

# City Council Work Session

August 21, 2006  
5:30 PM  
Community Center

**ATTENDANCE:**

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

**CONVENE TIME:** 5:32 P.M.

**ADJOURN TIME:** 9:37 P.M..

## Agenda

TOPIC #1	PUBLIC COMMENT
<b>PRESENTER</b>	
<b>NOTES/OUTCOME</b>	
<ul style="list-style-type: none"> <li>• STERLING STARR OF 3713 TOMMY ARMOUR CIRCLE spoke on the Yellowstone Club Estates sewer transfer. He called attention to the status of discussion between the City, County, Home Owner’s Association (HOA) &amp; golf club. He said it is time to move the sewer to City control. Mr. Starr said the City needs a sewer easement from the golf club. He said it would helpful if the County would do the requirements in order to transfer the RSID. Councilmember Ulledalen asked what the Council could do to expedite this process. Interim City Administrator Tina Volek said Public Works Director Dave Mumford met with the HOA and the Country Club board. She said the County is ready to make the necessary changes to transfer ownership.</li> <li>• JIM GALLUP OF 3240 LLOYD MANGRUM LN. said he is on the Yellowstone Country Club Board. He said Cal Stacey, another board member, has all the information and the board is putting together a proposal for the Yellowstone Country Club easement. Councilmember Ulledalen said simple construction is required but the City needs to act soon to complete the construction before winter. Mr. Gallup said the board’s concern is the wording of the easement. He added that if it does not get done this fall, then it will have to wait until next spring.</li> <li>• VERN KLINGMAN OF 1020 14<sup>TH</sup> ST. W. spoke on the decrease in Spring Creek water flow. He said he measures the creek often and it is currently less than 1” deep. Mr. Klingman said the water in Arnold Drain was over 3 feet deep recently. He said the silt builds up yearly and needs to be cleaned out more often. (See handout)</li> <li>• KEVIN NELSON OF 4235 BRUCE AVE. said there about 500 dog barking complaints each year. He said 6 of those complaints have resulted in citations to the owners. He has a neighbor that has been cited already. The dog was barking in the middle of the night and when Mr. Nelson called the Police he said he was told the Police would not cite the neighbor because the authority for citation falls under Animal Control. Mr. Nelson added that there is no Animal Control officer on duty at</li> </ul>	

night. Councilmember Ruegamer asked Mr. Nelson if he had talked with the dog owner. Mr. Nelson said he has not talked with the dog owner.

- MARY WESTWOOD OF 2808 MONTANA AVE. asked the Council to ask a lot of questions about the new Tax Increment District (TID). She said it took 20 years for the downtown TID to work properly. Ms. Westwood suggested a board be created that includes property owners in the TID. She warned that the money raised needs to be spent in the specific district. Councilmember Gaghen asked Ms. Westwood if she was aware of the owner involvement in the East-end TIF. Ms. Westwood said she is more concerned about how the money collected is managed.

<b>TOPIC #2</b>	<b>Board &amp; Commission Reports</b>
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<b>PRESENTER</b>	<b>None</b>
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**NOTES/OUTCOME**

- Mayor Ron Tussing said he received a letter from the Human Relations (HR) Commission and had copies added to the Friday packet. He asked if any councilmembers wanted to respond to the letter. Mayor Tussing said he received the HRC’s action plan on July 17<sup>th</sup>, but the plan did not state that the Council’s approval was required. Councilmember Stevens asked for a copy of the action plan. Interim City Administrator Tina Volek said she would see that all councilmembers received a copy of the plan. Councilmember Veis asked if the HR Commission should be decommissioned. Ms. Volek said that would be up to the Council; the Staff did not have a recommendation. Councilmember Jones asked what issues the HR Commission was referring to that the Council was not supporting. Mayor Tussing said they mentioned the Rimrock Foundation and the Alternatives issues.
- Councilmember Brewster said he thought the HR Commission wanted more authority, but there is no statutory requirement. Mayor Tussing said he has issues with some members who may use the HR Commission for a personal agenda. Ms. Volek said she and Chief St. John met with them about a Police Advisory Board. She said the City is not willing to follow the Minneapolis model, but is willing to consider other options. Ms. Volek noted that citizen advisory boards can be beneficial to the City.

<b>TOPIC #3</b>	<b>MLCT Organizational Participate</b>
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<b>PRESENTER</b>	<b>Alec Hansen, CEO of Montana League of Cities and Towns</b>
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**NOTES/OUTCOME**

- Alec Hansen said this is the 75<sup>th</sup> Anniversary of the MLCT and added that there have only been two CEOs since 1969. He gave the councilmembers a tentative agenda for the October 4-6 MLCT conference in West Yellowstone. Mr. Hansen noted that the Governor and senatorial candidates have been invited to attend the conference. He identified the following sessions:
  - Charting a Course for Development in Montana
  - Public Safety
  - Building Codes
  - Stephen Covey presentation
  - Great Falls Power Plan project
  - Statewide Public Defender Program with the Attorney General
  - Analysis of 3 ballot initiatives
  - Possible TID discussion
- Mr. Hansen had 3 more handouts for the councilmembers: (1) Summary Statistics for Places:

#2002 (2) Potential Tourist Tax Net Revenue 2004 and (3) Total Taxable Value of Increment of Entire TID. He pointed out the different tax options and percentage of income generated from non-residents in different categories. Councilmember Veis asked how much Montana cities would generate from the tourist tax. Mr. Hansen said the cities would receive very little. He noted the difficulty of finding credible information at the local level. Mr. Hansen also noted the opposition to a tourist tax comes from rural or small town representatives. He said there is still strong opposition for and against statewide sales tax, so both sides oppose a local option tax. Mr. Hansen stated the bill has to get out of the Legislature so that it can be presented to the Billings' voters for approval. He noted that Councilmember Veis will be on the Legislative Committee.

- Mr. Hansen said he wanted the Council to be aware of Initiative 154. He said it is a very dangerous initiative because if it passes, planning and zoning will be severely limited. The initiative is advertised as an “eminent domain” issue, but is really about property rights. Other states have this law and the cities and counties do not have the money to fight lawsuits so they waive regulations.
- Mr. Hansen noted Initiative 151 is “sort of dangerous”, especially during economic downturns. The State will “steal” local money in order to balance the State budget. He said he has no comment on the initiative to recall judges, adding that he does not know if it is good or bad.
- According to Mr. Hansen, another issue before the Legislature this year will be TIF (Tax Increment Financing). He said bills will be introduced to remove either the 95 State education mills or all education mills from tax increment finances. Mr. Hansen said the cities must defend themselves. Councilmember Veis asked if there are abuses. Mr. Hansen said “yes”; citizens have been accused of capturing increment without doing anything. TIF can really be effective or can be abused. Whenever a mistake is made, either there is a lawsuit or a new bill is introduced in the Legislature. Mr. Hansen said a big issue is the local option tax and cities need to agree if possible. He said the State has a \$500 Million surplus, but the cities and the counties are struggling.
- Councilmember Ruegamer asked if small towns still want revenue sharing. Mr. Hansen said “yes”. Councilmember Ruegamer asked where the money for the Montana Main Street Program comes from. Mr. Hansen said the Main Street program has a budget of \$200,000. He added that three Montana cities have the self-help program. The purpose is to combine historic preservation with economic development, encouraging businesses to move downtown.
- Councilmember Clark asked what will occur on October 4<sup>th</sup> at the conference. Mr. Hansen said there will be a golf tournament, along with clerk/treasure and public works meetings. Mayor Tussing asked what the spouses get for their \$75 fee. Mr. Hansen said spouses would get 2 lunches, breakfast, a banquet, and a trip to Yellowstone Park.
- Councilmember Jones said he went last year to the Legislature and listened to the revenue sharing debate. He said the cities already pay more, and added that he is really against rural share. Mr. Hansen said Billings has a low mill levy, but the two lowest are West Yellowstone and Whitefish because both cities have a resort tax.
- Councilmember Gaghen said the meeting last spring showed the strong emotion from the small town citizens. They feel that they support Billings through their shopping, etc. Councilmember Ruegamer said it is not a matter of deserving but rather greed on the part of the small towns. He said if a comparison were made between what the small town citizens spend in Billings and what they will receive, it would not be equal. Small town citizens do not spend as much as they think they do in Billings he noted.
- Councilmember Brewster said he thinks there is a lot of frustration because there is not weighted voting in the association. Mr. Hansen said there is weighted voting based on population or the

amount of dues the city pays. He added that in order to have a weighted vote, it does have to be requested by a delegate motion. Mayor Tussing asked who appoints a delegate to the MLCT. Mr. Hansen said the City Council appoints the delegate.

- See handouts attached.

<b>TOPIC #4</b>	<b>National League of Cities Participation</b>
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<b>PRESENTER</b>	<b>Interim City Administrator Tina Volek</b>
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<b>NOTES/OUTCOME</b>
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- Interim City Administrator Tina Volek said the National League of Cities conference is in Reno, Nevada, December 5-9, 2006. Ms. Volek reminded the councilmembers that they had received additional information on the conference in a Friday packet. Ms. Volek asked the councilmembers to look over the material and let her know if anyone wants to attend. She added that each councilmember has an allocation of \$1350 to apply toward the conference expenses. Councilmembers Ruegamer, Gaghen, Brewster and Veis said they were interested in attending the conference.
- See attached handout.

<b>TOPIC #5</b>	<b>East-end and new Downtown TIFD Discussion</b>
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<b>PRESENTER</b>	<b>Joe McClure</b>
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<b>NOTES/OUTCOME</b>
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- Joe McClure of the Big Sky Economic Development Authority (BSEDA) thanked the councilmembers that came to the ground-breaking for the new hospital. He said the downtown property tax district rose in value about \$1.5 Million last year. He said the growth in the west end and in the Heights will continue because it will “feed on itself”. Mr. McClure said the core of the City is the downtown and his plan is for the East Downtown Billings Urban Renewal District.
- Mr. McClure said the east end became a priority for BSEDA in 2006 for the following reasons:
  - The continued re-development of the urban core is essential to a “vibrant, healthy economy” overall
  - Opportunities exist to create workforce housing in the City’s core, which will allow the City to provide the labor for an expanding multi-industry base of employers
  - It will provide for a more efficient utilization of existing infrastructure, encouraging infill development versus sprawl
  - It is a tremendous opportunity for City/County collaboration (via Interlocal agreement)
- Mr. McClure described the intent of the Urban Renewal Plan:
  - Serve as the official urban renewal plan for the district
  - Outline what currently exists in the district and discuss future plans for urban renewal
  - Define the boundaries of the district
  - Allow for tax increment financing (TIF) to be utilized as an urban renewal tool
  - Describe the management structure of the urban renewal district
  - Provide guidelines for future development in the district
- Mr. McClure said the proposed district boundaries are from 22<sup>nd</sup> Street to Exposition Drive and from Montana Avenue to the approximate mid-block between 6<sup>th</sup> and 7<sup>th</sup> Avenue North. He added that the planning process has included numerous meetings with many individuals and organizations.

- Mr. McClure spoke on the problem of “blight”. He said blight is identified in the district as:
  - Underdeveloped and missing utilities: water, sewer, and storm sewer
  - Numerous vacant properties and buildings
  - Potential numerous brownfield sites within the district
  - Sub-standard housing
- Mr. McClure said the following are the urban renewal goals and opportunities:
  - Improve infrastructure: utilities, roads, sidewalks, and parking
  - Encourage mixed-use development
  - Provide a housing plan as required by the M.C.A. and to maintain HUB Zone status
  - Improve transportation circulation to maximize business activity in the district
  - A new business hotel that has an associated conference center and visitor amenities
  - Medical offices and clinics that compliment and expand the current medical services and facilities in Billings
  - Retail influx that is combined with a conference center, offices, or entertainment establishments
  - Professional offices to expand opportunities for new or relocated businesses
- Mr. McClure concluded his presentation by saying the East Downtown Billings Urban Renewal District has a tremendous amount of potential to become an even greater economic engine. Councilmember Ruegamer asked what are the challenges and opportunities offered by the railroad. Mr. McClure said the challenge is to get the railroad to participate. He added that the opportunities are tremendous; there are lots of businesses in the area that use the railroad. Councilmember Veis asked if the infrastructure needs have been identified. Interim City Administrator Tina Volek reminded the Council of the City’s commitment to the Gateway Triangle and the difficulty of being involved with two separate areas at the same time.
- Councilmember Veis said the councilmembers received a letter from Marty Connell regarding annexation in this area. Mr. Connell said the annexation was a “hard sale” because there are about 64 county landowners in the designated area. He said if the City would do the TID and not talk about annexation, most of the owners will voluntarily annex. Mr. Connell said there are 4 or 5 owners that would fight annexation because they have been fighting it for many years. He said that the property in that area would be worth twice its value if it was part of the City rather than County property.
- Deputy City Administrator Bruce McCandless said the interlocal agreement is being drawn up by Maei Nan Ellingson of Dorsey & Whitney. The initial draft agreement is to include County property in a City Urban Renewal District and TID. He said there is no statutory authority for the City to form a TID with County property included, so only an interlocal agreement can be used. Mr. McCandless said there would have to be a pooling of resources from both County and City property owners in order to finance the infrastructure.
- Mr. McClure said the Urban Renewal Plan would designate the property owners (that have shown interest in this project) as part of an advisory committee. He noted that the next step would be to bring in the board policy committee and have a public hearing in October in order to adopt the Urban Redevelopment Plan.
- Councilmember Veis asked the status of the Board of County Commissioners (BOCC) on the industrial TIF for the farmers and METRA. Mr. McClure said they received a negative response from the Attorney General. Councilmember Veis asked if they would want to include METRA in this district. Mr. McClure said the METRA would be left out of this district. Councilmember Veis asked if this would all be in place before January 1. Mr. McClure said the plan is to be in place by

January 1 and before the Legislative session. Councilmember Ruegamer said this is a “grass roots effort” by the local businessmen.

- Councilmember Gaghen said she has been impressed with the “sheep-herding” that those involved with the process have demonstrated. Mr. Connell said there is a lot going on but they need to establish the increment now while it is low. Mr. McCandless said the Council needs to review some policies regarding tax incentives because incentives given to businesses will mean less collected from taxes, so less increment to be used for this project.
- Councilmember Brewster commented on the downtown district which worked well the first 10 years, hit a lull and then worked well again the last 7-8 years. He added that property owner - involvement is critical.
- Greg Krueger of the Downtown Billings Partnership said the Governor’s office is doing a statewide survey on the economic impact of TIDs. Mr. Krueger gave the councilmembers a map outlining the proposed immediate N. 27<sup>th</sup> St. TID expansion. He said the larger mapped area grew \$1.5 Million in 2005-2006, but the specific smaller mapped area only grew by 4% or \$25,000 in 2005-2006. He said of the 81 parcels, 32 of those parcels do not pay any taxes. Mr. Krueger said 19 of the properties declined in value and 30 properties increased in value. He said the Downtown Billings Partnership’s intent is to look at new areas in 2008 when the entire current TID area “sunsets” and the money starts pouring back into the General Fund. Mr. Krueger said they need to act before 2007 in order to capture the maximum increment before the 2007 Legislature.
- See attached handouts.

<b>TOPIC #6</b>	<b>City Administrator Recruitment</b>
<b>PRESENTER</b>	

**NOTES/OUTCOME**

- Councilmember Veis said one of the candidates had withdrawn his name and one of the candidates was not forthcoming in his disclosure. He asked if the Council wanted to continue with interviews, reopen the search or hire Interim City Administrator Tina Volek. Councilmember Brewster said he does not want to spend any more money on the recruitment process. He suggested putting an Agenda item on the next Council meeting and appointing a committee to negotiate with Ms. Volek. Mayor Tussing said the Towe Initiative had a chilling effect on the whole recruitment process.
- Councilmember Veis said he did not think a new search would be helpful. Councilmember Brewster said there are a lot of dept. head positions open and the City needs to get some stability so the new hires would know who they will be working for. Councilmember Jones said the Council needs to move on. Mayor Tussing asked Bruce McCandless to make sure it will be on the next meeting’s Agenda. Mr. McCandless said it is already an Agenda item for the August 28<sup>th</sup> meeting.
- Councilmember Veis asked if the Council desired a small committee to negotiate with Ms. Volek. Councilmember Ulledalen said to make sure some of the “senior” councilmembers with experience negotiating are on the committee. Councilmember Brewster said the best way to start a negotiation process is to invite the candidate to present her desires for a contract and then negotiate from that point.
- Mr. McCandless asked if he should inform Mr. Mercer that the City will not be interviewing Mr. Arnold. The Council responded with its approval not to proceed with that interview.

- The Council adjourned to executive session at 7:48 p.m. After the executive session, the meeting adjourned at 9:37 p.m.

<b>TOPIC #7</b>	<b>Executive Session: Firefighter Mediation &amp; Rimrock Foundation Cases</b>
<b>PRESENTER</b>	<b>Closed Session</b>
<b>NOTES/OUTCOME</b>	
<b>Additional Information:</b>	
<p>Respectfully submitted Tami Greeley, Deputy City Clerk</p>	