

**BUDGET COMMITTEE OF THE WHOLE
CITY COUNCIL CHAMBERS
140 WEST PINE STREET
MISSOULA MONTANA
August 18, 2010, 3:05pm**

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

Others present: Mayor Engen, Bruce Bender, Brentt Ramharter, John Hendrickson, Dee Andersen, Briana Roy, Keila Szpaller.

I. Administrative Business

A. Approve committee minutes dated: [July 14, 2010](#).-approved as submitted.

B. Public Comment on items not listed on the agenda:

John Hendrickson, MBIA, asked if this letter to tax exempt property owners is the same as an email that was sent to the school districts.

Ed Childers asked him to wait for the explanation from the Mayor and his question might be answered.

II. Regular Agenda

A. Consider adopting the FY 2011 preliminary budget ([memo](#)) ([proposed budget](#)).—Regular Agenda (Brentt Ramharter) (Referred to committee: 05/24/10)**HELD IN COMMITTEE FOR DISCUSSION 8/25/10**

Links for discussion:

- [General Fund](#)
- [Letter to tax-exempt property owners](#)
- [Proposed Special Districts Information Page](#)
- [Proposed Road District #1 Budget](#)
- [Proposed Park District #1 Budget](#)

Mayor John Engen explained that he and Mr. Bender have worked hard to determine a method to calculate the assessments on the tax-exempt properties and it's become a complicated and expensive endeavor, too costly for the return on the investment. He said while he is Mayor he will not recommend assessing the tax-exempt properties for the special districts.

Mr. Childers stated our assessment is based on property valuation and the DOR has said these properties will not be valued and not be assessed. Is there a possibility to change the method in the future to square footage?

Bruce Bender, Chief Administrative Officer said that is a question we are waiting on our bond counsel to answer.

Marilyn Marler said she was relieved that the schools are not going to be assessed, but feels it wouldn't be a hardship on most non-profits. She said she is surprised this issue didn't come up earlier as other communities in our state have special districts in place.

Mr. Bender said the districts in other communities have been in place for decades and are based on square footage; it's only been in the last 10 years that using taxable value was permitted by law. We were under the impression that the DOR would provide us with valuation, it was a misunderstanding on our part based on prior SID's.

Dick Haines expressed concerns that tax payers may think this is a slick way to remove the heavy hitters from the protest.

Mr. Engen said the tax exempt properties represent about 5% of the total and actually the remaining properties will now count for more in the protest.

Mr. Childers asked for Public Comment:

John Hendrickson, MBIA, asked if the language in the resolution of intent included assessed or un-assessed properties.

Mr. Bender replied that the resolution of intent states: all properties within the boundaries of the district will be assessed according to their taxable value.

Mr. Childers asked Ms. Hellegaard for her budget reduction proposal

Ms. Hellegaard said right now the City is assuming no attrition over the next year, that no one will retire and no one will leave. If you were to assume a 5% attrition it would free up \$1 million dollars and that will affect the slush fund, so if you were to back it off to 2.5% that would equate to 12 employees out of 500. We already have four police officer positions open, Roger Millar's position is open, Rob Thames position is open, there is half of the 12 right there. You can't tell me the City is not going to experience attrition over the next year. All we would be getting rid of would be fake employees. You wouldn't need the special districts. No one would get fired and no services would be compromised.

Mr. Childers: Do you see this as a one time reduction or annual solution? If it's ongoing we should have a pile of money set aside over the last decade.

Ms. Hellegaard suggested putting a moratorium on studies.

Mr. Engen said we will provide you an analysis on this. He said there is a lot to consider when you have an employee retire; some accumulate a lot of sick and vacation time that is paid out to them when they leave. Often it takes months to recoup that loss. So there are costs with attrition. He pointed out that we don't have a slush fund we have a cash reserve which is an important component in maintaining our financial credibility. As far as studies go, generally they are a line item in the budget and can be an opportunity to reduce expenses; however some studies are mandated by federal law.

Mr. Childers asked Mayor Engen to explain the 401A.

Mayor Engen said the 401A is a deferred compensation plan that was put in place in 2008 for supervisors and managers who make less than their highest paid staff member. He explained this is common in Fire and Police where you have long term Lieutenants whose wages match or exceed their Captains. The Administrative Rules states a supervisor should make 5% more than their highest paid employee. Rather than giving a direct pay raise, this 401A was implemented. The City puts in 4% of the employees salary and they can access it upon retirement.

Mr. Wilkins asked how much money this represents annually.

Mr. Ramharter said less than \$30,000 for the entire City.

Ms. Hellegaard said she would like a list of the individuals who receive the 401A.

Mr. Ramharter said he would like to meet with Ms. Hellegaard to discuss her proposal for salary savings.

III. Held in committee

- A. Update on the quarterly budget report ([memo](#)).—Regular Agenda (Lyn Hellegaard) (Referred to committee: 04/26/10)
- 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) (Returned from council floor: 06/21/10) (*Tabled 06/23/2010*)

IV. Adjourment

The meeting adjourned at 4:15pm

Respectfully submitted,

Dee Andersen

Administrative Secretary