

REGULAR MEETING OF THE BILLINGS CITY COUNCIL

June 10, 2013

The Billings City Council met in regular session in the Council Chambers located on the second floor of the Police Facility, 220 North 27th Street, Billings, Montana. Mayor Thomas W. Hanel called the meeting to order at 6:30 p.m. and served as the meeting's presiding officer. Councilmember Crouch gave the invocation.

ROLL CALL: Councilmembers present on roll call were: Cromley, Ronquillo, Pitman, Cimmino, McFadden, Bird, McCall, Ulledalen, Astle, and Crouch.

MINUTES:

- May 13, 2013
- May 28, 2013

Councilmember Cromley moved for approval of the May 13 and May 28, 2013, minutes, seconded by Councilmember Ronquillo. On a voice vote, the motion was unanimously approved.

COURTESIES: None

PROCLAMATIONS: June 19, 2013 – Juneteenth Day. Councilmember Crouch noted a celebration would be held Saturday at noon at South Park.

ADMINISTRATOR REPORTS - TINA VOLEK

Ms. Volek commented on the following items.

- Consent Agenda Item G – W.O. 12-05, Five Mile Lift Station Approval of Payments to NWE and MDU for removal and installation of electrical equipment and gas facilities and approval of NWE and MDU utility easements. Memorandum from Public Works Director David Mumford, dated 6/6/13, was sent in the June 7 Friday Packet asking Council to approve the NWE Customer Service Agreement that was inadvertently left off of the staff report. Copy of memo filed in ex-parte notebook.
- Regular Agenda Item 6 – Approval and Adoption of the FY2014 City of Billings Budget. Memorandum from Finance Director Pat Weber, dated 6/7/13, sent in June 7 Friday Packet attaching an updated copy of Exhibit A to the resolution. Copy of memo filed in ex-parte notebook.

PUBLIC COMMENT on “NON-PUBLIC HEARING” Agenda Items: 1 & 4B ONLY.
Speaker sign-in required. (Comments offered here are limited to one (1) minute. Please sign in at the cart located at the back of the council chambers or at the podium. Comment on items listed as public hearing items will be heard ONLY during the

designated public hearing time for each respective item. For Items not on this agenda, public comment will be taken at the end of the agenda.)

The public comment period was opened. There were no speakers, and the public comment period was closed.

1. CONSENT AGENDA

A. Bid Awards:

1. W.O. 12-18, Canyon Creek Drain, Phase 1 - King Avenue West. (Opened 5/28/13)(Delayed until 6/10/13) Recommend CMG Construction, Inc.; \$274,960.

2. City Hall Lighting Retrofit. (Opened 5/28/13)(Delayed until 6/10/13) Recommend Action Electric; \$47,170.

B. Approval of Contract with High Point Networks for Billings Public Library Managed Desktop Project; \$154,992.

C. Agreement with Yellowstone County Sheriff's Department to provide New World Public Safety data processing services(7/1/13 - 6/30/14); annual revenue - \$102,332.

D. CTEP Project Specific Agreements for Ponderosa School Path, available funding - \$180,000; Arrowhead School Path, available funding - \$84,000; Swords Park Trail Outlet, available funding - \$120,000; Poly Drive School Improvements, available funding - \$97,147.

E. Memorandum of Understanding (MOU) between the City of Billings and the County Water District of Billings Heights addressing classification of transmission lines for rate making purposes and clarifying methodology used to calculate rate of return used in determining resale rate for the District.

F. Amendment #1, W.O. 12-31: East End Industrial Area Storm Drain. Professional Services Contract, Morrison-Maierle, Inc., not to exceed \$1,189,141.

G. W.O. 12-05, Five-Mile Lift Station: Approval of Payments to NorthWestern Energy (NWE) for removal of old and installation of new electrical lines and transformer equipment - \$56,699.45, and to Montana Dakota Utilities (MDU) for installation of new gas facilities - estimated \$6,579; and **Approval** of NWE and MDU Utility Easements.

H. Resolution #13-19275 amending Resolution 92-16534 increasing Fireworks Display Permit Fee to \$100 and Required Liability Insurance to \$1.5 million per occurrence.

I. **Resolution #13-19276** relating to up to \$4,750,000 Storm Sewer Revenue Bonds, Series 2013; authorizing the issuance and private negotiated sale; and redemption of outstanding Storm Sewer Gross Revenue Refunding Bonds, Series 2003.

J. **Second/Final Reading for Zone Change #909:** amending an existing Planned Development (PD) to allow an increase in the maximum density from 15 dwelling units per acre to 20 dwelling units per acre on a 25.186-acre parcel of land described as Tract 3A, C/S 2063, with underlying zoning of Planned Development-Multi-Family-Residential (PD-MF-R) in the Lenhardt Square Planned Development. Approval of the zone change and adoption of the determinations of the 10 criteria.

K. **Bills and Payroll:**

1. May 13, 2013
2. May 21, 2013

Councilmember Cimmino separated Consent Agenda Item K1. Councilmember Pitman moved for approval of the Consent Agenda with the exception of Item K1, seconded by Councilmember Ronquillo. On a voice vote, the motion was unanimously approved.

Councilmember Cimmino referenced Item K1, #765739, and said she would abstain due to her employment. She referenced Item K1, #765881, and said she would abstain due to a conflict. Councilmember Pitman moved for approval of Item K1, seconded by Councilmember Ronquillo. On a voice vote, the motion was approved 10 to 0.

REGULAR AGENDA:

2. **PUBLIC HEARING AND FIRST READING ORDINANCE amending the boundaries of Ward I to exclude recently de-annexed property in De-Annexation #13-05: approximately 6.64 acres of undeveloped land described as Lot 20, Block 3, Rolle Subdivision, generally located between Alkali Creek Road and Highway 3 (Airport Road). Staff recommends approval. (Action: approval or disapproval of staff recommendation.)** City Administrator Volek advised the de-annexation was approved by Council on May 28. There was no presentation, but staff was available to answer questions.

The public hearing was opened. There were no speakers, and the public hearing was closed.

Councilmember Ronquillo moved for approval of Item 2, seconded by Councilmember Cromley. On a voice vote, the motion was unanimously approved.

3. **PUBLIC HEARING AND FIRST READING ORDINANCE expanding the boundaries of Ward III to include recently annexed property in Annexation #13-06: approximately seven acres of land described as Lot 5, Block 2, and Lot 1, Block 3, Titan Subdivision, generally located on the north and south sides of Interstate Avenue just east of the intersection of Interstate Avenue and Mallowney Lane.**

Staff recommends approval. (Action: approval or disapproval of staff recommendation.) City Administrator Volek advised there was no presentation, but staff was available to answer questions.

The public hearing was opened. There were no speakers, and the public hearing was closed.

Councilmember McFadden moved for approval of Item 3, seconded by Councilmember Bird. On a voice vote, the motion was unanimously approved.

4. FY2014 SOLID WASTE FEES AND LANDFILL AGREEMENTS

A. PUBLIC HEARING AND RESOLUTION #13-19277 establishing FY2014 Solid Waste residential and commercial collection, disposal, and landfill fees effective July 1, 2013. Staff recommends approval. (Action: approval or disapproval of staff recommendation.) City Administrator Volek advised there was no presentation, but staff was available to answer questions.

Councilmember Ronquillo said he had spoken with a resident who had gone to the landfill with a trailer; and even though the landfill employee did not weigh the trailer, he told the resident he could tell he was overweight. The resident asked if he still had to pay to get into the landfill and dump the trailer's contents. Public Works Director, Dave Mumford, said a pickup load would be free, a pickup load and trailer would be \$6, and an oversized trailer larger than the bed of a truck would be \$6. Councilmember Ronquillo said it was his understanding the landfill did not accept credit cards and asked if it would be feasible. Mr. Mumford said he could check into accepting credit cards.

Ms. Volek noted the City would have to pay a fee for the use of credit cards and asked if the City would add a convenience fee to cover it or just absorb the fee. Councilmember Ronquillo said other departments accepted credit cards and asked if the City paid those fees. Finance Director, Pat Weber, advised credit cards were accepted throughout the City, and the City absorbed the fee. The fee was approximately 2%, and staff would have to report back at a later date if Council wanted to know a dollar amount.

Councilmember McFadden asked if using credit cards helped small businesses keep track of their expenses or if it was just a matter of convenience. Mr. Mumford said he assumed it would be convenience because receipts were provided.

Councilmember Cimmino said with any credit card transaction the City would have a record of the payment, and she believed it would be a safeguard for both sides. Maybe they could take a look at providing that method of payment for customers using the landfill facilities. Mr. Mumford advised they would be doing a full analysis and cost evaluation of the landfill in the near future, and they could look into it at that time.

Councilmember McCall noted that residential and commercial collection remained flat with no increase and even with the increases for the landfill fees, they were still less than Yellowstone County or any of the other cities or counties in the state. Billings had a really good system.

Councilmember Bird asked if the fees also pertained to the use of a debit card. Ms. Volek said they did.

The public hearing was opened. There were no speakers, and the public hearing was closed.

Councilmember McCall moved for approval of Item 4A, seconded by Councilmember Astle.

Councilmember Astle said it was his personal opinion that it would be a waste of staff time to do a study on a \$6 charge and whether to take a credit card. The person taking the credit card had to pay the fee, and it was just crazy to use a credit card for \$6. The whole idea of doing a study or accepting credit cards or debit cards for a \$6 fee at the landfill was ridiculous.

Councilmember Bird asked why the City absorbed the fee. Councilmember Ulledalen said it was the way it worked. There was a swipe fee the bank charged to process the transaction. He said the courthouse added a fee for credit card use, and the City could do the same. Another option would be to raise the rates on everybody to cover the percentage cost of credit card sales. The City needed to be intelligent about what it did when moving forward. Absorbing the fee was probably not a good option unless rates were raised on everybody to cover it.

Councilmember Cromley noted none of the discussion had anything to do with the pending motion; but a lot of places charged a fee for credit card use such as Alberta Bair and some of the utilities; so the City could, as well. Ms. Volek commented an approved credit card payment guaranteed payment versus taking a bad check and then having to try to collect on it.

On a voice vote, the motion was unanimously approved.

B. ANNUAL LANDFILL USE AGREEMENTS (7/1/2013 - 6/30/2014) with Bighorn County, Carbon County, Treasure County, Stillwater County, Musselshell County, Town of Fromberg, Town of Columbus, Town of Hysham, Town of Joliet, Town of Bridger, City of Big Timber, City of Laurel, City of Red Lodge, and Yellowstone County. Approximate annual revenue - \$1,920,000. Staff recommends approval.

(Action: approval or disapproval of staff recommendation.) City Administrator Volek noted the charge to Yellowstone County for the coming budget year would be \$592,300; and all other entities would pay \$18.50 a ton. There was no additional presentation, but staff was available to answer questions.

Councilmember Ulledalen asked if it represented an increase over the last contract with the outlying counties. Mr. Mumford advised it would be an increase of 2.6%.

Councilmember Cromley advised he would abstain from the vote because he was the current Chairman of the Yellowstone County Solid Waste Disposal Board. He said it represented a huge increase over last year, and the County had not yet agreed to it. It would be approximately 20%.

Councilmember Astle moved for approval of Item B as stated, seconded by Councilmember McCall.

Councilmember Astle asked for the percentage of increase for the County. Ms. Volek advised it would be 19%. She had a discussion that morning with Commissioner Reno, and the County sent an alternative agreement. The City reviewed it and determined it would be very difficult to make the changes in the short period of time they had to review it, so they agreed with the Commissioners to put forward the current contract; and Commissioner Reno indicated they would approve it.

Councilmember Bird said she assumed the other counties were in agreement with the 2.6% increase. Mr. Mumford advised Yellowstone County's tonnage increase was 2.6% just like the others. The difference was that their tonnage per year was significantly higher than what they were being charged, so their tonnage was increased. They matched the last couple of years' tonnage to how much was actually being accessed, and Yellowstone County was notified a year ago that it was going to happen. The actual rate increase was only 2.6%; the significant difference was the amount of tons they were being charged. Councilmember Bird asked what would happen if the contract with Yellowstone County was not approved. Ms. Volek advised they would have to negotiate with them. They were facing a relatively short turnaround because the changes would have to be submitted for the tax rolls in September. Mr. Mumford advised they hoped to have it resolved before July 1. Councilmember Bird asked if it was prudent to approve it at that point without knowing what Yellowstone County was going to do. Mr. Mumford said all of the contracts were still coming back in. It was his understanding Yellowstone County had agreed to working on a new method for next year. They had concerns about how the assessment worked for residential compared to commercial. Mr. Mumford said they would also be looking at a different methodology for all of the towns and counties. Instead of having agreements, they were looking at just charging the private haulers a tipping fee on a monthly basis for the tonnage brought in.

Mayor Hanel asked if the discussion with the Commissioners was nothing new and if it had been going on for quite some time. Ms. Volek advised that was her understanding.

On a voice vote, the motion was approved 10 to 0.

5. PUBLIC HEARING AND RESOLUTIONS setting annual FY2014 assessments for Light Maintenance Districts (Res #13-19278); Street Maintenance (Res #13-19279); Storm Sewer (Res #13-19280); Arterial Construction (Res #13-19281); Business Improvement District (Res #13-19282); imposing annual all-purpose mill levy and mill levies for Library operation, Transit operation, and Public Safety Funds (Res #13-19283); and amending Resolution #07-18593 creating two classifications of hotels within the Tourism Business Improvement District (Res #13-19284). Staff recommends approval. (Action: approval or disapproval of staff recommendation.)

City Administrator Volek noted Park Maintenance Districts had been removed from the list and would be brought back at a future time as they were examined. She said there was a change in the assessments for the Tourism Business Improvement District creating two classes on the number of available rooms in a hotel facility. The rate was \$1 a room per night for facilities with 59 or fewer rooms and \$2 per night for facilities with 60 or more rooms. Ms. Volek advised there was no additional presentation, but staff was available to answer questions.

Mayor Hanel confirmed with Attorney Brooks that the Arterial Construction Fee would require a super majority of the Councilmembers present and voting. Mr. Brooks said that was correct.

The public hearing was opened. There were no speakers, and the public hearing was closed.

Councilmember Astle moved for approval of Item 5 with the exception of the Arterial Construction Fee, seconded by Councilmember Crouch.

Councilmember Ulledalen amended the motion that the Street Maintenance Fee be brought back for further discussion after the Teamster Contract was settled in order to have some sense of what was going to happen within those budgets and work plans, seconded by Councilmember Cimmino.

Councilmember Pitman said he did not see the connection between the two as far as holding it up. He said the fee was not actually coming out of the General Fund, Councilmember Ulledalen said Public Works had a work plan in place. The negotiations with the unions could increase the costs in the departments, and they would not know what the impact would be. He would like to have a discussion when it was all settled as to what was possibly going to be excluded or what adjustments Public Works would have to make when Ms. Volek was done with the negotiations.

Ms. Volek advised negotiations with the Teamsters would begin on Monday. They were required by law to adopt and set the levies within 30 days of receiving the assessed valuations. Because of that, they anticipated a certain amount of increase in the fees to offset COLAs that might come from the negotiations. Staff could bring it back to the Council and predict an impact after the negotiations were concluded; but if the negotiations were not concluded by September, it could put them in a very difficult situation in terms of the Street Maintenance Fee assessments. Councilmember Ulledalen said they still should have a discussion when it was done, and they were just asking for a report.

On a voice vote, the amended motion was approved 9 to 2. Councilmember Pitman and Councilmember Cromley voted in opposition.

Councilmember McCall asked Assistant City Administrator Bruce McCandless to explain the distribution of funds for the Tourism Business Improvement District (TBID). Ms. Volek advised 100% went to the TBID. Mr. McCandless said the funds were used for promotions, events, conventions, and all of the things the TBID did. The increased assessment was primarily for the purpose of studying the establishment of a convention center in Billings.

Councilmember Cimmino asked if the amount the TBID received was close to \$1 million a year. Ms. Volek said with the increased rate, which was voted by the members of the hotel industry, it had significantly improved their income and allowed for marketing that previously had not been done.

On a voice vote, the original motion was approved.

Councilmember Astle moved for approval of the 2014 Arterial Construction Fee, seconded by Councilmember Ulledalen.

Councilmember Ulledalen amended the motion that the Arterial Construction Fee also be brought back for further discussion after the Teamster Contract was settled in order to have some sense of what was going to happen within those budgets and work plans, seconded by Councilmember Ronquillo.

Councilmember Pitman said he could not support it. There were a lot of big construction projects, and they were going to get them done. He asked Mr. Mumford how long it would delay some of the projects if they had to postpone while Teamster negotiations were going on.

Mr. Mumford said it was his understanding Councilmember Ulledalen was not asking to postpone, but to approve and then come back to the Council and report if there was an impact on the projects or funding budget due to the COLA. He said they

had put a small part aside recognizing there would probably be some COLA this year. Councilmember Ulledalen said he had no intention to stall or to delay it; they could pass it as is, but he wanted a report back on what the absolute magnitude was so they could get some idea if projects had to be delayed or shifted in the next year.

Councilmember Pitman said he could support the motion as long as they were just getting a report back and not stopping at the beginning of the construction season.

Councilmember Cimmino said she thought there was a difference because with the Street Maintenance District it was Teamster Union labor, but with the Arterial Fee they had outside construction companies coming in and performing the work. She said she would support the amendment for those reasons so they could obtain a final report but not postpone or delay any project.

On a voice vote, the amended motion was unanimously approved by all Councilmembers and the Mayor. On a voice vote, the original motion was unanimously approved by all Councilmembers and the Mayor.

6. PUBLIC HEARING AND RESOLUTION #13-19285 approving and adopting the Fiscal Year 2014 City of Billings Budget. Staff recommends approval. (Action: approval or disapproval of staff recommendation.) City Administrator Volek advised the budget had expenditures of \$259,777,696 and total revenues of \$249,645,198; the difference being made up from the use of reserves that had been carefully accrued over past years to fund budget activities. She noted in a Friday Packet memo Finance Director, Pat Weber, had provided adjustments to the FY14 proposed budget presented to Council earlier. A PowerPoint slide of the adjustments was shown. Ms. Volek noted the City Attorney's addition included the new JUST Ware software for \$10,400 that would be supplemented with a \$14,000 grant. She said the General Fund could add an additional \$24,000 not in the proposed budget to make sure the complete department had the software. If the Council wanted to add the rest of the software, they would need a budget amendment to do so. She showed a slide of the adjusted General Fund budget reflecting a miscalculation in the Police Department on the cost of liability insurance for a reduction of \$300,000. Ms. Volek said the recommendations that evening were as they had been throughout the process that included five hearings, 15 hours of council time and consideration, and good hard work since January 1 by the departments and Council. She said the Council was being asked to approve the recommended 2014 Budget and to use the reserves as presented to balance the General Fund and Public Safety Fund. Ms. Volek asked for questions.

Councilmember Pitman asked for the total amount of the JUST Ware. Ms. Volek said it would be an additional \$24,081 to what Council had already approved. It would come from the General Fund.

Councilmember Cimmino asked if the expenditures for FY2014 were \$259,767,296. Ms. Volek advised the number had been amended in the paperwork sent to Council on Friday, and the current number was \$259,777,696. The difference would be approximately \$10.1 million. Councilmember Cimmino asked for the reserve balance. Ms. Volek advised there were several different funds and each would have a different balance. The General Fund balance was 29% of budgeted revenues.

Councilmember Ulledalen said they did not know what the full difference would be between income and expenses because the three union contracts had not been

resolved. The deficit could go from \$100,000 to as much as \$600,000 to \$800,000 by the time the negotiations were done. Ms. Volek said that was possible. They began negotiations as required April 1 and had been working diligently but were not yet complete. An amendment would be brought to Council to amend the budget.

Councilmember Ulledalen said to get to the answer of the e-mail exchange they had, the assumption was that by FY16 /FY17 the undesignated \$9 million in reserves would essentially be completely exhausted. He said he was trying to get back to that "burn rate" so they had some idea. They knew now it was going to be in the \$500,000 to \$900,000 level this year; but incrementally it was going to get bigger each year. Ms. Volek reviewed bar charts with budget impacts of 1%, 2%, 3%, 4% and 5% increases per year from COLA over the next five years. Part of the problem was when they went into their budgeted reserves they were borrowing money to make payroll, which was a very serious issue because they would be paying interest on the money that further depleted their resources. She said they had an approximate 3-year window (FY14 to FY16) to pass a Public Safety Levy if that would be the Council's desire. Council would need to take into account when a public safety levy would be adopted because it would need to be done early enough in order to adequately feed it into the tax rates.

Mayor Hanel asked what the ultimate would be if a Public Safety Mill Levy was presented and failed. Ms. Volek said there were 88 regular General Fund, non-public safety employees and more than 250 public safety employees in the budget, and the only thing they could do would be to consider layoffs.

Councilmember Astle asked Mr. Weber what it would do to the City's bond rating. Mr. Weber said it would definitely take the rating down. Councilmember Astle asked if the City's rating could possibly be in jeopardy currently because of the PERS System. Mr. Weber said possibly. The City's rating was currently an Aa2, and it could be taken down to a B, which would significantly increase interest rates. Councilmember Astle said the reserves were not just money sitting there; they were money that supported the health of the entire City. Mr. Weber said that was correct.

Councilmember Ulledalen said in reality they would probably not be borrowing money if the reserves were declining anyway because the issue would be how they would pay for it out of the General Fund. The Enterprise Funds like sewer and water were totally different budgets and conceivably would draw a different rating than a general obligation bond sold in any of the General Fund departments. Ms. Volek commented the numbers they were showing only applied to the General Fund and Public Safety Fund. Mr. Weber commented the raters looked at the overall financial condition of the City.

Councilmember Astle asked if the Public Safety Mill Levy money was designated specifically for public safety. Ms. Volek said that was correct. Councilmember Astle asked if there would be a ripple effect to the unrepresented and Teamster employees if a Public Safety Mill Levy were to pass and public safety employees received a raise. He said to his knowledge, the attitude was that if the Fire Department or Police Department received a raise, the others felt they should get that raise too. Ms. Volek said that had generally been the trend. Councilmember Astle said a public safety employee increase would adversely affect the General Fund with the raises for the non-public safety employees. Ms. Volek said it would have some impact. She said the vast majority of Teamsters was in the Public Works Department and in Enterprise or Internal Service

Funds. There were many employees in the non-public safety General Fund that were funded through Internal Services.

Councilmember Bird asked if Council's requests for Municipal Court were addressed in the proposed budget. How would they deal with the requests for Municipal Court? Ms. Volek advised they were still investigating the costs of the items presented, including the recording devices. They would require a budget amendment in the future; or if done quickly, council contingency from this year could be used for the items.

Councilmember Cimmino said they could be submitted as a supplemental budget request. Ms. Volek advised they were not submitted as a supplemental budget request this year, so they were not accounted for in the proposed budget. If a supplemental budget request was done, it would have to be done in a future budget year; and it was her understanding Council wanted to work more quickly than that. Councilmember Cimmino said there were approximately 220 non-represented employees, and she totally supported every single city employee; but quite frankly the three unions paid fees and went through all the formalities; and the non-represented employees just automatically assumed they were entitled to the same percentage increase that everyone else negotiated. She said for the record there was never any formal policy adopted for that; it was just automatically assumed they would get it. Ms. Volek said the situation was primarily that those employees worked in close contact and often supervised the employees who were bargaining, so they would encroach into the division between supervision and line employees if they did not keep the distances by adopting approximately the same increase.

Mayor Hanel said what had been described was like a "double-edged sword." He admired the present and past Administration and Council for doing a fine job of managing the City's resources; and as a result they had a very good bond rating, money in reserves, and were healthy, which had been widely recognized throughout the country. By handling the finances smartly, the reserves had been built up, and there were contract employees looking at it like there was a pot of money they would like to have. If it were whittled down it would come back to haunt the City and the employees in the end; and he was sure it had been explained to the unions. Ms. Volek advised the unions were well aware of it. She said had the 2004 mill levy for \$8.2 million not passed, approximately 38 to 40 police and fire fighters would have been laid off. As a result of the approved levy, the City was able to add public safety employees, build a new fire station, and purchase equipment.

Councilmember Ulledalen said in reality they were heading in the exact direction now as in 2001, 2002, 2003, up to 2004. They could only borrow money for so long and in reality would have to lay off 80 people to balance the budget, which would be in Public Safety and the General Fund. Ms. Volek said it was anticipated that the levy would last about ten years, and it had met that requirement. It was obviously difficult to meet the needs of a growing community, and one of the reasons such austere budgets had been presented the last few years was because they knew the time would come. By setting money aside, they had been able to sustain themselves and provide an ongoing budget for a period of time. She said she hoped the public would consider the importance of a public safety department.

Councilmember Ronquillo commented staff had done an excellent job putting money away. He said people needed to realize Billings was getting bigger and bigger,

and there would be more crime. Everyone wanted to be safe, they needed more police officers, and they needed to pay for what they wanted. Ms. Volek complimented the department heads, Mr. Weber and his staff, and her predecessors who were cautious enough to put in place the Equipment Replacement Plan, the Supplemental Budget Requests, and other programs such as Internal Services charges that helped fund other departments that would otherwise be reliant on the General Fund.

Councilmember Cimmino said it was also important to recognize the approximate 100 Police Department volunteers who helped with incidences that did not involve suspects, witnesses, evidence, etc. and freed up police officers to do their jobs that involved those elements. The volunteers were saving the City money.

Councilmember Ronquillo said he wanted to give Mike Yakawich credit for his involvement with the March Against Drugs and Violence held last Friday. Over 400 people were involved, and people understood what they were trying to do with the issue. Mr. Yakawich organized it several years ago, and it continued to grow every year.

Councilmember Bird asked for the last time the City implemented a pay freeze. Ms. Volek advised two years ago they bargained for a 0% increase.

Councilmember Crouch said the past year and a half new construction had been going up measurably and asked what it meant for the City. Mr. Weber said the theory was it should help the taxable value, and it would for the next couple of years until the next state re-appraisal when it would disappear and become flat again. There had been discussion that there was an estimated \$80 million in new building permits issued, which was \$200,000 at the most in revenue.

Councilmember Bird asked how the city salaries compared to regional cities. Ms. Volek advised Council received a document week before last. Councilmember Cimmino said it was received electronically and she reviewed it. Everything was relative in terms of population. The City of Billings employees were paid very well in terms of the benefit package. They were not making millions of dollars, but it was a wonderful salary package. Councilmember Bird asked if they could really afford to be giving raises. There would be increases in PERS and health insurance to the employees, and she did not want to see employees losing money because of the increases, but she was kind of between a rock and a hard place. Ms. Volek said they were obligated under law to bargain with the three units. Any unilateral action could be potentially very troubling in the human relations realm. The PERS numbers would go up 1% for the City and 1% for PERS employees for the coming year. Police and Fire were not in the PERS system, and their systems were judged to be stable so they were not being required by the legislature to make an increase. Councilmember Bird asked again if they were really in a position that they could afford raises right now. Ms. Volek said they had substantial unbudgeted funds in the General Fund reserve, and she thought they had made it very clear in the bargaining so far that significant increases could have a significant impact down the road particularly if they were unable to adopt a public safety levy. In order to bargain in good faith they needed to proceed forward. Councilmember McCall said in response to Councilmember Bird, as they went through the budgeting process they looked at several different scenarios. She said at that point they had gone through the budgeting process, they had given specific direction to staff to come forward with the

budget, and she thought it was too late to be doing that. They had the opportunity three months ago.

Mayor Hanel commented that once again staff and department heads prepared a budget that had been trimmed and was very conservative overall. They had gotten into discussion of pay raises and negotiations, and they needed to be reminded it was a budget presentation on the numbers which he did not feel were out of line whatsoever. Ms. Volek reminded Council the numbers did not include any pay increases, and Council would be asked to vote on those increases once they were negotiated.

Councilmember Pitman said the budget was the important part that evening. They had a budget they could vote on and they would have another vote on the contracts hopefully within the next three months. He said the presentation was a fairly consistent budget which was what they had asked for, and they still had some time to address and discuss issues of a public safety mill levy, etc.

Councilmember Cimmino said the four figures she was looking for would be expenditures, revenues, the difference, and the reserve balance and asked if there was a chart that could actually show the members of the general public and viewing audience. Ms. Volek said Council had received the information in their budget packet. She said reserves varied by fund. There were approximately 16 funds and asked Councilmember Cimmino if she wanted her to go through them. Councilmember Cimmino said she did not and she would look in her budget book. She confirmed with Ms. Volek the difference would be \$10.1 million being used from the reserves in order to balance the budget. Ms. Volek said that was correct. The reserves were set aside in most cases purposefully to allow the City to do construction primarily of capital projects. Councilmember Cimmino said it was her fourth year on the council and her fourth budget and she would like to compliment the staff. The presentations this year by every single department head had been thorough and professional. The presentations with PowerPoint were a simpler process for Council to understand and follow, as well as all other members of the viewing audience. She said she wanted to specifically compliment the City Attorney's Office and the Municipal Court. Both department heads were very eloquent and humble in how they presented their budgets. Ms. Volek advised the compliment would be passed along to staff not present at the meeting.

The public hearing was opened. There were no speakers, and the public hearing was closed.

Councilmember McCall moved for approval of the FY2014 Billings Budget excluding the contract negotiations, seconded by Councilmember Pitman.

Councilmember Pitman moved to amend the motion to add to the Legal Department budget \$14,081 for the JUST Ware purchase, seconded by Councilmember Ronquillo.

On a voice vote, the amended motion was unanimously approved.

On a voice vote, the original motion was approved 9 to 2. Councilmember Ulledalen and Councilmember Cimmino voted in opposition.

PUBLIC COMMENT on Non-Agenda Items -- Speaker Sign-in required. (*Restricted to ONLY items not on this printed agenda. Comments here are limited to 3 minutes. Please sign in at the cart located at the back of the council chambers or at the podium.*)

The public comment period was opened. There were no speakers, and the public comment period was closed.

COUNCIL INITIATIVES

- **Crouch**: Said they talked earlier about loaning money to Parks and Recreation for the tennis courts until they received their money from the mill levy. He asked if an initiative was needed.

Ms. Volek advised reconstruction of the upper courts at Pioneer Park and the Castlerock courts were in the budget just approved. Parks Director, Mike Whitaker, reported that there had been discussion about resurfacing Rose Park and some of the courts at Pioneer Park. He felt Parks could come up with enough money from their emergency repair budget to resurface the courts at Rose Park. He hoped to talk to the Billings Tennis Association to see if they could partner with them to do the Pioneer Courts.

Councilmember Bird asked if they were on target to open Rose Park. Mr. Whitaker said the pool was open; the slides were not up and operating. They were still waiting on the contractor, and it was his understanding the slides were being manufactured. They hoped to have them in place by the end of June.

Councilmember McCall asked if the tennis courts would all be up to speed for the state tournament. Mr. Whitaker said the Rose Park courts would hopefully be resurfaced within the next month. The Pioneer Park courts should be done within the next month if the funding was set forth. Construction on the Castlerock Park tennis courts would not be started until funds were received in December. They hoped to start in early spring and have them done as soon as possible.

Councilmember Ronquillo asked if they would be resurfacing or rebuilding the courts from the bottom up. Mr. Whitaker said the Rose Park courts and Pioneer Park lower courts would be resurfaced. The Pioneer Park upper courts and the Castlerock Park courts needed replaced. He said a couple of years ago they had an audit done on all tennis facilities, so they had a plan on how to move forward as soon as funding broke loose. Councilmember Ronquillo asked if the new Public Works paver could be utilized. Mr. Whitaker said they had discussion initially with Public Works regarding the South Park tennis courts but determined the equipment was too large.

- **Bird**: Said the intersection of Beloit and Berthoud on the west corner of Sacajawea Park was a deathtrap. It was a not a symmetrical intersection and a lot of people headed north to Monad via Sante Fe. There were a lot of kids in the neighborhood, and she had been getting a lot of calls from parents asking for some kind of traffic control. Mr. Mumford said he would need to check into it. Councilmember Bird said she would send him an e-mail.

There was no further business, and the meeting adjourned at 7:55 p.m.



CITY OF BILLINGS

BY: Thomas W. Hanel
Thomas W. Hanel, Mayor

ATTEST:

BY: Aerise B. Bohlman
for Cari Martin, City Clerk