

ADMINISTRATION AND FINANCE COMMITTEE
CITY COUNCIL CHAMBERS
140 WEST PINE STREET
MISSOULA MONTANA
August 3, 2011 1:05 pm

Members present: Stacy Rye, Chair; Ed Childers; Pam Walzer; Jason Wiener; Dave Strohmaier; Jon Wilkins; Bob Jaffe; Cynthia Wolken; Lyn Hellegaard.

Members absent: Renee Mitchell; Dick Haines.

Others present: Gail Verlanic, Janez Gingery, Mayor Engen, Ellen Buchanan, Jim Nugent, Mae Nan Ellingson, Rena Hansen, Shane Reely, Scott Burke, Rosalie Cates, Gerald Mueller, Michael Ellis, Matt Ellis, Myrt Charney, Wes Spiker, Patsy O'Keefe, Susan Estep, Dee Andersen.

I. Administrative Business

A. Approve committee minutes dated: July 27, 2011 will be submitted at a later date.

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

II. Consent Agenda

A. Approve claims (accounts payable). -Consent Agenda (Brent Ramharter)

MOTION: The committee recommends the City Council approve claims totaling \$1,057,885.08 (Detailed claims) 08/09/11

B. Authorize the Mayor to sign the collective bargaining agreement between the City of Missoula and the Montana Public Employees Association (Parking Commission). The contract term is for July 1, 2011 through June 30, 2014. (memo)—Regular Agenda (Janez Gingery) (Referred to committee: 07/25/11) **REMOVE FROM AGENDA**

MOTION The committee recommends the City Council authorize the Mayor to sign the collective bargaining agreement between the City of Missoula and the Montana Public Employees Association (Parking Commission).

Janez Gingery, Human Resources requested approval of the collective bargaining unit with a 3% wage increase annually over the next three years.

Dave Strohmaier moved to approve the contracts.

Upon a voice vote, the motion passed unanimously.

C. Resolution levying assessments for Special Improvement District 548—Arthur/Maurice Traffic Improvement Project. (memo) – Regular Agenda (Marty Rehbein) (Suspension of rules)**REMOVE FROM AGENDA**

MOTION: The committee recommends the City Council set a public hearing for August 22, 2011 on a resolution levying assessments on property situated with Special improvement District Number 548 (Arthur/Maurice Traffic Improvement Project) of the City of Missoula, Montana, in the total amount of \$1,250,000.00 excluding debt service, to defray the cost of making the improvements in the said special improvement district to resolution number 7493 creating said district.

Marty Rehbein, City Clerk, requested the City Council set a public hearing for August 22, 2011 to consider a resolution levying assessments for SID 548. The University is committed to paying 100% of the assessments and has side agreements with the private property owners in this SID.

Jon Wilkins moved to suspend the Council Rules.

Upon a voice vote to suspend the Council Rules, the motion passed unanimously.

Mr. Wilkins moved to set the public hearing.

Upon a voice vote to set the public hearing, the motion passed unanimously.

D. Resolution levying assessments for Special Lighting Improvement Districts for fiscal year 2012. (memo) – Regular Agenda (Marty Rehbein) (Suspension of rules) **REMOVE FROM AGENDA**

MOTION: The committee recommends the City Council set a public hearing on a resolution of the Missoula City Council levying and assessing a special assessment and tax on the lots, pieces and parcels of land situated within special lightning districts of the City of Missoula, Montana, to defray the cost of street lighting in special lighting districts during the fiscal year 2012 in accordance with sections 7-12-4301 through 4354, Montana Code Annotated.

Jason Wiener moved to suspend the rules and take up all of the remaining items.

Upon a voice vote, to suspend the Council Rules, the motion passed unanimously.

Ms. Rehbein said last year it cost \$334,031.08 to light the streets. The City's general fund pays for 10% of the costs and property owners are assessed the remaining 90%. This year Mr. Ramharter anticipates a 5% increase in energy rates from Northwestern Energy. The total net assessment for 2012 is \$292,812.77, a 2.8 % overall decrease from last year.

Pam Walzer moved the public hearing.

Upon a voice vote, the motion passed unanimously.

E. Resolution levying and assessing the lots and parcels within the city of Missoula Park District Number 1 for the costs associated with providing certain maintenance, purchasing and improvement services in fiscal year 2012 for city-owned facilities, land and equipment under the responsibility and care of the city of Missoula Parks and Recreation Department; providing for a method of assessments; and providing for other matters properly relating thereto. (memo) – Regular Agenda (Marty Rehbein) (Suspension of rules) **REMOVE FROM AGENDA**

MOTION: The committee recommends the City Council set a public hearing on August 22, 2011 on a resolution levying and assessing the lots and parcels within the City of Missoula Park District Number 1 for the cost associated with the providing certain maintenance, purchasing and improvement services in fiscal year 2012 for City-owned facilities, land and equipment under the responsibility and care of the city of Missoula Parks and Recreation Department; providing for a method of assessments; and providing for other matters properly relating thereto.

Ms. Rehbein said the Park District #1 was created in 2011. The Parks and Recreation Department developed a work plan and budget this spring and presented to Council as part of the budget process. State law requires the City Council conduct a public hearing on the method of assessment chosen. Staff is recommending the City Council use the same method of assessment as last year. Park District #1 is proposed to raise \$200,000.

Ed Childers moved the public hearing.

Upon a voice vote, the motion passed unanimously.

F. Resolution levying and assessing the lots and parcels within the city of Missoula Road District Number 1 for the costs associated with providing certain maintenance, purchasing and improvement services in fiscal year 2012 for city-owned facilities, land and equipment under the responsibility and care of the city of Missoula Public Works Department's Street, Engineering,

and Vehicle Maintenance Divisions providing for a method of assessments; and providing for other matters properly relating thereto. ([memo](#)) – Regular Agenda (Marty Rehbein (Suspension of rules) **REMOVE FROM AGENDA**

MOTION: The committee recommends the City Council set a public hearing on August 22, 2011 on a resolution levying and assessing the lots and parcels within the City of Missoula Road District Number 1 for the costs associated with providing certain maintenance purchasing and improvement services in fiscal year 2012 for City-owned facilities, land and equipment under the responsibility and care of the City of Missoula Public Works Department's Street, Engineering, and Vehicle Maintenance Divisions providing for a method of assessments; and providing for other matters properly relating thereto

Ms. Rehbein said this also requires a public hearing.

Mr. Wiener moved the public hearing

Upon a voice vote, the motion passed unanimously.

III. Regular Agenda

A. Resolutions, agreements and ordinance relating to the Civic Stadium ([memo](#)) – Regular Agenda (Ellen Buchanan) (Suspension of rules) **REMOVE FROM AGENDA**

- Resolution Relating to \$1,555,000 Civic Stadium Revenue Bonds
- Resolution Relating to use of \$2,000,000 of Tax Increment Revenue for the Civic Stadium Project: Authorizing and Initial Payment of \$500,000 and Authorizing the Issuance of \$1,500,000 in Civic Stadium Subordinate Lien Notes
- Missoula Civic Stadium Lease and Use Agreement
- Civic Stadium Agreement
- Ordinance Declaring the Purchase of the Civic Stadium an Urban Renewal Project in Urban Renewal District II.

Ed Childers moved to suspend the rules and discuss the civic stadium agreements.

Upon a voice vote, the motion passed unanimously.

Bob Jaffe asked about the \$120,000 lease payment and asked why we are locking it in for a 25 year period. He understood it matched the revenue bond payoff.

Mae Nan Ellingson, Dorsey & Whitney, provided a [memo](#) and said we came up with that number by negotiating down the outstanding debt that was secured by the mortgage. The proposal was made that Mountain Baseball would be responsible for that debt. It was an amount of lease revenue that they felt confident they could reasonably pay, and it would cover the \$1,555,000 debt. We realize that their current rental payment going from \$35,000 to \$120,000 is significant. Currently Play Ball Missoula gets the revenues from parking, ticket tax and concerts and they use it for operations and maintenance.

Mr. Jaffe asked what revenue streams that were going to Play Ball will now staying with Mountain Baseball

Rena Hansen, Play Ball Missoula, said the ticket tax, parking revenue, non-baseball rentals of the stadium, we have done splits on concessions which will be applied toward this budget.

Matt Ellis, Mountain Baseball, said this is our projected budget and how we will move forward down the road. The lease is the biggest in the league, we have to do other events to make this work and we have a plan to do that.

Mr. Jaffe asked about the proposed cost savings and stadium maintenance.

Mr. Ellis said by combining the two entities; Mountain Baseball and Play Ball Missoula we are projecting a \$20,000 reduction in expenses.

Stacy Rye asked about the \$25,000 payment coming to the city of Missoula for stadium maintenance.

Ellen Buchanan, MRA Director said yes that is for the R&D account.

Ms. Rye asked if that covers capital improvements and if there has been a maintenance or equipment replacement schedule provided. We have those for City facilities like Splash and Currents. It would be helpful to know what those costs would be over the next 25 years.

Ms. Buchanan said here is a distinction in the lease agreement between routine maintenance and what would come out of this R&D account. Basically the stadium is a concrete slab with concrete block buildings with roofs, and a field. Any large expenses coming down the road would be covered by insurance. Mechanical equipment may fail, but we feel this account will build up at \$25,000 per year and we would be well insulated from anything that would not be covered by insurance or routine maintenance.

Ms. Hansen said historically, routine maintenance has averaged about \$20,000 to 25,000 per year, and has included field maintenance, plumbing fixtures, lighting and signage. It has been funded under the operations budget.

Ms. Rye said that is routine maintenance, what about capital maintenance, like the roof?

Ms. Buchanan said there is not enough roofing out there to ever amount to more than a few thousand dollars. The biggest pieces of equipment out there are the score board, the HVAC, the irrigation systems and the plumbing. We could put some numbers together.

Ms. Rye said it would be nice to have those cost upfront.

Jon Wilkins asked what if Pay Ball can't meet their obligations.

Ms. Ellingson said under the lease agreement Mountain Baseball will have a \$120,000 a year lease payment, payable in 4 installments. If they miss a payment the City can declare default. One remedy is to terminate the lease and collect the total outstanding principal and accrued interest. She said to keep in mind that even before we issue these bonds, the City will own the stadium free and clear. We would be in a position to find a new lessee or find other uses for the facility.

Mr. Wilkins asked if Council will get to review their financial statements.

Ms. Ellingson said they have been reluctant to make them made public.

Mr. Ellis confirmed that he was reluctant to provide their financial statements.

Mr. Wilkins said he is reluctant on this whole issue, and suggested Mr. Ramharter could look them over instead of the Council.

Mr. Ellis said in all due respect, I'm not asking for the new lease I will keep the one I have.

Michael Ellis, Mountain Baseball, said we own a franchise that is highly regulated. Each year we have to turn in any unpaid baseball debts to Minor league Base Ball. We have no debt against our franchise itself. If we went into default with the City, we would have to sell our franchise to pay that debt. We don't have a million and half on hand, but we do own a franchise worth 3 times that. Selling the franchise would be a big blow to us; this is our family's investment. We have put nearly a million dollars into this stadium. We have paid no distributions to partners; we have put it back into the franchise. We have gone through 13 years of hardship. We have lived up to all of our obligations. We are not going to let default happen.

Mr. Engen said If Mountain Baseball defaulted on the agreement; the City is not responsible for that debt.

Mr. Jaffe said we are issuing the revenue bonds, if the City fails to make the bond payments the bank would come after us. In the end, the City is responsible.

Ms. Ellingson said the City will issue the debt because the City will own the stadium. The bond holders know the only thing, it's the City's lease and logically if you don't get paid you have to declare default. You are obligated to collect these payments, but it doesn't obligate you to go into your general fund to make the payments.

Mr. Wilkins is concerned what other projects MRA will not be able to fund, because of this.

Ms. Buchanan said we will be thoughtful and discriminating over the next four years. We will slow down on the sidewalk projects, so instead of half million dollar projects we will do quarter million dollar projects.

Mr. Jaffe had the following questions/concerns on the use agreement that he would like addressed on Monday night:

- What are the plans for additional parking lots?
- What is the reason for reducing the amount of bicycle parking at the stadium? He sees 200-300 bicycles at that facility, and suggested increasing bike parking.
- What are things are affixed? Please provide details.
- He would like language in the agreement to address the \$25,000 maintenance fund, if there was a shortfall from Play Ball, it would become a responsibility that is funded by Mountain Baseball.
- He suggested an actual physical inspection of the stadium and property be done
- If there are damages to the facility, it states that Mountain Baseball is required to pay us what insurance doesn't cover. He has some concerns on this. He said it should be covered under their insurance.
- There's a section regarding facility becoming so damaged that it can't be used, and it takes us more than 350 days to reconstruct, it's not clear to him as to what Mountain Baseball's lease obligations would be.
- If an amusement tax was created it would be void the use agreement.

Ms. Ellingson said the City has agreed that this would be treated like other City facility and would be carried under the City's property insurance. Mountain Baseball has liability insurance and the City may want to do the same thing.

Susan Estep said you can't have insurance on property that you do not own.

Ms. Hanson said the revenue we are looking at to continue funding the R&D account is coming from the annual fund raiser which has raised from \$40,000 to \$65,000 annually and we are not discontinuing that event.

Mr. Ellis said we need to be conscious of the lease that we are proposing and where it came from. We feel like we have pushed this to the limit and we are increasing our cost at this facility well over \$140,000. We feel we are stepping up and this stadium is not owned by us. The City needs to realize they have some obligation as they will own the stadium and we never will.

Mr. Engen said the hot stove banquet is actually fun and consistently successful.

Mr. Ellis said our track record for fund raising at the hot stove banquet has traditionally raised more than the lease.

Pam Walzer said the City is allowed to have 4 free uses of the stadium annually other than the concessions, are there any restrictions?

Mr. Ellis said it can be used for many things as long as it fits in with the lease and extraordinary events criteria.

IV.

Held in committee

- A. Approve claims. (Ongoing) (Consent Agenda)
- B. Approve journal vouchers. (Ongoing) (Consent Agenda)
- C. Approve budget transfers. (Ongoing) (Consent Agenda)
- D. An ordinance amending the municipal code as it relates to bike licensing. ([A&F](#)) (Returned from council floor: 12/15/08) **TABLED 8/3/11**
- E. Implications of establishing maintenance districts. ([memo](#)) – Regular Agenda (Bob Jaffe) (Referred to committee: 05/11/09 **REMOVE FROM AGENDA**)
- F. Clarify position of council member who also serves on the board of a non-profit agency that has dealings with the city. ([memo](#)) – Regular Agenda (Ed Childers) (Referred to committee: 07/20/2009) **REMOVE FROM AGENDA**
- G. Review the FY 2011-15 capital improvement projects (CIP). ([memo](#)) – Regular Agenda (Brentt Ramharter) (Referred to committee: 04/19/2010) **REMOVE FROM AGENDA**
- H. Amend Council rules to change the Council's regular meeting schedule to two meetings per month ([memo](#)).—Regular Agenda (Marty Rehbein) (Referred to committee: 06/07/10)
- I. Discuss the disposition of surplus city property. ([memo](#))—Regular Agenda (John Newman) (Referred to committee: 10/25/10) **CHANGE PROPERTY TO LAND**
- J. Amend the FY 2010 budget to appropriate expenditures that were not identified in the original budget. ([memo](#))—Regular Agenda (Brentt Ramharter) (Referred to committee: 11/01/2010) **REMOVE FROM AGENDA**
- K. Discuss outstanding third-party contracts. ([memo](#))—Regular Agenda (Lyn Hellegaard) (Referred to committee: 11/08/10)
- L. Review the city's current policy for charging the public for various city-produced documents ([memo](#))—Regular Agenda (Dave Strohmaier) (Referred to committee: 12/06/10)
Confirm the reappointment of Mark Muir to the Impact Fee Advisory Committee completing a term commencing December 1, 2010 and ending November 30, 2014. (Returned from Council floor: 11/1/10) **REMOVE FROM AGENDA**
- M. Review Missoula's insurance experience, particularly work comp; propose improvements if warranted. ([memo](#))—Regular Agenda (Ed Childers) (Referred to committee: 05/09/11)

V. **Adjournment**

The meeting was adjourned at 2:30 pm

Respectfully submitted,

Dee Andersen

Administrative Secretary
Finance Department