

**BUDGET COMMITTEE OF THE WHOLE  
CITY COUNCIL CHAMBERS  
140 WEST PINE STREET  
MISSOULA MONTANA  
September 8, 2010, 10:00am**

**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:** Brentt Ramharter, Bruce Bender, Kaila Szpaller, Gary Bakke, John Hendrickson, Dee Andersen.

**I. Administrative Business**

**A. Approve committee minutes dated: August 25, 2010 -will be approved at a later date**

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

**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****

**Links for discussion:**

- [Proposed Budget](#)
- [Revised Park District 1 Narrative](#)
- [Revised Park District 1 Budget](#)
- [Revised Road District 1 Narrative](#)
- [Revised Road District 1 Budget](#)
- [Park District Resolution](#)
- [Road District Resolution](#)

Ed Childers said Mr. Strohmaier has a new proposal to consider some new budgeting ideas.

**Dave Strohmaier** referred to the revised narrative links listed above, and began his [PowerPoint](#) presentation. In regards to the disposition of the \$410,745 from property taxes, he suggested directing \$200,000 to the general fund and the remaining \$210,745 to the City's year end fund balance. He also suggested levying \$300,000 of the general fund levy authority.

For Road District # 1, he suggested amending the cost of the proposed district to \$60,000 and modify the work plan to direct these assessments to mitigate the costs of curb, gutter, and sidewalk installation for owner occupied residential properties, and direct the Mayor to present to Council a plan for utilizing road district assessment within 3 months of adopting the FY11 budget.

For Park District #1, he suggested amending the cost of the proposed district to \$40,000, and modify the work plan and allocate the annual assessment to the City's urban forestry program. \$10,000 of the annual assessment would be designated to planting new trees, and the remaining \$30,000 will be utilized for proactive pruning and or emergency risk management work including pruning, removals, potential grant matching.

In Summary:

- Allocate \$200,000 of growth tax revenue to general fund.
- Levy \$300,000 of general fund levy authority =balanced budget.
- Levy \$100,000 in Parks and Road Districts, modifying work plans for specific projects.
- Allocate \$210,745 of growth tax revenue to the year-end fund balance.

Bob Jaffe said he sees applying the \$200,000 toward savings as a reduction in taxes. He thinks he can support this, but he is wary of not following the recommendations of our bond rating agencies in respect to the fund balance. He asked if the \$100,000 levy would equate to about \$2.00 per taxpayer.

Marilyn Marler said she doesn't think she can support this new proposal. It's definitely a good illustration of what we can use the districts for. It's still a heated conversation and not the best time to move these amounts. Once the districts are in place we should put the tax revenue in the fund balance. She thanked Mr. Strohmaier and appreciates his work on this proposal.

Pam Walzer asked if we fail to satisfy our bond agencies recommendation, what we might see as a result. How will it affect us if they drop our rating one little bit.

Brentt Ramharter, Finance Director, said it could cost us 1-2% more in financing costs. We are in a good spot now and should stay there. He explained that it's difficult to get a rating upgrade. It's easy to get a downgrade. It could take us up to 7 years to get back where we are now, if we were downgraded.

Mr. Strohmaier said he hears Ms. Marler's concerns, but has been hearing concerns from folks that the special districts ought to be linked to some new projects not just maintenance.

Jon Wilkins said he is not in support in all of it. The only thing he would vote on is the levy. His biggest complaint is street maintenance; it has been needed long before now. The patches don't hold anymore. He would like to see the districts thrown out.

Roy Houseman he is a little concerned about what we have in savings and our credit rating. He said it was nice to have another proposal to consider, but needs more time to think about it.

Mr. Childers said the proposed special districts were conceived primarily to fund ongoing operations and maintenance. Property taxes rise at half the rate of inflation and we can't sustain that indefinitely. We have raided the fund balance and we need to rebuild it. We have the ability to raise property taxes this year. \$500,000 only covers a portion of operation and maintenance for the Parks and Street Departments. He is in support of putting money into new projects, but not interested in doing that without a good discussion with the City Council but there will be no time to do that before the vote comes up.

Rene Mitchell said early on we were shown how many other major cities in our state have maintenance districts, these are special districts and there is a difference. She appreciates the work Mr. Strohmaier has done on this proposal. She will not support anything that has to do with special districts. She recommended cutting expenditures. She would like to know where the money from the salary savings has gone.

Mr. Jaffe said the argument between maintenance and special districts is a smoke screen. The maintenance districts are not subject to the levy cap. Where did the salary savings go. How have we allocated vacancy savings?

Mr. Ramharter said a lot of those savings were mandated. It was mandated that offices meet a certain level of non expenditure. They did achieve that, what worked against it was the declining revenue streams. We couldn't reign in expenses quick enough to off set the declining revenue streams.

Mr. Jaffe asked about taxing capacity. If we have room don't we have plenty of taxing capacity?

Bruce Bender, Chief Administrative Officer, said we have to recognize that the opportunity will not always be there. We should be frugal in the usage of that. The only reason it increased was the decline of the centrally assessed property values, which took away some of our growth. We should be wise in the way we use it.

Mr. Jaffe asked how the cap calculated.

Mr. Ramharter said the cap grows in 2 ways; by growth and a decline of certain components of your tax base. It can also grow with inflation.

Mr. Strohmaier asked Mr. Bender to explain the difference between maintenance and special districts.

Mr. Bender said main difference is that with special districts you can assess for improvements, bond for improvements, and they have a protest provision. Maintenance districts can only be used for maintenance.

Ms. Mitchell listed all the things maintenance and special districts can be used for. She said her constituents believe that the special districts are like writing a blank check and hoping the Mayor and future Council members spend it wisely. It's a sneaky underhanded way of balancing the budget. She expressed her disappointment in the way Parks and Rec. manages their resources.

Jason Wiener commented on the urban forest, he said it is an asset that was bequeathed to us by generations past. Now, it is our obligation to pass it along to future generations. He is voting for special districts and if tax payers have a problem they can protest it. He disagrees that this proposal has changed significantly it hasn't. He said he would prefer to repair existing sidewalks than build new ones.

Ms. Hellegaard said what is wrong with individuals taking care of their own trees. She also asked Mr. Wiener to look at the resolution to see how this proposal has changed.

John Hendrickson, MBIA, said he would like to reiterate the MBIA is opposed to the special districts. He thanked Mr. Strohmaier for the work he put into creating this proposal. He agrees with Mr. Wiener about the urban forestry. He said in the newspaper today the County is projecting the next two years will be worse economically and they are eliminating dark positions. He said the way the City has gone about these special districts brings up legal questions. Exempting the un-assessed properties was a major change.

Ms. Mitchell asked about the paving of Missoula roads.

### **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. Adjournment**

The meeting was adjourned at 3:38pm

Respectfully submitted,

*Dee Andersen*  
Finance Department.