

**BUDGET COMMITTEE OF THE WHOLE
CITY COUNCIL CHAMBERS
140 WEST PINE STREET
MISSOULA MONTANA
June 16, 2010 1:20pm**

Members present: Ed Childers, President; Marilyn Marler; Renee Mitchell; Pam Walzer; Jason Wiener; Dick Haines; Lyn Hellegaard; Roy Housemen; Dave Strohmaier; and Jon Wilkins; Bob Jaffe.

Members absent: Stacy Rye.

Others present: Keila Szpaller, John Hendrickson, Brentt Ramharter Bruce Bender, Marty Rehbein, Dee Andersen.

I. Administrative Business

A. Approve committee minutes dated: [June 9, 2010](#)

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

II. Regular Agenda

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

Brentt Ramharter, Finance Director, said the preliminary budget is traditionally adopted in June each year and allows us to proceed with our baseline operating costs and make payroll. Aside from standard payroll, we have identified a proposed increase to the health plan. We are moving the City contribution back up to \$65.00 a month per employee and would like this adopted with the preliminary budget.

Lynn Hellegaard commented that she had heard from a constituent who is upset over the cost of his commercial rental license.

Pam Walzer and Jason Wiener made suggestions for clarifying the language in the draft resolution for the proposed Municipal Court fee increases to state: *minimum fine assessed on any City Ordinances to \$30.*

Mr. Ramharter said he would work with City Clerks office and City Attorney on making the changes.

Mr. Jaffe asked why is it that a business with two locations has to have 2 separate business licenses.

Mr. Ramharter said depending on the type of business it can be double the effort to get these people licensed.

Mr. Childers added that it is in the ordinance.

Ms. Walzer said there is an ordinance from Ms. Rehbein submitted that has the correct language.

Roy Housman asked if we could raise the minimum court fine to \$45.00 or \$50.00. He asked for the logic behind such a low minimum fine.

Mr. Ramharter said he was bringing forward what has been submitted to him.

Mr. Wiener asked for the estimated revenue impacts on these two fee increases.

Mr. Ramharter said the Courts estimated impact on an annual basis is about \$24,000.

Mr. Wiener said from the combination of this and the surcharge change. It seems like the cost of operating the Courts has gone up more than \$24,000 in the last five years.

Public Comment:

John Hendrickson, MBIA, asked in regards to the fee increases where did the number of 3% come from. It's higher than the rate of inflation.

Mr. Ramharter said it's tied to our costs.

Mr. Hendrickson asked have you taken in to consideration the added cost of a house in permitting and land use fees.

Ms. Hellegaard said it appears we are repealing the reserve fund for the cemetery, where will the money come from to maintain the cemetery?

Mr. Ramharter responded the Cemetery is funded 100% from the general fund. By directing future cemetery fees into the general fund it will help pay for cemetery operations.

- B. Review and make recommendations on a proposal to create two City-wide maintenance districts for the purpose of funding a portion of the costs to provide public street and park maintenance ([memo](#)).—Regular Agenda (Carla Krause) (Referred to committee: 06/14/10)**REMOVE FROM AGENDA****

Motion: The committee recommends the City Council set a Public hearing on July 12, 2010 to adopt a resolution declaring it to be the intention of the City Council of the City of Missoula, Montana, to create a special district as authorized by Title 7, Chapter 11, Part 10 MCA, more specifically a City-wide Park District Entitled "City of Missoula Park Maintenance District Number 1," to establish a perpetual annual tax levy and provide for a method of assessments for the purposes of funding and/or financing costs associated with providing services including but not limited to: (1) maintenance, repair, replacement, upkeep, installation, improvement, operational enhancement construction, reconstruction, and/or (2) implementation of measures required to maintain public health and safety or meet legal or regulatory requirements, and/or (3) purchasing replacing, and/or maintaining equipment, tools or vehicles used to carry out the functions described herein, and/or (4) any other functions necessary for management and maintenance of City-owned facilities, lands and equipment under the responsibility and care of the City of Missoula Parks and Recreation Department including but not limited to: public parks and park areas (as described in the Master Parks and Recreation Plan for the greater Missoula area), recreation facilities, trails, open space (as defined in the City of Missoula Urban Area Open Space Plan), urban forest, medians, boulevards, pathways, sidewalks, and other facilities located in the City and/or owned by the City; and providing for other matters properly relating thereto.

Bruce Bender, Chief Administrative Officer, said if you want to begin this in August we have to start this process today in order to consider it. It does require two sets of public hearings. It is a very deliberately long review process with many opportunities to say no to it up until the very end. This is just the beginning. Ms. Rehbein and Ms Krause are here to discuss the process in more detail.

Mr. Childers asked for more explanation on the pre-public hearing for the park maintenance district.

Marty Rehbein, City Clerk, explained for the park maintenance district, the statute requires that prior to the adoption of the resolution of intention the City Council needs to hold a public hearing. So in this process you will need to hold two. Once the resolution of intention is adopted there will be a comment period and a protest period.

Ms. Mitchell asked why we are doing this in the middle of summer.

Mr. Bender said that's when we do our budget. Our fiscal year begins on July, 1.

Ms. Mitchell responded that we haven't even looked at how we can make cuts; instead we are trying to make the tax payers pay. She said she is offended and people in her ward are offended.

We have been bamboozled by a pool; we have been bamboozled by a ball park and instead of looking for areas to make cuts we are going to the public. She would like to review the parks department and make cuts there. There has been extravagance, misuse and misspent funds and now abuses of the park paths we put in, by large parks vehicles driving on them.

Mr. Wilkins asked about the protest period and how that would work.

Ms. Rehbein said it's based on the assessment method. For the park maintenance district its 50% of the taxable value of the district.

Dave Strohmaier moved to set a public hearing on July 12. In response to Ms. Mitchell's comments he said it doesn't help to speak in generalities, if she has specifics to bring forward, please do so.

Karla Krause, Public Works, said the street maintenance district also requires 2 public hearings. According to the state code there is a protest to the adoption of the ordinance, it needs to be 50% of the taxable value or more. If the ordinance is not adopted then the street district cannot be created.

Ms. Hellegaard asked where a citizen can get that information.

Mr. Bender stated that its 50% of the taxable value of the whole City.

Mr. Wilkins said he is not going to support this. Originally when this concept came up he thought it was a way to catch up on things we didn't have funding for, but instead it's to balance the budget. We shouldn't use maintenance districts to balance the budget. He wants to know, if we don't do this are we going to lay people off?

Mr. Wiener asked what is the taxable value of the tax-exempt entities like the University.

Mr. Bender said the Department of Revenue will provide those numbers to us. Technically the tax exempt properties are not part of our base; they will become added to it. So the value of City Hall and the value of the University will become added, and then 50% of that would be the protest amount needed to halt the maintenance districts.

Mr. Wiener said in 2009 the taxable value was 104 million without increment.

The committee continued to discuss the resolution to create the districts and the protest periods.

Mr. Wiener asked how much of the general fund levy would we be permitted to levy this year.

Mr. Ramharter said about 5 mills, about \$498,000 is being held back this year.

Mr. Jaffe said isn't getting the DOR to assess taxable values on tax exempt properties going to be a huge undertaking. Perhaps we could get a list of the property owners and their taxable values.

Ms. Krause said we are putting that list together with the DOR and been given access to their taxable data. Most of the tax exempt properties do have a market value assigned to them. Where The DOR stops is simply a matter of applying the appropriate multiplier, and the state is helping us obtain the proper multiplier. It will be available in the City Clerks Office.

Mr. Jaffe suggested taxing up to our levy cap and requested a list of cuts that would be made if the maintenance districts do not go through.

Mr. Childers stated that the Mayor has supplied us with a budget that balances and works. It funds everything we normally fund. If the City Council wants to make cuts, it's our prerogative to do so. So it would be up to Council to make the cuts.

Mr. Bender said he discussed the comments from last week with the Mayor. It's his opinion that it took us 6 months to work on it and it has been presented. So if you want to know where we can

find a half a million dollars, we would have to go back to each department and ask for another 1% cut.

The committee discussed the confusion between the protest process for each district, and ordinances or resolutions needed to create them.

Mr. Strohmaier said he would like to withdraw his original motion for the time being. He moved to set the first public hearing on July 12 to consider Park Maintenance District #1.

Mr. Strohmaier said you are making a case for us to adopt this new funding mechanism, but before we adopt this he would like to see what \$200,000 cuts to parks or any other department looks like. He said there is still time enough to work on this and provide additional information. He asked Mr. Bender to take this message to the Mayor.

Mr. Bender asked if that is a consensus of the Council.

Mr. Childers said he would like to see a list of cuts and took a poll of the committee as to who would like a list of cuts to be made if the maintenance districts fail.

Ms. Mitchell said yes she would like to see the list before we set the hearing.

Mr. Haines said the day the Mayor presented the budget he said he would provide a list, so he is already committed.

Ms. Hellegaard said yes, and she doesn't want them to start with Police and Fire.

Mr. Wilkins said yes he wants to see a list and doesn't want them to start with Fire and Police because that what will bring fear to people. He said he would think that would be the last place the Mayor would want to start lay offs. We can we raise our taxes to our cap. That way you can write off the increase at the end of the year.

Mr. Jaffe nodded yes

Mr. Houseman said yes

Ms. Walzer said no, I think the Administration has provided the tightest budget possible. If we want to find \$500,000 that is not in this budget, I think we can raise our taxes.

Mr. Wiener said he predicts that we will get this list and some members of the committee will say it wasn't good enough. He asked Mr. Ramharter to provide the detailed spreadsheet on the FTP.

Ms. Strohmaier said yes, as he stated he would like the list.

Marilyn Marler said yes, she would like to see a list and she also suggested a more collaborative approach to the budget process where Council could be more involved earlier on. She offered the use of Conservation Committee meeting time for further discussion if needed.

Ms. Walzer stated we have a budget the question is, do we accept what the expenses are going to be. We are short \$500,000 and we have the ability to increase our taxes by \$498,000. How we rise this money is up to us. She said she has been interested in setting up these districts and this would be a good way to start.

Mr. Haines agreed with Ms. Marler, and asked who speaks for the City.

Mr. Wilkins stated these districts are not about maintenance, they are about covering the budget shortfall. This is the Mayors budget, it's my job to say yes or no to the budget and to these districts.

Mr. Wiener asked what the average proposed assessment per property will be.

Mr. Ramharter said \$12-14.00 for streets and parks.

Mr. Wiener pointed out there will be very little to write off on property taxes.

Mr. Houseman said if we pass this via ordinance, can the citizens do a petition like they did with the antidiscrimination ordinance.

Ms Rehbein said any ordinance you adopt is subject to that.

Ms. Mitchell asked whose job is it to oversee our departments and if they are running efficiently.

Ms. Marler said I hope we can continue this discussion and she called for the question.

Mr. Childers asked all in favor of calling the question-

Upon a voice vote, it was unanimous.

Public Comment

John Hendrickson asked if the 2.15% for each tax payer is set in stone for these maintenance districts, and is the \$104 million assessed or market value.

Mr. Ramharter said its taxable value. We have a small group of property owners that are not currently taxed so we don't have their valuations, all I can do is work with the valuations I have.

Upon a voice vote, to set the first public hearing the motion passed with Hellegaard, Haines, Mitchell, and Wilkins voting nay.

III. Held in committee

- A. Update on the quarterly budget report ([memo](#)).—Regular Agenda (Lyn Hellegaard) (Referred to committee: 04/26/10)
- B. Ordinance amending Chapter 12.44 Missoula Municipal Code entitled "Cemeteries" repealing section 12.44.070 entitled "Reserve Funds." removing the requirements relating to the deposit of certain cemetery revenue into reserve funds ([memo](#)).—Regular Agenda (Marty Rehbein) (Referred to committee: 06/14/10)
- C. Ordinance amending Missoula Municipal Code Chapter 1.20 entitled "General Penalty" amending section 1.20.010 entitled "Designated" and section 1.20.020 entitled "Fine payment" to establish a minimum fine of \$30.00 for violations of city ordinances unless specifically provided for elsewhere in Missoula Municipal Code ([memo](#)).—Regular Agenda (Marty Rehbein) (Referred to committee: 06/14/10)

VI. Adjournment

The meeting was adjourned at 4:50pm

Respectfully submitted,

Dee Andersen
Administrative Secretary