

ADMINISTRATION AND FINANCE COMMITTEE
CITY COUNCIL CHAMBERS
140 WEST PINE STREET
MISSOULA MONTANA
June 22, 2011, 10:35 am

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

Others present: John Newman, Cindy Wulfekuhle, Lori Davidson, Mike Barton.

I. Administrative Business

A. Approve committee minutes dated: [June 8, 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C. Review and remove outdated held items.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 \$1,202,829.87 ([Detailed claims](#)) 06/28/11

MOTION: The committee recommends the City Council approve [claims](#) totaling \$430,613.48 ([Detailed claims](#)) 06/21/11 already acted on 6/20/11

B. Authorize the Mayor to sign the attached contract between the State of Montana Department of Commerce and the City of Missoula, the State budget form, and the Assistance Agreement between the City of Missoula and Rivertop Renewables, Inc. ([memo](#))—Regular Agenda (Cindy Wulfekuhle) (Referred to committee: 06/20/11) **REMOVE FROM AGENDA**

MOTION: The committee recommends the City Council authorize the Mayor to sign the contract in the amount of \$202,500 between the Montana Department of the Commerce and the City of Missoula, the budget form provided by the State, and the Assistance Agreement between the City of Missoula and Rivertop Renewables, Inc. in the amount of \$192,375.

Cindy Wulfekuhle, Grants Administrator, OPG, said Rivertop Renewables were awarded \$202,500. They can begin to draw that money as they incur employees. Their employees will make a minimum of \$16.28 per hour not including benefits.

Bob Jaffe asked how that wage was derived.

Ms. Wulfekuhle said it is called a living wage and she is not certain how it was derived.

Pam Walzer said it's about \$ 33,000 per year.

Ms. Wulfekuhle said most of the employees will make closer to \$48 per hour.

Mr. Jaffe moved the contract.

Upon a voice vote the motion passed, with Ms. Mitchell voting nay and Ms. Rye requesting it be placed on Consent Agenda.

C. Authorize the Mayor to sign the attached contract between the State of Montana Department of Commerce and the City of Missoula, the State budget form and the Assistance Agreement between the City of Missoula and Advanced Technology Group, Inc. ([memo](#))—Regular Agenda (Cindy Wulfekuhle) (Referred to committee: 06/20/11) **REMOVE FROM AGENDA**

MOTION: The committee recommends the City Council authorize the Mayor sign the contract in the amount of \$187,500 between the Montana Department of Commerce and the City of Missoula and Advanced Technology Group, Inc. in the amount of \$178,125.

Ms. Wulfekuhle said Advanced Technology Group has been awarded \$187,500. They will be reimbursed up to \$7,125 per employee as they hire employees. They expect to hire 25 people with a minimum wage of \$16.28 not including benefits. They are located downtown and have begun hiring their staff.

Ms. Walzer moved the contracts and said she has been following their progress. She is very supportive of keeping our college grads here and giving them a good living wage.

Upon a voice vote, the motion passed unanimously.

III. Regular Agenda

- A. Consider a resolution transferring certain City-owned real property to the Missoula Housing Authority per MCA 7-8-4201 for the purpose of developing affordable housing. ([memo](#))—Regular Agenda (John Newman) (Referred to committee: 06/20/11) **HOLD FOR DISCUSSION 6/29/11**

John Newman, OPG, said it was last fall when they had last discussed disposing of surplus City-owned property. He has been working with Ms. Davidson from Missoula Housing Authority on 4 parcels to be donated to MHA for affordable housing units. They are lots listed as 13, 14, 18 and 21. Mr. Newman reviewed the lots location and description with the [PowerPoint](#) Presentation provided.

He said the first three lots; 13, 14, and 18 are on California Street and one of them is adjacent to a piece of property owned by Steve Lokken, who is interested in partnering with MHA on a residential housing project. The Parks and Recreation department calls all four parcels weed lots and they are not in any public use.

Mr. Newman handed out the draft [resolution](#) and explained they are using a different part of the State statute for this transaction. MCA 78.4201 sub-section 5, specifically addresses the ability for the City to donate property to a corporation for the purpose of affordable housing. A reversionary clause can be included which would preserve the parcels as affordable housing permanently. This furthers the mission of MHA and is authorized by state law and is good use of the property. It is up to the Council as to how much if any public notice would be provided.

Stacy Rye said Ms. Rehbein said she would be making some changes to the resolution for the next discussion. Ms. Rye suggested they continue discussion until the resolution can be reviewed by Council for consideration.

Lori Davidson, MHA Director, said we have been speaking with various City Departments as to what might be able to happen with these pieces of property. They are very small and aren't big enough to attract larger contractors. You may be able to build 4 units max, but when you add in sidewalks and parking requirements, maybe no more than 2 units. We are at least a year away from starting development. We are making arrangements with the College of Technology to use these sites as training for their Carpentry, Energy Technology and Heavy Equipment programs. We would be happy to accept these and they would need to be surveyed.

Lynn Hellegaard asked why we decided to give these parcels to MHA why not MBIA or Habitat for Humanity or a handful of local non-profits that deal with subsidized housing. She asked who made the decision that MHA gets this land given to them. She expressed concerns with long term obligations we may be saddling the tax payers with. MHA comes in every year for CDBG grants to maintain and rehab their buildings, if congress eliminates that program will they still continue to rely on the City for funding. She asked if any other non-profits were given the chance to submit proposals. She suggested selling them to relieve the burden on tax payers, or at least attempt to sell them before giving them away.

Mr. Newman said the City and MHA have a long history of working together. There was interest on MHA's part and Montana State law supports it, no one has decided yet that is why we are here.

Ms. Rye said there has been no decision. We have a recommendation on the floor. We are the deciding body and if you disagree with it you can vote no.

Mike Barton, Interim OPG Director, said the Missoula Housing Authority is a municipal corporation and the arm in which the City develops affordable housing. If it's a City development it will go through the housing authority. If the council chooses another direction, that is fine. When this discussion first began we were directed to put a proposal together for affordable housing, that's why you see a resolution before you giving the land to MHA.

Mr. Wilkins says he feels the same as Ms. Hellegaard. He asked if there had been an attempt at selling. He is also worried about the burden on the tax payers. He said his home has declined in value, yet the property taxes are going up. He thinks if there is a way to get money from this property we should be looking that right now. He supports MHA but feels they have other opportunities.

Mike Barton said there was there was never a suggestion to market these properties. We were directed to develop affordable housing and bring forward a proposal.

Ms. Rye asked how we would sell a property to a non-profit for affordable housing.

Mr. Wilkins there are lots of non- profits that need residential dwellings like West Montana Mental Health Center. Maybe we could offer them at a discounted price.

Mr. Jaffe offered his history on this project, he said we brought this up and the interest was to pursue using them for affordable housing. The City of Missoula contributes nothing toward affordable housing. A lot of communities donate land. We invited some developers to discuss what could be done with this land. The only way this would work would be a partnership with MHA. The property next to Lokken is a great example of that. Maybe we want include partnering in the resolution. Selling lots off seems short sighted.

Mr. Childers said seem like a good use regarding the current direction of MHA. He asked Ms. Davidson if they are still going in the multi-family housing

Lori Davidson said we have sold the single family houses. We are going to hit our goal of \$3 million to buy replacement properties. They would be multi-family dwellings. We have been approached by NeighborWorks of Great Falls to provide rural self help grants for sweat equity home building. The grants pay for staffing to find 8-10 families that as a group build each others homes and has offered to expand program into Missoula.

Mr. Childers asked how we acquired these properties.

Mr. Newman said that is a difficult question, through different methods over many years. Some were from road building and right of way work.

Ms. Walzer reminded the committee that they did approve a resolution to come up with a policy for affordable housing. If we are committed to affordable housing, this is the way to go and she is in support of this. With these odd pieces of properties it seems like a great solution.

Jason Wiener thanked Mr. Newman and Mr. Jaffe for the work they put into this and appreciates it when people take on extra work and not just to show up to meetings and vent. He is not sure if building a few units at a time is best. We may be more effective in channeling the proceeds from the sale of these properties into a larger affordable housing project. He suggested holding an auction as it would give the City more control.

Mr. Wilkins suggested a public hearing.

Ms. Mitchell says she agrees with disposing of property and the public should have some input. She disagrees that the City does not do enough for affordable housing. She thinks we are doing a lot. She said she has always lived in a place she can afford; it may not be as nice as if she lived in subsidized housing. She asked about property taxes on MHA property.

Ms. Davidson said we do a payment in lieu of taxes; its 7% of the rents collected that year and usually amounts to \$20,000-\$30,000 per year.

Ms. Mitchell said to take property off the tax rolls we are slowing killing the goose, she cant vote on this right now.

Ms. Davidson suggested a comparable market study instead of an appraisal; it would save a lot of money.

Mr. Jaffe said he did a market study in his head and the properties are worth \$200,000. He said you can pay someone to do the same thing but they will come up with the same amount. The idea of big giant housing complex does not appeal to him. He would prefer to see them in smaller scattered sites; he said without a partnership they are not developable.

The committee agreed to continue discussion next week.

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)
- 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)

V. Adjournment

The meeting was adjourned at 11:30 am

Respectfully submitted,

Dee Andersen
Administrative Secretary