

**BUDGET COMMITTEE OF THE WHOLE
CITY COUNCIL CHAMBERS
140 WEST PINE STREET
MISSOULA MONTANA
May 4, 2011 2:00 pm**

Members present: Ed Childers, President; Marilyn Marler; Renee Mitchell; Pam Walzer; Jason Wiener; Dick Haines; Lyn Hellegaard; Cynthia Wolken; Dave Strohmaier; Bob Jaffe.

Members absent: Stacy Rye, Jon Wilkins.

Others present: John Hendrickson, Mayor Engen, Brentt Ramharter, Bruce Bender, Jil Lee, Dee Andersen.

I. Administrative Business

A. Approve committee minutes dated: [April 20 2011](#)- approved as submitted

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

II. Regular Agenda

A. Approve a resolution on the preliminary budget for FY 2012 inclusive of the FY 2012 capital improvement program. ([memo](#))—Regular Agenda (Brentt Ramharter) (Referred to committee: 04/25/11)

[Link to Budget:](#)

Discussion schedule:

- Mayors enhancements (PD/Best Place)
- Salary Increases
- [EBC recommendations](#) for health plan changes
- [Other enhancements](#)

Mayor John Engen said he has two enhancements to present; the first is \$45,000 for half of a privately funded police officer assigned to downtown Missoula. This is the product of a conversation with Chief Muir and a partnership with the BID. It grew out of a successful program we had last summer and it helped with chronic issues. The part-time officer we had last year worked well as she was going to school and could work through the summer and go back to school in the fall. Since she has now moved on, and it has been difficult for us to find a half time police officer. Through a partnership with the BID, we propose to hire a full time officer. The BID has committed to help funding half of this position for 3 years.

The second enhancement is the net \$80,000 for economic development. In the past we have invested \$20,000 annually in the MAEDC. That organization is now going through a significant change. Based on our conversation with them, they most likely will evolve into a loan program. That loan program may also land within another organization. The Mayor requested approval for his \$80,000 request.

Mayor Engen said \$100,000 would go to Missoula Economic Partnership that is an investor based organization. Today we have a little more than \$3 million in investment committed over 5 years. Two-thirds of that investment is from the private sector. The City of Missoula would be the largest individual public sector investor.

- Missoula County has committed \$60,000 a year for five years.
- University of Montana is committed to \$20,000 a year for five years.

The rest of the funding comes from the private sector. The business plan has been posted on the [website](#) for quite some time. He said they have a goal of creating 2,500 new jobs over the course of five years with a sustaining wage of \$37,000 and attract \$150 million of new capital investment in our market place. We have programming around recruitment and business retention. It is an effort in strategic goal oriented economic development. It is very much like other communities in Montana have done successfully. This item will come before council each year.

Renee Mitchell asked Mayor Engen to please delineate how this will differ from what we have done in the past.

Mr. Engen said there has been no coordinated economic development effort for some time. We have had organizations do parts of it really well. But if you are a major company interested in locating your business in Missoula, there is no single place to start. There is no organization that provides one stop shop answers to your questions. The partnership is designed to do that. It's not designed to take over these other organizations but it is designed to coordinate their efforts and ensure the resources are there for those who require the services.

Bob Jaffe asked how the \$100,000 breaks down per household on a \$200,000 home.

Mr. Ramharter said \$3.00 per household.

The committee discussed the difficulties businesses can face when moving to our community.

Dick Haines asked if Mr. Engen sees the overall cost to businesses going down.

Mr. Engen said we need to maintain or improve services and keep employees paid. That trend will continue. He said according to the Garner Report, we are competitive in terms of taxes in Montana. He said he doesn't hear much from businesses regarding taxes, what he hears is that they want to get efficient services for the fees they pay.

Mr. Jaffe asked at the end of the three year period what will happen to the police officer position, will it end.

Mr. Engen said we don't know yet, the BID could only commit for three years at this point. We will come back to Council.

Dave Strohmaier said as part of your downtown advisory commission, we learned yesterday that OPG is putting together a federal grant request that would get between \$ 200,000-300,000 for this position. How would this interface with the three year commitment.

Mayor Engen said it would be a bonus. What it would do, is to help us extend the position beyond the three years.

EBC Recommendations:

Jil lee, Employee Benefits Committee Chair, reviewed the [EBC recommendation](#) provided. These are basic recommendations for FY12:

- To increase employee health care premiums by \$11.75 for a total of \$21.75 per month
- To increase spouse's health care premiums by \$48 for a total of \$113 per month
- To increase children's health care premiums by \$19.50 for a total of \$47 per month
- To Increase the City's contribution by \$132 for a total of \$767 per month
- To phase in the health plan increase for retirees over a 2 year period
- To Increase the health plan deductible - with blood screening from \$300 to \$350
- without blood screening from \$400 to \$470

Mr. Wiener asked how many spouses and children do we have on the plan?

Ms. Lee said currently we have 431 employees, 256 spouses and 356 children. We have 57 retirees with 45 spouses and 12 dependents on the plan as of December.

Mr. Wiener asked about the out of pocket max with blood screening and without the blood screening. He said that would be the place for a wide spread and asked how many employees take advantage of the blood screening.

Ms. Lee said she wasn't sure of the exact number but they think about 150 employees *did not* participate and EBC looked at that and different ways of steering them toward the wellness screening. What we ran into was the threshold of maintaining our Grandfathered status.

What is the advantage of staying in the Grandfathered Status?

Ms. Lee said we are saving money, said the wellness benefit cap is going to go away. If you loose your Grandfathered Status then preventative coverage has to be covered at 100% and we would have to cover many other additional preventative tests. We feel that loosing the status would not be desirable at this time.

Mr. Wiener asked about the estimate of the shift in retiree's benefits.

Mr. Ramharter said retirees are 11% of our participants and over 20% of our plan costs. They are already currently heavily subsidized in the premium costs of 15%. EBC is proposing to take their premium increase and split it over 2 years. To get this plan stabilized, we should work on this though the summer and fall to find out some new ways to deal with this. It's a little bit of an experimental year.

Ms. Mitchell asked if she wanted to retire from the City what would she pay for insurance.

Ms. Lee said currently the retirees pay \$509 for themselves and \$55 for the spouse. The City contributes \$90.00 for the employee and \$10.00 for the spouse.

Mr. Childers asked if the coverage is the same for retirees as active employees.

Ms. Lee said they don't have dental which is why the premium is lower.

Bruce Bender said in response to Mr. Wiener's question, reduction in funding to the plan would be \$60,000 if the increase for retirees were spread over a 2 year period. He said we are the only public entity that subsidizes retirees. In the private sector Allegiance doesn't allow retirees to be a part of the plan.

Mr. Bender said he appreciates the EBC's efforts and said Administration supports their recommendation. They don't agree with the retiree recommendations or with their perspective on the \$600,000.

Ms. Walzer suggested something called a claims holiday, where we can ask Allegiance to have a month holiday that no claims are collected and no contributions are made. It might be a better way of managing the fund balance in the future.

Mr. Ramharter said you would want to set it in your budget resolution and it could be implemented when some trigger point was reached.

Salary Increases:

Mr. Bender said we understood that what ever premium increase Council chooses we would give that equally per hour to compensate. Then we also want to continue to give step increases to those who are below mid point. We are also recommending all employees receive a 1.5 increase. We also set aside some money for skill based pay.

Mr. Jaffe said in regards to salary increases, when we do percentage increase the employees on higher scale get more than those on the lower end and creates more disparity between the two.

Mr. Bender said he has seen it done, where employees are given an equal bonus or equal dollar amount. We have an adopted pay plan based on surveys in our region. That represents the market and we are behind, especially at the upper level positions. The entry level positions are very competitive.

Ms. Walzer commented on the fact that we do have a few full-time employees who are eligible for social services because there pay is low. She said that is embarrassing.

Other Enhancements:

Mr. Ramharter reviewed the other enhancements from [spreadsheet](#) provided.

Ms. Mitchell asked about the amount of \$476,000 for fire overtime, can this amount be correct.

Mr. Bender said yes, for the wild fires in the summer.

Mr. Weiner said he would like to have IT do a presentation about the energy savings from the thin clients.

The Council discussed the County Health salary increases which are higher than the City's.

Ms. Walzer requested a work plan and narrative from Animal Control she said a one page revenue statement is not sufficient.

The committee discussed the non departmental requests and public art maintenance.

III. Held in committee

- A. Mayor's presentation of the FY 2012 Budget. ([memo](#))—Regular Agenda (Brentt Ramharter) (Referred to committee: 03/21/11)
- B. An ordinance on the proposed city fee increases in the engineering, business licensing, fire inspections and planning divisions of the city. ([memo](#))—Regular Agenda (Brentt Ramharter) (Referred to committee: 04/25/11)

IV. Adjournment

The meeting adjourned at 4:00 pm

Respectfully submitted,

Dee Andersen
Administrative Secretary
Finance Department