

ADMINISTRATION AND FINANCE COMMITTEE
CITY COUNCIL CHAMBERS
140 WEST PINE STREET
MISSOULA MONTANA
July 15, 2009 1:05pm

Members present: Stacy Rye, Chair; Ed Childers; Renee Mitchell; Pam Walzer; Jason Wiener; Dick Haines; Lyn Hellegaard; John Hendrickson; Dave Strohmaier; Jon Wilkins; Bob Jaffe.

Members absent: Marilyn Marler.

Others present: Mike Barton, Brentt Ramharter, Dee Krevey, Marty Rehbein.

I. Administrative Business

A. Approve committee minutes – special meeting minutes from 7/13 to 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 (Brentt Ramharter)

Motion: The committee recommends the City Council approve claims totaling \$531,896.85 (Detailed claims)

B. Resolution levying final assessments for SID 541, Pineview Park Improvements ([memo](#)). – Regular Agenda (Marty Rehbein) (Referred to committee: 07/13/09) **REMOVE FROM AGENDA**

MOTION: The committee recommends the City Council set a public hearing on August 10, 2009, on a resolution levying assessments on property situated within Special Improvement District Number 541 (Pineview Park Project) of the City of Missoula, Montana, in the total amount of \$750,000 excluding debt service, to defray the cost of making the improvements in said special improvement district pursuant to resolution 7200 creating said district.

C. Resolution levying final assessments for projects financed by pooled special sidewalk, curb, gutter and alley approach improvements, series 2009A ([memo](#)).—Regular Agenda (Marty Rehbein) (Referred to committee: 07/13/09)**REMOVE FROM AGENDA**

MOTION: The committee recommends the City Council set a public hearing on August 10, 2009, on a resolution levying assessments for pooled special sidewalk, curb, gutter and alley approach bonds, series 2009A.

Marty Rehbein, City Clerk requested a public hearing be set for August 10, 2009 and said the resolutions will be forth coming.

Ed Childers moved to set a public hearing on agenda items B and C.

Upon a voice vote the motion passed unanimously.

D. Resolution amending Resolution Number 6538 and authorizing a loan of \$400,000 in Title One funds to the North Missoula Community Development Corporation ([memo](#)).—Regular Agenda (Mike Barton) (Referred to committee: 07/13/09)**REMOVE FROM AGENDA**

MOTION: The committee recommends the City Council adopt a resolution amending Resolution Number 6538 and authorizing a \$400,000 loan to be made from the Title One fund to the North Missoula Community Development Corporation.

Mike Barton, Office of Planning and Grants explained the referral to amend Resolution 6538 which was passed in 2002. In August of 2008, North Missoula Community Development Corporation (NMCDC) completed construction of its 17 unit Burns Street Commons housing development. This project, was funded in part by the City's HOME and CDBG programs, is intended for low-and moderate-income homebuyers. The economic climate has resulted in 13 units to remain vacant and unsold. The construction loan on this project comes due this month and costs to extend this financing are beyond the resources of NMCDC. The Mayor and City staffs have negotiated an agreement with state and federal agencies and local banks that will allow NMCDC to rent some of the units on a temporary basis to gain revenue. As a part of this arrangement, the Mayor has suggested that the City utilize a portion of its Title One fund to write down the cost of the bank loan while NMCDC continues to market these units. The loan amount recommended is \$400,000 which would allow NMCDC to remain viable. It will leave enough of a fund balance to allow the City to continue to support the annual contributions to internal projects and community-based organizations authorized in Resolution 6538.

John Hendrickson asked how much Title One revenue the City receives each year.

Mr. Barton: The city is not receiving much revenue to that account and has been drawing it down as authorized in Resolution 6538. Eventually that account will be completely dissipated. The current balance is approximately \$580,000.

Mr. Hendrickson asked if we used Title One money last year in our budget.

Brentt Ramharter, Director of Finance, responded that we have used it for Partnership Health, and it has been used in the CIP as ADA accessibility.

Mr. Hendrickson asked if the loan is defaulted on, will the property revert back to the City.

Mr. Barton replied that we currently hold a trust indenture on the property and we are second in line after the banks construction loan. He stated that the banks loan is currently \$1.4 million.

Mr. Hendrickson questioned if the property is valued at \$1.5 million and the loan is \$1.4 million what the City would end up with.

Mr. Barton said if the loan was defaulted on we would most likely split the property and take over the site and the improvements. We expect if sold, the improvements would reap \$1.5 million not including the ground.

Ms. Mitchell commented that this project doesn't seem very successful so far.

Mr. Barton replied that some of these units are for sale for under \$100,000 which is very low cost in our market. He said he sees two problems; the overall economy has had a negative effect on the sale of these units. These units have been marketed to a segment of the population that are not normally homebuyers. Most of the folks who would move into these units are renters. They are not aware of the \$8,000 tax credit, they may think of it as a tax deduction however, it's actually cash in pocket and can be used toward down payment assistance.

John Wilkins asked if there was a payment schedule set up.

Mr. Barton said payment would be deferred until they sell 14 of the units and at that point they would have serviced the bank loan. So the City would take the proceeds from the last few sales.

Bob Jaffe moved to adopt the resolution, and said he feels the City is trying to provide affordable home ownership and it's a challenge. The timing on this project is problematic.

With the uncertainty of the economy, the individuals that qualify for this project are the most uncertain, in their sense of security and ability to make long term financial commitments.

Ed Childers said he was in support of this project.

Dick Haines asked how many units they have to sell to pay off the loan.

Mr. Barton said 14.

Mr. Haines asked if this project was done by a private enterprise who would have come to their rescue.

Mr. Barton stated that this project would not been done by private enterprise-and if it had been, the federal government would have come to their rescue. If this project were to have been done in the private sector these units would be on the market for \$160,000.

Dave Strohmaier said he will be supporting the motion, he said he was there at the ground breaking of the project a few years ago and he feels a strong commitment to see the project through to fruition.

Pam Walzer said she also supports this motion, and feels this is simply a problem of timing with the economy. If this project had been completed a year prior, we wouldn't be having this discussion.

Jason Wiener said this loan is not riskless, but it's a chance we need to take.

Mr. Hendrickson agreed it's not riskless, and he added that he will end up supporting this.

Upon a voice vote the motion passed, with Haines and Mitchell voting nay. Mr. Haines and Ms. Mitchell requested that this item be placed on the consent agenda.

III. Held in committee

- A. Update from the Missoula Performing Arts Center ([memo](#)).—Regular Agenda (Dave Strohmaier) (Referred to committee: 04/07/08)
- B. [Resolution](#) revising the City's sewer use fee structure and increasing sanitary sewer rates by 5% per year for four years to support infrastructure improvements required to operate the city's sanitary sewer system. ([A&F](#)) ([Slideshow presentation as a webpage](#)) (Returned from Council floor: 11/03/08)
- C. An ordinance amending the municipal code as it relates to bike licensing. ([A&F](#)) (Returned from council floor: 12/15/08) Amend City Council Rule 21(a) to clarify quorum requirements ([memo](#)).—Regular Agenda (Jason Wiener) (Referred to committee: 04/28/08) (*Tabled in Committee on 02/11/09*)
- D. Implications of establishing maintenance districts. ([memo](#)) – Regular Agenda (Bob Jaffe) (Referred to committee: 05/11/09)
- E. Review the FY 2010-14 CIP projects in committee ([memo](#)).—Regular Agenda (Brentt Ramharter) (Referred to committee: 03/23/09)
- F. Consider the establishment of Parks and Street Maintenance Districts ([memo](#)).—Regular Agenda (Bob Jaffe) (Referred to committee: 05/04/09)

IV. Adjournment

The meeting was adjourned at 1:50pm

Respectfully submitted,

Dee Krevrey
Administrative Secretary