

BUDGET COMMITTEE OF THE WHOLE
City Council Chambers
140 W. Pine
MISSOULA MONTANA
February 1, 2010, After Council Meeting

Members present: Ed Childers, President; Stacy Rye, Vice President; Dick Haines, Roy Houseman, Bob Jaffe, Dave Strohmaier, Renee Mitchell, Pam Walzer, Jason Wiener, Jon Wilkins, Lyn Hellegaard, Marilyn Marler

Others present: Mayor Engen; Marty Rehbein; Ginny Merriam; Brentt Ramharter; Bruce Bender

I. Administrative Business

[Minutes of September 16, 2009](#) were approved as submitted.

II. Public Comment on items not listed on the agenda

There was no public comment.

III. Regular Agenda

A. Mid-year report from Finance as to the city's financial status ([memo](#)).—Regular Agenda (Lyn Hellegaard) (Referred to committee: 12/21/09) (Remove from agenda)

- [Quarterly financial report](#) issued by Mayor Engen last week
- [Summary of general fund departmental budget holdbacks](#) for FY 10

Ms. Hellegaard said the report didn't cover the Transportation Impact Fees and how the revenue stream relates to the overall budget. She is looking forward to a report this coming Wednesday on the aquatics program. She would also like more detail about the staff cuts.

Mr. Ramharter said the impact fee reports through December are on the city's website as well as many other financial reports. Collections are down, and the City has collected only \$163,000 so far. In the past, when construction was stronger, the city was collecting about twice as much transportation impact fee revenue.

Mayor Engen said most of the personnel savings are from vacancy savings or positions that have not been filled.

Ms. Hellegaard said she would like more information about the city's investment in Fannie Mae and Freddie Mac given what she hears in the news. Mr. Ramharter said the city relies heavily on Well Capital Management for advice. Right now, Fannie and Freddie are still rated as AAA investments. The investments information is on the web page.

Ms. Mitchell said she is concerned because the budget cuts are across the board rather than targeted cuts. For example, the city lost Judy Wang in the City Attorney's office. She thinks allowing the position to go unfilled is detrimental to the city. She approves of allowing some positions to go unfilled, but this one concerns her. She noted making across the board cuts means cutting the police department. She'd like to know how the Mayor plans to address this issue. She asked how the water charges in the Parks department are reducing when her sources tell her with metering, the city will be spending a lot more for water in parks. She also noted the Parks department shows a \$135,000 transfer in the CIP to debt service financing. She asked what is happening.

Mayor Engen said he has been discussing how the City Attorney's office might be organized to address the vacancy with the CAO and the City Attorney. The City Attorney has submitted a reorganization plan that involves hiring another person, and they are reviewing it. They will advertise that position soon. Recent discussions at committee meetings suggesting the position was being left open for budget reasons, and that isn't true. The administration is trying to figure out how to best replace someone who is irreplaceable. He agreed with Ms. Mitchell about across the board cuts versus targeted cuts. He noted the city will need to make some tough decisions in the FY 2011 budget, and the administration will make recommendations for the City Council to consider. He will get more detail about the water charges. Finally, he noted the master lease agreement was approved by the City Council and has always been in the city's capital improvement program budget. Mr. Ramharter added the debt service savings for the master lease agreement occurred because the first payment will be due this coming fall but it had been budgeted for last fall. Mr. Ramharter said the Parks department is starting sprinkling a little later in the year which is the reason the water charges are reduced.

Ms. Mitchell asked to what extent the administration would look at programs that may cover duplicate areas like Bike/Ped and Missoula In Motion. Mayor Engen said those programs will be looked at. Wherever there may be duplication, they will look at the programs.

Ms. Rye asked about centrally assessed properties and tax collections and valuations. Mr. Ramharter said the majority of them went down. He noted some of the cell phone companies paid their taxes under protest this fall. How those valuations are settled by the tax appeal board is unknown. Sometimes those matters take years to settle. He will be talking to the county soon to look at what the impact all of the tax appeals is having on revenues. He noted the centrally assessed property is valued annually. Ms. Rye asked noted revenues are down 2-3%. The City is well positioned to deal with the downturn in the economy. She noted that the legislature passed a bill some time ago, allowing cities to only collect revenues at half the rate of inflation which is a disaster and should be fixed. She suggested the City Council invite Rosalee Cates to talk to the City

Council to talk about what the city is getting right and what needs to be fixed in terms of economic development. She recently attended the Economic Outlook Seminar, and their report wasn't clear about what the local community could do to improve the economy. She noted the budget will be tough for the next couple of years, but the city will weather the storm.

Mr. Wiener commented that Montana Rail Link is valued differently than other centrally assessed enterprises by virtue of a bill passed by the legislature in the late 1990s. They have a formula that applies a growth rate to the previous year's taxable market value. According to a fiscal note on a bill introduced to fix this problem during the last legislative session, the current gap between the actual market value of the enterprise and the market value assigned under the bill is \$1.8 billion. What that translates into for local governments alone is \$8.6 million in taxes annually. The bill died in committee. He asked about how intergovernmental transfers from the state to the city are trending. Mr. Ramharter said they are coming through in line with what was budgeted.

Mr. Haines said he would like to see some opportunity to influence the administration's recommendation before the budget is finalized. The Mayor said he is happy to entertain mechanisms to do that. He suggested holding a BCOW meeting next week where the City Council can share their priorities for the budget. Mr. Haines suggested if the Mayor is going to talk about individual departmental budgets, like the Police department, the City Council could be invited to those meetings.

Ms. Walzer noted as much as it is important to work together, the charter tasks the Mayor to present a budget recommendation to the City Council for their consideration. If the City Council really cares about a service that might be cut, they should articulate those concerns.

There was no citizen comment.

IV. Adjournment

The meeting adjourned at 8:15 p.m.

Respectfully submitted,

Marty Rehbein, CMC
City Clerk