

**ADMINISTRATION AND FINANCE COMMITTEE**  
CITY COUNCIL CHAMBERS  
**140 WEST PINE STREET**  
**MISSOULA MONTANA**  
**July 13, 2011 1:05 pm**

**Members present:** Bob Jaffe acting Chair; Ed Childers; Renee Mitchell; Pam Walzer; Jason Wiener; Dick Haines; Dave Strohmaier; Cynthia Wolken; Lyn Hellegaard.

**Members absent:** Stacy Rye, Jon Wilkins.

**Others present:** Mayor John Engen, Marty Rehbein, Brentt Ramharter, John Hendrickson, Mae Nan Ellington, Anne Guest, Chris Behan, Linda Richards, Liz Dye, Rod Austin, Dee Andersen, Breanna Roy.

**I. Administrative Business**

A. Approve committee minutes dated: [June 29, 2011](#)-approved as submitted.

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

C. **Review and remove outdated held items**

**II. Consent Agenda**

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

**MOTION: The committee recommends the City Council approve [claims](#) totaling \$611,379.47 ([Detailed claims](#))**

B. Appoint two members to the Public Art Committee for the term commencing July 1, 2011 and ending June 30, 2015. ([memo](#))—Regular Agenda (Marty Rehbein) (Referred to committee: 07/11/11)**REMOVE FROM AGENDA**

**MOTION: The committee recommends the City Council re-appoint Linda Richard and Liz Dye to the Public Art Committee for the tem commencing July 1, 2011 and ending June 30, 2015.**

Bob Jaffe said there are two positions available and now only two applicants. Instead of formal interviews he suggested having both applicants just speak about their work on the committee and why they would like to continue.

Linda Richards introduced herself and said she has been serving on the Public Art Committee for 2 years. Before that she was on the Public Art Committee in Mountain View California. She said when she first arrived n Missoula she thought the public art committee would be great way to anchor herself to the community and get to know people. She has been involved in the Traffic Signal Box Project. She said there are 29 now completed now and more planned for the future. She said they are funded through neighborhood grants. There is a traffic signal box project starting in Hamilton now and also in the City of Great Falls.

She said public art is important; it challenges us to look at life in a different way. It brings back an association from the past and gets us in touch with our community. She said when the red X's were installed in the 1980's they did not have a budget for maintenance and since then have they been used as a platform for handbills and flyers and gotten pretty beat up. She said originally the red X's were a hated art project and now it's a meeting place for Missoulians. She has recently found several businesses that will donate the materials/labor to complete the overdue maintenance. She said she has really enjoyed her time on the Public Art Committee.

Liz Dye introduced herself and said she has worked on the Fire Station Tribute Project. She said it was a true collaboration with the Fire Department, identifying what everyone's needs were. She has also worked on the Traffic Signal Box Project and organized the Sunday sidewalk chalk booth. She is interested in continued involvement with the ongoing Public Art Committee projects.

Dave Strohmaier moved to re-appoint both applicants and said having worked with them, you won't find more energetic or committed individuals on any committee.

Upon a voice vote, the motion passed unanimously.

- C. Resolution declaring the official intent of the city of Missoula, Montana to reimburse certain original expenditures related to the acquisition of certain capital equipment from the proceeds of the tax exempt bonds to be issued by the city of Missoula, Montana after the payment of such original expenditures. ([memo](#))—Regular Agenda (Brentt Ramharter) (Referred to committee: 07/11/11) **REMOVE FROM AGENDA**

**MOTION: The committee recommends the City Council approve a resolution declaring the official intent of The City of Missoula, Montana to reimburse certain original expenditures related to the acquisition of certain capital equipment from the proceeds of tax-exempt bonds to be issued by the City of Missoula, Montana after the payment of such original expenditures.**

Brentt Ramharter, Finance Director said this resolution of intent is to reimburse ourselves for any costs we may incur from Accela automation contract. We intend to do financing and pay ourselves back.

Mr. Jaffe asked when payments will begin.

Mr. Ramharter said the first one will be due early fiscal year 2013.

Jason Wiener moved the resolution.

Upon a voice vote the motion passed unanimously.

- D. Resolution levying annual assessments for Street Maintenance District #1. ([memo](#))—Regular Agenda (Marty Rehbein) (Referred to committee: 07/11/11) **REMOVE FROM AGENDA**

**Motion: The committee recommends the City Council set a public hearing on August 1, 2011, on a resolution levying a special assessment and tax on the lots, pieces and parcels of land situated within Street Maintenance District #1 of the City of Missoula, Montana, for the purpose of defraying the cost of flushing and removing street rubbish from streets and avenues in the district generally located downtown during the Fiscal year 2012.**

Marty Rehbein, City Clerk, said every year we levy the assessments for the Street Maintenance District in the downtown area. It takes care of the street cleaning and rubbish removal from trash cans. The City Street Department came in right on budget, they estimated it would cost \$36,000 and they came within \$15. The rubbish removal contract is with the Business Improvement District. We have gone over that estimate by \$2,858. The reason for that is the original contract was signed in September, but stated it was effective in August. They have a peak season in the summer so they are paid a little more, and in the autumn they get paid a little less. One of the payments was less when it should have been more. So there will be a one time catch up payment. This year we are looking at \$58234.62 in assessments last year it was \$51,030.86. We need to set a public hearing on August 1, 2011.

Mr. Wiener moved the public hearing. How much property value is in the base that is being assessed?

Ms. Rehbein stated that it is not assessed on value; it's assessed on front footage to the street. This district was created in 1909 when we didn't have a property valuation as an option for assessments for the district. We have a map of the district and they are described in the resolution.

Lynn Hellegaard asked if the Palace Apartments or the MHA properties excluded from the district.

Ms. Rehbein said the City pays the assessments for MHA.

Mr. Jaffe questioned the 15% increase in assessments and asked if there were any changes in level of service.

Ms. Rehbein said there is no change in service. The Street Department is asking for an additional \$1,000 for increased wages. Depending on the weather, some years they can sweep more. The rubbish removal contract with the BID increases by 3% each year and the \$2,800 she explained above.

Upon a voice, the motion passed unanimously.

### **Regular Agenda**

- A. Resolution of intention to declare the acquisition of the Civic Stadium as an Urban Renewal Project in Urban Renewal District II set forth the conditions of the refinancing plan and call a public hearing. ([memo](#))—Regular Agenda (Ellen Buchanan) (Referred to committee: 07/11/11)  
**REMOVE FROM AGENDA**

**MOTION: The committee recommends the City Council adopt a resolution of intention to approve the acquisition and ownership of the civic stadium as an urban renewal project for urban renewal district ii; to set forth the conditions therefor; making preliminary findings related to the project; calling a public hearing on August 8, 2011 on the proposed civic stadium project, the use of \$2,000,000 in tax increment revenue and the issuance of civic stadium lease revenue bonds in the amount of \$1,555,000; and related matters..**

Mayor John Engen requested approval to set a public hearing to buy down debt and acquire a civic stadium. He said Play Ball Missoula was formed to build a baseball stadium as a gift to the City. He said all the parties involved and have acted in great faith there is no way that non-profit can retire the debt and now the stadium is facing foreclosure. Upon foreclosure, it would become privately owned by whom, we won't know. With one payment we can own it outright and protect our investment. We have a lease in place that would cover operating expenses. With a great operator doing great things, we will get even more benefit from the stadium than we are today.

Ellen Buchanan, MRA Director, said all the detailed information is in the referral memo. She gave a brief overview of the background of the stadium. She said with \$2 million of tax increment financing from URD II, would be used to partly pay down ten secured lenders who have mortgages on the stadium. She explained that the unsecured lenders have forgiven \$244,000 in debt. In summary we are basically satisfying \$7 million in debt with \$3.55 million that has been agreed to by the lenders. In exchange for this no one will have any continued claims on the stadium or land, it's the City's free and clear and would be protected in perpetuity. Future action requires us to set a public hearing and approve a resolution of intention. If every goes along as proposed, they would close on the bonds in early September and sign all documents. On Oct 15, 2011 the Mountain Baseball lease would take effect. The MRA Board recommends this as a sound plan. She said they had the option of long term financing or paying off \$2 million in four years which is what they have decided to do. This way they won't pay interest and wont need a debt service reserve. It will be tight for those 4 years but we can get it done. We might scale back on sidewalk construction projects, but we have until 2031 to complete that project.

Mr. Jaffe asked who gets the revenue from extraordinary events.

Ms. Buchanan said Mountain Baseball. They take the risk and they receive the rewards. Since they are going from a \$30,000 lease per year to a \$120,000 it's pretty safe to say they won't be able to do that solely on baseball game revenue. There will be more activities and events at the stadium.

Lynn Hellegaard asked if we are going to collect the \$20,000 that Play Ball Missoula owes the City in payment in lieu of taxes. She expressed concerns about Play Ball be able to come up with a \$120,000 lease payment. They have not been able to pay the \$20,000 per year in lieu of taxes or the \$35,000 for maintenance.

Ms. Buchanan said we need to make a distinction between the obligation of Mountain Baseball and Play Ball Missoula. It was never been Mountain baseball obligation to make payments in lieu of taxes or pay for the operations and maintenance of the stadium.

Ms. Hellegaard said she fears they will not be able to come up with the money for the lease payment and we will be in the same situation as we are now, where they owe us hundreds of thousands of dollars and they will never be able to pay. We are in tough economic times. We had the swim parents saying they could raise money for the 50 meter pool, that didn't happen. The Cultural Center telling us they could raise millions of dollars- that failed. From her understanding, these tax increment funds that we are using on the ball park can be used for infrastructure in that area, like affordable housing. Her constituents voted it down twice and don't want to be saddled with this City asset.

Renee Mitchell asked what happens if the ballpark defaulted would it affect the City's credit rating.

Mr. Engen said we would lose an asset, but it wouldn't affect our credit rating.

Ms. Mitchell asked the Mayor had a personal interest in the civic stadium.

Mayor Engen said he gave them a \$1,000 in 2004 and that's it.

Ms. Mitchell asked the Mayor if he knew where in the country are ballparks are money makers, she if the Diamond Backs pulled out where would we be.

Mr. Jaffe said it's a legitimate question, if they go to another town what would happen.

Mr. Jaffe asked aside from the City's \$2 million that went into the project what other money has gone into the facility.

Rena Hansen, Play Ball Missoula Board member, said over the history of it right at about \$12 million in construction, financing, and the acquisition and donation of the land to the City. She said Play Ball has raised and collected \$5 million.

Mr. Jaffe stated that the \$120,000 lease agreement is between the City and Mountain Baseball, but the proceeds will go to finance the bond payments. If they don't pay the payments what would the outcome be?

Ms. Buchanan said Mountain Baseball would be in default.

Mae Nan Ellingson, Bond Council, Dorsey and Whitney explained under the lease agreement with City and Mountain Baseball. If Mountain Baseball fails to make its \$120,000 payment the City can declare default and if it's not corrected the entire principal amount is due and payable. The lenders who will be holding the debt have looked at Mountain Baseball's financial statement and understand the value of franchise. The lenders seem comfortable they can make the \$120,000 a year payments and the ability to declare an event of default and principal. If they decided to move to another City the total amount owing would be due in order to terminate their lease.

**Public comment:**

Rena Hansen, said in the last 10 years Play Ball Missoula has been doing the maintenance and operations of the facility, and in those 10 years the maintenance cost has average \$78,000 annually.

Gerald Mueller said you have heard a lot about the agreement today. A group of us met with the creditors and developers last August. Our objective was to have something the creditors could accept; we were not seeking a fair agreement. We are not opposed to fairness. We were asking the creditors do something that was unfair and that was to forgo the money that was owed them. The agreement was reached and we hope that the council will provide the opportunity to get this financial problem solved. Play ball did intend to build the stadium with private not public money. Most civic stadiums are built with local government financing. We want to get it turned over to the City free and clear. The benefits are obvious to anyone who has gone to the stadium for any event. Since the baseball team moved to the stadium in 2004 the total attendance exceeds 500,000. He requested support of this arrangement.

John Hendrickson asked if it goes into default, it goes to private ownership what is wrong with private ownership, and would the City lose the land? Has there been any private buyer interested in the stadium?

Mr. Jaffe said that is correct.

Ed Wetherbee said he is a neighbor to the stadium. He and his partner Kevin Mitty have a strong interest in seeing the stadium continue to operate the way it has been. Having the facility in private hands leaves a lot to question. He would like to own it

Kevin Mitty said there were a lot of locations proposed for the stadium and it met with some resistance, in the long run everyone thought it should be downtown. Someone said early how most of these stadiums are built by the City. In Billings, the \$14 million dollar stadium was built entirely by the City. We would hate to see it fall outside of City hands. He would look at it as an opportunity not a black hole.

Matt Ellis, Mountain Base Ball, wanted to say on behalf of Play Ball Missoula, that originally the stadium was to be built for a lot less, but delays and lawsuits dragged the project out causing the cost to increase. Play Ball has almost raised \$6 million for this ball park, if the delays didn't happen this park couldn't have been built without additional fund raising. That land was acquired and donated to the City by Play Ball Missoula.

Ms. Mitchell said Billings passed a bond to pay for their stadium. Missoula voters twice rejected a bond and now it's in our lap to deal with again. Another point is why haven't we looked at a private buyer? She said she has been to 2 games at the stadium and didn't look nearly as full as was claimed. Please find a buyer that will have an interest in this and find a way to get this burden off the taxpayer.

Ms. Hellegaard mentioned the additional liability that may occur and said there was a Major League Baseball fan that was felled to his death last week. She said if they have had over 500,000 in attendance why don't they look at raising ticket prices and make the users pay.

Mr. Ellis said we have donated \$2 million dollars to the facility and donate \$2.00 per ticket sold.

Mr. Strohmaier wanted to clarify to folks that are listening that it's not taxpayers' money its tax increment financing from MRA. This stadium is an investment to enhance our community as a whole and as an urban renewal district.

Shane Reely, Attorney for the private lenders involved, said the City, as a result of getting the property donated through Play Balls efforts has a piece of real estate worth \$9 million and it put in \$2 million so far. If the money is from the MRA and not the general fund, and this asset is preserved with no debt and a 25 year lease where the lenders have assumed the risk, there is really nothing left for the taxpayers to pay for.

Mr. Wiener said this discussion has been going on a long time and he is persuaded by the fact that we don't want a foreclosed stadium in the middle of an urban renewal district. He moved to adopt the resolution and hold a public hearing on August 8<sup>th</sup>.

Mr. Childers said he would certainly support the motion. We use to have a sawmill and hazardous waste site and now it's going to be one of the nicer parts of town. It would have been wonderful if the financing plan worked out originally but you can't plan on law suits dragging on. He said we are not throwing good money after bad.

Dick Haines asked what would happen if the franchise leaves Missoula or if the team is not good. He said you can't fill the stadium if you have a bad team.

Mr. Ellis said that they take pride in the fact that we are selling more than baseball. He said we are selling affordable family fun and that doesn't not rely on winning or losing. We are the only industry that focuses on the fans first and focus on winning 2<sup>nd</sup> or 3<sup>rd</sup>. He said he doesn't have control of the players; the Diamond Backs do that for us. We provide good quality food, we give out hats or what ever the promotion, and families are entertained. This year we have a very good team and our attendance is the same as last year when we had a bad team. Major league baseball sells winning and losing –we don't, we sell affordable family entertainment.

Brentt Colbrey, Missoula Federal Credit Union, said we have had conversations about who wants to foreclose on a great piece of Missoula. As a dad who lives in the south hills area, I love Missoula and don't like baseball but it's a great family place. On Family Monday nights he takes his boys and for \$20.00 they get a ball game, hotdogs and hats. He would hate to be the guy to pull the trigger.

Mr. Jaffe asked the Mayor to speak to the appraisal of the facility.

Mayor Engen said we have an appraisal on file from 2006, the replacement value exceeds \$9 million. He said he doesn't think it would sell for \$9 million.

Upon a voice vote to approve a resolution and hold a public hearing, the motion passed with Mitchell and Haines voting nay and Hellegaard obtaining.

### III. 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)
- E. Implications of establishing maintenance districts. ([memo](#)) – Regular Agenda (Bob Jaffe) (Referred to committee: 05/11/09)
- 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)
- G. Review the FY 2011-15 capital improvement projects (CIP). ([memo](#)) – Regular Agenda (Brentt Ramharter) (Referred to committee: 04/19/2010)
- 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)
- 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)
- 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)
- M. 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)
- N. Review Missoula's insurance experience, particularly work comp; propose improvements if warranted. ([memo](#))—Regular Agenda (Ed Childers) (Referred to committee: 05/09/11)

### IV. Adjournment

The meeting was adjourned at 3:05 pm

Respectfully submitted,

*Dee Andersen*

Administrative Secretary