

**BUDGET COMMITTEE OF THE WHOLE
CITY COUNCIL CHAMBERS
140 WEST PINE STREET
MISSOULA MONTANA
May 26, 2010 3:05pm**

Members present: Ed Childers, President; Stacy Rye, Renee Mitchell; Pam Walzer; Jason Wiener; Dick Haines; Roy Housemen; Dave Strohmaier; Bob Jaffe.

Members absent: Marilyn Marler; Jon Wilkins; Lyn Hellegaard.

Others present: Mayor John Engen; Brentt Ramharter, Bruce Bender, Ginny Miriam, John Hendrickson, Matt Leech, Dee Andersen.

I. Administrative Business

A. Public Comment on items not listed on the agenda-None

II. Regular Agenda

A. Mayor's presentation of the FY11 preliminary budget ([memo](#)).—Regular Agenda (Brentt Ramharter) (Referred to committee: 05/24/10) **REMOVE FROM AGENDA**

- FY11 Preliminary [Budget Documents](#) on the website.

Mayor John Engen presented the Introduction to the FY11 Preliminary Budget. He listed the goals for this year's budget is to:

- Continue to deliver a high level of service to the community.
- Keep people working.
- Operate within our means.
- Increase some fees to maintain the above.

He said we are going to assume there will be no taxable revenue from growth in our tax base in the General Fund. If there is growth, we are recommending we use it to rebuild our fund balance to maintain our good credit. We are recommending the implementation of a parks and street maintenance district in an attempt to maintain the current level of service in those two areas. They will not support any other general fund activities. In February Mayor Engen asked Missoula voter if they would support such districts and more than 2/3 said they would.

We are honoring our union contracts and doing the best we can to keep all of our employees working, however we are asking for a wage freeze across the board.

In FY10 we reduced our spending outside of payroll by nearly 4% and for FY11 we have asked for another 2%. We will have cut our operating budgets by 6% in two years.

In FY11 we are recommending an increase of \$65 per month per employee in the City's contribution to the health plan premium in an attempt to stabilize our fund balance. Extraordinary claims and medical inflation hit their highest levels in a decade driving the fund balance down to about \$1.5 million so far.

Because of increased costs, we have recommended raising fees by 3% in business licensing, engineering, planning and building inspection areas. Court surcharges will increase by \$2.00 and court fines will increase by \$5.00.

Mayor Engen thanked everyone who helped pull the budget together, staff, department heads, the Finance Team, Budget Committee and the members of the IAFF Local 271.

Dave Strohmaier asked what the trade off would be if we did not create parks or street maintenance districts for this coming fiscal year. What difference would we see in the services we

provide to Missoulians and how will this street maintenance district differ from the City of Billings, which he heard brings in \$5 million per year for their street maintenance district.

Mr. Engen replied that we are talking about maintenance of services; we built this budget based on maintaining services in parks and streets at the 2010 level. If we don't move down this path we will have a \$500,000 service delivery issue in the City of Missoula.

Mr. Bender explained that other cities have had these districts in place for decades. Our purpose here today is to recognize that we need a diversity of funds and this is one way to supplement our need for additional revenue. It's a beginning. We can take a half a million dollars of general fund property tax money that is allocated to street maintenance or parks and can maintain services for other departments. It is a fairly detailed process to get these districts in place, so our request to you is to follow the schedule and adopt this budget.

Mr. Strohmaier asked if there is enough time to get these districts in place by adoption of the budget.

Mr. Bender stated that there will need to be resolutions of intention passed in June to adopt by August or September.

Ms. Rye said so the parks and maintenance districts wouldn't help fund any increases in parks and maintenance services.

Mr. Engen said it would purely maintain the current level of service in those areas.

Ms. Rye asked which revenue streams Standard and Poors review outside of the general fund.

Mr. Ramharter said the Cemetery, Parks and several others. Cemetery has three accounts outside the general fund. We plan on sweeping the revenues they will be collecting next year. We are not proposing to take their cash balance; they have over \$400,000 in actual cash which will continue to fund Cemetery functions. They are 100% subsidized by the general fund.

Ms. Rye asked if Standard and Poors reviewed the parking commission.

Mr. Ramharter explained that the Missoula Parking Commission has their own board and we treat them as component units of the City. It's managed separately with City Council consent and approval of their budget.

Ms. Rye expressed concerns regarding the pay freeze and future pay disparities that may result of the health plan funding.

Mr. Bender said the City Employees contribution to the Health Plan will not change.

Ms. Rye stated that this year she is interested in seeing the non-departmental budget.

Mr. Haines said he would like to see in detail a list of what parks and street maintenance would not get completed if we don't implement these maintenance districts.

Jason Wiener asked about the House Bill 124 money and if that is paid quarterly.

Mr. Ramharter said yes it comes at the end of each quarter.

Mr. Strohmaier commented that the increases for the fines on City Ordinances may be at the cap.

Mr. Wiener said he looked at the resolution and it appeared as if the increase was for the minimum fine from \$25 to \$30. He suggested they look at total fines assessed by the court as opposed to total fines collected by the court

Mr. Haines expressed concerns about the size of OPG considering the reduced construction projects.

Mayor Engen said we are working with Missoula County about putting off hiring a full time Director of Office of Planning and Grants until we have time to examine that organization. He said over the course of FY10 OPG has reduced its budget by 39%.

Public Comment:

John Hendrickson asked if commercial property and government buildings will be paying for the maintenance districts.

Mayor Engen said yes.

Mr. Hendrickson asked if parks maintenance districts have to be voted in.

Mayor Engen said no, that changed in the last legislative session.

Mr. Hendrickson asked if the districts were enacted by Council.

Mayor Engen said they are approved by the Council based on notification of the public and a public hearing and follows all of our processes. For parks maintenance districts each property owner must notified.

Mr. Hendrickson asked how many positions are held back until revenue stabilizes.

Mr. Ramharter replied in excess of 10 positions.

Mr. Hendrickson said since we are not raising property taxes at the rate of inflation, next year if we wanted to raise property taxes can we go back and capture the unused amount?

Mr. Ramharter said you won't capture the dollar amount but the ability rolls forward indefinitely.

Mayor Engen asked how the committee was going to proceed.

Mr. Childers said he would like to sit down with Brentt and visit with Stacy on the non-departmental items.

Ms. Walzer said they will probably want to discuss the maintenance districts.

Mr. Jaffe said he would like to go through the chart of reductions that was provided.

Ms. Walzer said the she is interested in why the courts are not able to collect the fines the judge imposes and what the budgetary impacts are.

- B.** Consider adopting the FY 2011 preliminary budget ([memo](#)).—Regular Agenda (Brentt Ramharter) (Referred to committee: 05/24/10) **HELD IN COMMITTEE**

III. Held in committee

- A.** Update on the quarterly budget report ([memo](#)).—Regular Agenda (Lyn Hellegaard) (Referred to committee: 04/26/10) **HELD IN COMMITTEE**

IV. Adjournment

The meeting was adjourned at 4:05pm

Respectfully submitted,

Dee Andersen
Administrative Secretary