said the Committee has been careful about the offer and the “numbers” until it knows that what is being offered can actually happen. Al Swanson said the committee is concentrating at this time on the major parts of the deal – the land, subordination, etc. because the numbers are still far apart. That is part of the reason the committee is asking for a time extension to continue working on these items.
- **BOYER:** Councilmember Boyer said she was concerned that nothing will be done on this land. Mr. McCandless said a deal with Stockman Bank will come together, but the other piece of the development with Downtown Billings Investors will take additional time because of its reliance on publicly-provided parking, etc. The City needs to know what kinds of resources it will have to contribute to that part of the project.
- **ULLEDALEN:** Councilmember Ulledalen noted there are so many “moving” pieces to this project that it has become hard to track. He noted the Council needs to decide at some point what level of subsidy the City is willing to commit to this project so that the developer has a clear sense of what the Council is willing to support.
- **BOYER:** Councilmember Boyer asked if the Council has gone beyond what it is willing to commit prior to this new process. Councilmember Brewster noted that the City has not made any commitments yet. The Council set the guidelines as: maximizing the

developer's commitment and minimize the City's commitment. This process still has a lot of unknowns and the numbers are still quite far apart, hence the need for additional time.

- ULLEDALEN: Councilmember Ulledalen said the current proposal includes 60 spaces for Stockman Bank, noting the number of spaces it receives will dictate the size of project it builds. Additionally, the Gazette is now talking about an additional 50 spaces – not mentioned in the previous deal. The Library/City parking is requiring 120 spaces, also not in the prior deal. The current project is different than the original Sandstone proposal, which makes this process so complicated. Councilmember Ulledalen added the project also involves a land swap and the issue of how the land should be evaluated.

Mr. McCandless noted that a detailed outline was done on the Sandstone request. He said it would be sent to the Council in the Friday packet.

TOPIC #5	DOWNTOWN PARTNERSHIP REPORT AND '07 WORK PLAN
PRESENTER	Greg Krueger
NOTES/OUTCOME	
<ul style="list-style-type: none"> • Mr. Krueger began his presentation with the 3rd Quarter FY 2006 Report. He noted that when the contract was renewed in 2002, one of the requirements was that the Downtown Billings Partnership (DBP) provide quarterly status reports to the Council. Mr. Krueger said since 2002, the DBP has given quarterly, as well as year-end reports to the Council. He said the DBP contract with the City is automatically renewed each year unless the Council says otherwise, so if the Council does not want the DBP to continue with this task, it needs to say so within the next month or so. • A bound copy of the report was distributed to the Council. Mr. Krueger said the DBP is not an urban renewal agency, even though it acts as one – i.e. it advises and suggests where tax increment dollars should be spent, but the Council remains the governing body and retains decision authority. He said the DBP's efforts have been geared to the 2008 sunset of the present tax increment district. Mr. Krueger said that given the recent successes downtown, the DBP feels there is a place for a downtown development corporation that could contract with the City to assist with the management of any new tax increment districts. He noted the DBP is not asking for an extension of the old TID; it cannot be renewed without a change in legislation. • Councilmember Boyer asked if the present TID dollars could be utilized to help set up the new districts. Mr. Krueger replied yes. He noted that most of the current district's dollars have been earmarked for projects. He added that he did receive confirmation from the Dept. of Revenue that it is allowable to have TIF districts on top of TIF districts. • Mr. Krueger said the work plan for 2007 does a lot to 'wind down' the current TIF district. He said he would like to know the Council's willingness to see if the partnership should be gearing up for 2009. "Should we be thinking in terms of how we can assist the City with the management of a new tax increment district," he asked. He said the DBP thinks it can do that and can show the Council the benefits of that. • The Downtown TIF district (since 1998) has about 200 projects that cumulatively total \$55 Million. The Dept. of Revenue has established the base taxable value at \$4,630,534, the worth of 	

the downtown BEFORE any tax increment. One main reason for tax increment is to stop decline in taxable valuation. During the life of the district, four parking structures were built, massive private construction (Sheraton, Wells Fargo tower, First Interstate Bank, etc.) was built which added to the tax base immediately, which created an “increment” quickly. This increment was utilized to pay the bond debt quickly. The Plan was basically forgotten until 1997, when the taxable base and the total value of the district became the same, i.e. there was no increment. At this time the partnership came forward with an idea, proposing new life for the downtown renewal plan via the Framework Plan.

- The DBP started in 1998 and produced \$46 Million in private reinvestment with \$9 Million in TIF monies. In essence, public monies were used to produce private investment in the downtown. The taxable value in 2005 was approximately \$8 Million. Mr. Krueger noted that the initial investment of \$9 Million in TIF monies increased the taxable base from \$4.6 Million to nearly \$8 Million. He cautioned the Council that the taxable value is on the decline again. Part of the reason is that there is an incredible amount of opportunity left in the core of downtown.
- Mr. Krueger said that in a large TIF district like the current one, it is essential to have a lot of projects on the books all the time to counteract the areas where there is nothing happening. A concern of the small TIF district however, is that if it is made too small or too site specific and the one project you’ve “put all your eggs in that basket” goes south, the district is in jeopardy. He suggested that a more prudent approach is to spread the risk by having multiple projects and sites.
- He also sought confirmation that the DBP’s goals are still in alignment with those of the Council. One of the 2007 goals is the installation of the Wayfinding Signage, utilizing about \$160,000 TIF monies. The DBP also supports \$800,000 from this district going into the Parking Reserve Fund and has earmarked it for the parking garage development at 4th & Broadway. He said occupancy on North Broadway is beginning to deteriorate and some anchor tenants are needed. Most vacancies on North Broadway are in buildings that need some work. Mr. Krueger also said the DBP would like to allocate \$100,000 for the Quiet Zone design. The DBP recommends that any excess TIF balance be used to create a new core TIF district. He noted there may only be about \$39,000 remaining, but could be as high as \$700,000.
- Mr. Krueger said it is expected that the projected revenue for the district may decline as much as 4%/year, based on protested taxes, outstanding delinquent tax payments, and on the fact that there is still some decline in the core of downtown. He also noted that the DBP has identified 17 private projects in the core area that could take place in the next few years and that would benefit from TIF monies.
- Councilmember Ronquillo said the only “problem” he has with the TIF concerns S. 27th St. Businesses are placed there that do not pay taxes. “We should learn from that. If we are going to start a new one, we don’t want businesses in there that do not generate money back to us,” he stated. Mr. Krueger noted that two businesses located on S. 27th St. were recommended by DBP and are taxpaying entities – MTS and Smith Funeral Home.
- Mr. Krueger said the operational budget proposed for FY2007 does include a \$65,000 operational assistance for the BID. This is necessary because the assessments for the BID will not be on the tax statements until this year and collections will not be accessible until December. He noted that the mission of the BID is: “The Billings business Improvement District is dedicated to improving the cleanliness, appearance and perception of safety in Downtown Billings to further enhance and

make Billings a vibrant destination for visitors, residents, owners, employees and students.” The elements of the program are outdoor maintenance, safety, hospitality and outreach programs. It includes daily litter control, weed abatement, planter maintenance, graffiti removal, pressure washing, snow removal, emptying garbage receptacles in the district, etc.

- Mr. Krueger said the DBP needs answers from the Council on the following questions:
 1. Do you support operational funding for another year of the partnership?
 2. Do you support and approve of the BID work plan?
 3. Do you support the installation of Wayfinding signage, and if not, what can we do to make it workable?
 4. Do you support the railroad Quiet Zone?
 5. Do you support the creation of new TIF districts in Billings?
 6. Would you support using a portion of new TIF district revenue to continue the public/private cooperative in the future?
- Interim City Administrator Tina Volek noted that the DBP operations and projects budgets would be incorporated into the overall City budget. Budget discussions with the Council are scheduled to begin in May as part of the budget process. She noted that a discussion on the TIF district and a recommendation to adopt a TIF district could be scheduled for April 24th if that is the Council’s desire.

TOPIC #6	CITY ADMINISTRATOR SELECTION
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PRESENTER	Councilmember Veis
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NOTES/OUTCOME

- Diane Ruff, Co-chair of the Ad-Hoc City Administrator Criteria Committee noted that a handout had been provided for the Council with the committee’s prioritized recommendations for the qualities it believed the “ideal” candidate would bring to the position of Billings City Administrator.
- The following is a list of the recommended qualities:
 - ◇ **PERSONAL:**
 1. Strong leadership and team building qualities
 2. honesty and integrity
 3. successful candidate will model positive and cooperative customer service, fairness, problem-solving, be self-motivated and goal-oriented
 4. community-oriented and mission-driven
 5. receptive to public and council input
 6. excellent communicator at all levels, effective listener
 - ◇ **SKILLS:**
 1. excellent communicator, written and oral
 2. demonstrate an ability to bring people together, respect diversity, ability to be a facilitator/team builder and have good social skills
 3. demonstrative success in the application of skills in labor relations, budgeting, land use, cost of growth and tax base issues.

4. ability to work with city council and external organizations, utilizing problem-solving skills
 5. ability to execute a complex vision, keeping an eye on the “big picture:
- ◇ WORK EXPERIENCES:
1. 5-7 years as a city administrator, assistant city administrator or equivalent public or private sector experience, in positions of progressively increasing responsibility, with challenges equal to or greater than Billings
 2. experienced in working with different constituencies and has a proven record of team building and team development
 3. experience in negotiating labor contracts and working with legislative and other policy setting bodies
 4. demonstrated experience as a leader of leaders and groups in challenging situations
 5. economic development experience in a growing community that encourages business, supports workforce development and diversity in housing initiatives
- ◇ OTHER RECOMMENDATIONS:
1. It is the recommendation of the Committee that a “job description” be developed for the City Administrator’s position outlining specific requirements and expectations of the position prior to the start of the selection process.
 2. For an “enterprise” the size of Billings and the responsibility level required of this position, the committee believes that the compensation for the City Administrator will be market driven. From the salary data we have reviewed, we recommend that the median base compensation for the position of City Administrator would be \$125,000.
- Deputy City Administrator Bruce McCandless noted that a second handout provided to the Council entitled “City Administrator Profile” is a compilation of comments from the department directors. He noted that they are generally supportive of what the citizen’s committee put together and merely supplemented that material.
 - Councilmembers Boyer, Ulledalen and Ruegamer thanked the committee members for the work they accomplished in three sessions. The committee members were: Diane R. Ruff, Marion Dozier, John Brewer, Mike Casey, Angela Cimmino, Mike Gullledge, Charlie Hamwey, Pete Hansen, Wendy Keating, Suzanne McKiernan, Dr. Doug Moore, Rick Reid and Aldo A. Rowe.
 - Mayor Tussing asked how the Council wanted to proceed from this point. Councilmember Veis said a job description is not available for the City Administrator. It is not necessary to have it for recruitment, but it needs to be done.
 - Ms. Ruff said a well written job description (JD) that outlines the responsibilities of the position and the desired qualities will certainly give a candidate the knowledge to know whether they experience and education fit with what the City is looking for. It sets the expectation for what the Council wants from the City Administrator and the candidate’s ability to meet that expectation. The JD also can be used as the basis of a performance evaluation. The criteria in the JD should be used as measurements of performance. She noted also that goal setting can also be made part of the JD, so the person knows how expectations will be set, measured and evaluated. Ms. Ruff recommended the JD be developed prior to recruitment.
 - Jim Mercer from The Mercer Group, the recruitment consultant, said his firm has a 2-year guarantee on placements. He indicated he will honor that guarantee and assist with the recruitment of a replacement for “cost” only. Typically the expenses on a search are about \$7500 (a not to

exceed figure) and includes the cost of advertising, creating a recruitment brochure, mailing, reference/background checks, reporting to the Council, assisting the City through the process, etc. The typical search fee is \$16,500 unless there are unusual circumstances. Mr. Mercer only on a few occasions in the 25 years his firm has been in business has he had to assist with a replacement because most of the firm's placements last more than two years. He noted that his firm will do all or any part of the recruitment tasks the Council requests. He added that he believed the best use of a consultant's time was to spend it on discrete tasks so that they have total responsibility for those tasks and can be held accountable for them, as opposed to dividing the task(s) between 3-4 other people.

- Mr. Mercer noted that his firm is currently working in Great Falls and could “dovetail” some of the work with that schedule to help control expenses. He said if his firm were charged with handling the entire recruitment process, it would require him to make 2-3 trips from his base in Santa Fe, NM.
- Mr. Mercer said what his firm typically does in a full search process is to spend time interviewing the Council to develop a profile – which the Ad Hoc appears to have already done; develop a recruitment brochure and a search timeline; discuss the networking/direct contact aspect of recruitment – which will be critical because of the fallout effects of some of the things that have happened over the past year; etc. He said the brochure is mailed out with an invitation letter to several hundred candidates or contacts that may be sources of candidates. About 100 follow-up calls are placed. Newspaper ads are published in professional publications.
- Councilmember Ulledalen asked Mr. Mercer to describe what he is generally seeing in the job market and this industry specifically. Mr. Mercer said his firm has 13 offices around the country with about 21 people in the firm. He said they are doing about 35 – 40 public sector searches at this time. What they are finding is that the pool of people is decreasing – baby boomers are retiring and the overall pool is decreasing, so firms need to look harder than 4 – 5 years ago.
- Councilmember Ruegamer said he would like to expedite this process. He asked what a typical search timetable would be. Mr. Mercer said 90 – 120 days would be required to complete the process. With the work of the ad hoc committee and his familiarity with the City, he said he could have the draft brochure back to the Council in 7 – 10 days for review. The brochure would be sent out shortly after finalization. The recruitment campaign generally runs six weeks, but that could be shortened slightly because he already has an updated database of potential candidates. Mr. Mercer cautioned the Council about shortcutting the process too much. “There are several keys to doing a good search – (1) make sure you understand the needs of the client, (2) make sure you have a good candidate pool and (3) make sure you check them out thoroughly,” he stated. He said he thought the Council could be in a position to begin interviewing in about 7 – 8 weeks from now.
- Councilmember Ruegamer asked how many resumes the City could expect. Mr. Mercer said under normal circumstances the City could expect about 100. “Given some of the things that have happened here the past year or so, I think that will be dampened a little bit,” he said. Councilmember Gaghen noted there were 87 applicants the previous time.
- Mr. Mercer said the search information would also be posted on his company's website: www.mercergroupinc.com, the City's website, ICMA and the National League of Cities and Towns, and some other firms that specialize in this type of recruitment.

- Councilmember Brewster asked Mr. Mercer to provide the Council with some market information for salary information. Mr. Mercer said he has some information already, but needs to check with the compensation consultants in his firm.
- Councilmember Gaghen said the Council cannot fault the Mercer Group in its assistance with the previous search, noting she believed it had all the expertise and channels necessary for a successful search. But in light of the vacancy for the Human Resource Director, it would be an undue burden on Staff to conduct this search. She noted she appreciates the integrity of the firm in offering to provide the search for cost.
- Mr. Mercer said his firm will schedule the recruitment work whenever the Council is ready to proceed. Mr. McCandless reminded the Council that it has an item on the April 10th agenda. At this time the Council can give direction to Staff on how to proceed.
- Councilmember Ulledalen suggested a 4-5 person council committee be formed to give direction to Staff. He recommended Councilmembers Veis, Brewster, Clark, Boyer and Gaghen. Councilmember Veis said this committee could do the “heavy lifting” and the Mercer Group would do all of the technical work and facilitation. He noted that it is important for the Council to be totally involved with this process and perhaps involve one or two of the ad hoc committees as well. The small council group should focus on keeping the process moving forward.
- Councilmember Boyer said she was unclear about the expenses. Councilmember Veis said the expenses are not to exceed \$7500 for brochures, mailing, advertising, plane fare, etc. He noted that the consultant would need to submit receipts for expenses and would be reimbursed for up to \$7500 of expenses.
- Councilmember Boyer said she did not want the consultant to do all of the interviewing and screening all of the resumes. Councilmember Brewster reminded the Council that Mr. Mercer asked that he be assigned specific tasks so that he can be held responsible for them. He added the nice part was that the consultant to do all of the tasks or only part of the tasks, based on the preferences of the Council.
- Councilmember Veis asked Mr. McCandless to contact Mr. Mercer and work out a contract for consideration at the meeting on April 10th. Councilmember Gaghen questioned the cap of \$7500 for expenses. Councilmember Veis noted that was the number Mr. Mercer suggested and reminded the Council that Mr. Mercer can divide his travel expenses with Great Falls.

TOPIC #7	BUILDING PERMIT RATES INCREASES
PRESENTER	Kim Palmieri, City Building Official
NOTES/OUTCOME	
<ul style="list-style-type: none"> • Mr. Palmieri noted this item is on the April 10th agenda for action. • State law stipulates that the City is limited in the construction related fees that are collected. The excess fees must be placed in a reserve account and cannot exceed the amount needed to enforce building codes for a 12-month period. Mr. Palmieri noted that based on this regulation, in 1999 the City reduced its building-related fees. Fee reductions continued through 2002. In 2003, the fees were increased and have been increasing annually. Currently the City is at the same fee level as it was in 2000. The action on the agenda next week will take the City back to the 1999 fee 	

levels.

- Building-related revenues have been increasing steadily since 2002. In 2006, a drop of \$75,000 in revenue is anticipated. Expenses have been increasing as well. Staffing levels have remained the same since 2004. Reserves however have been declining since 2004. Mr. Palmieri noted that reserves can also be liabilities if the fees are collected, but the services have not yet been provided.
- By way of comparison, the current commercial fee on a \$100,000 building is \$955; the proposed fee under the increase would be \$1055, while the fee under the State's structure would be \$1341. The current residential fee on a \$150,000 structure is \$733 and is proposed to increase to \$815 under the new proposal.
- Mr. Palmieri said he has spoken to the Homebuilders Association regarding the fee increase. He noted they were not thrilled, but not surprised. The Development Process Advisory Review Board (DPARB) was also informed of the fee increase proposal.
- Councilmember Ulledalen asked what the turnaround time was. Mr. Palmieri said DPARB appeared to be satisfied with the turnaround in general. He noted however that the turnaround time is dependent on the season and the workload. Mr. Palmieri said if the workload is backing up, the department contracts with outside professionals to assist with plan review if a builder requests it. He emphasized that turnaround depends on the individual submittal. Mr. Palmieri said some plans come in with hand drawn plans, etc., which often slows the process down. The target review times the Building Division has set are: new commercial: 4 weeks; interior remodels: 2 weeks; new residential: 1 week.

Councilmember Ruegamer asked if the commercial builders were contacted about the fee increase. Mr. Palmieri said there is not formal group for commercial builders only, but some commercial builders are members of the Homebuilders Association and DPARB has commercial representatives as well.

Additional Information:

- Interim City Administrator Tina Volek noted that the Council has in front of them a letter from the Crowley Law Firm. This is a response to the letter sent to the Billings Police Foundation. Mr. Griffin of the Crowley firm has asked if the Council would be willing to meet with the board members of the Foundation at the next work session.
- Councilmember Boyer suggested it might be better to meet with the board instead of getting attorneys involved and dragging this matter out. Councilmember Ruegamer suggested that the meeting be held separately from the work session. Councilmember Veis said he felt that the board invited the Council to meet and if the Council declined to do so, the Foundation would not turn over the requested documents and "then we'll be in a fight." He said this would be a chance to not get into a fight.
- Councilmember Boyer reminded the Council that the goal is to find out the accountability of the Foundation. The Council has questions and that is the reason it asked for the documents. Councilmember Clark suggested started early, before the work session.
- After discussion, it was decided to meet earlier – at 5:00 p.m. for a separate special meeting before the work session, which could be rescheduled to 6:00 p.m.

Submitted by Marita Herold, CMC/AAE, City Clerk