

**ADMINISTRATION AND FINANCE COMMITTEE
CITY COUNCIL CHAMBERS
140 WEST PINE STREET
MISSOULA MONTANA
August 19, 2009 1:05 pm**

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

Members absent: Bob Jaffe, Marilyn Marler

Others present: Brentt Ramharter, Gail Verlanic, Marty Rehbein

I. Administrative Business

Approve committee minutes dated: [August 12, 2009](#)
Minutes were approved as submitted.

II Public Comment on items not listed on the agenda

None

III Consent Agenda

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

Motion: The committee recommends the City Council approve [claims](#) totaling \$186,849.52. [Detailed Claims](#)

B. Award contract for a deferred compensation consultant. ([memo](#)) – Regular Agenda (Brentt Ramharter) (Referred to committee: 08/17/09)

Motion: The committee recommends the City Council approve and authorize the Mayor to sign a contract with Arnerich Massena Consulting Service for professional evaluation and recordkeeping services for consulting services relating to Section 457 Deferred Compensation Plans in the amount of \$20,000.

Brentt Ramharter, Finance Director said a Section 457 deferred compensation plan is an IRS code section. The City allows employees to voluntarily contribute pre-tax funds into a Section 457 plan which works almost the same as a 401K plan. There are 232 City employees who participate in the plan for retirement purposes. He mentioned the funds cannot be used until the employee becomes eligible for retirement because there are penalties and tax consequences if the money is withdrawn early.

Mr. Ramharter stated the City has never prescreened any of the current providers that offer 457 products to the employees. There has never been an evaluation of value that is being offered verses the fees being charged to the employees. He noted providers can charge fees up to 500% or more between providers and the products offered.

City employees experienced significant loses last year and some more than others. The City issued a request for proposals (RFP) to contract with a firm that will act as an independent third party to help develop a set of retirement investment choices with lower fees for the City employees to choose from.

The third party contractor will issue another RFP to obtain responses from interested investment providers, as there are several who expressed interest. The consulting service will help evaluate all the providers' products for the best services, products and pricing to the employees. The City received one response by an independent service known as Arnerich Massena located in Portland, Oregon. They will help gather information from interested local financial investors and will provide all files to one City employee who will keep and maintain the records. Arnerich Massena cost is a one-time flat fee of \$20,000 and it is budgeted through the Finance Department.

Mr. Ramharter stated employees experienced a horrendous loss last year and part of it was due to the type of product that were offered to the employees and the fees that are included in each product.

Mr. Ramharter said the new plan will offer employees a choice of products, and he noted he will be there to help employees through the process.

Jason Wiener asked if individuals are subscribing to the deferred compensation plans.

Gail Verlanic, Human Resource Director stated the City currently has three different providers and there are officers who help employees enroll. The only way employees can take money out of the plans is to apply for a hardship.

Mr. Wiener asked how the current three providers were chosen and will Arnerich Massena become a fourth.

Ms. Verlanic discussed past history regarding the current three providers the City has allowed to offer services to employees since she started working here in 1995. The selection process for these vendors has not been competitive or evaluated in any way.

Mr. Wiener asked if the consulting service will evaluate the current three provider's performance. He also asked if employees would be required to roll their current investments in with the new provider.

Mr. Ramharter said all providers who are interested will be evaluated, and the process will be competitive so there will be good options available. Employees including representatives from all the bargaining units will be represented on the selection committee.

Ms. Verlanic said that employees will not be required to roll their investments at this time because the paper losses they have experienced on their current investments would become real.

Mr. Wiener moved to approve the contract with Arnerich Massena.

Renee Michell asked why the City needs a fourth provider.

Ms. Verlanic clarified the consulting service will take all RFP's from interested parties and will recommend the single best provider that will provide the best investment options for City employees to choose from, and hopefully the end result will be one provider.

Mr. Ramharter stated Arnerich Massena may offer choices from several different providers if they are good plans.

The motion passed unanimously.

- C. Adopt a [Resolution](#) to levy a final assessment and tax upon all property situated within Special Improvement District Number 541 (Pineview Park Improvements 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. ([memo](#)) ([Staff Recommended Revised Assessment List](#)) ([A&F](#)) (Returned from Council floor: 08/10/2009)

Motion: The committee recommends the City Council adopt a [resolution](#) to levy a final assessment and tax upon all property situated within Special Improvement District Number 541 (Pineview Park Improvements 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.

Brentt Ramharter stated there are approximately 1700 parcels to be assessed for the Pineview Park SID 541 and each assessment will be charged \$429.00 per parcel. He noted there are a few situations where homes are residing on more than one lot. The lots are fenced in together and constitute the property owner's yard. After discussion, the administration decided the fair thing to do is charge them for one parcel.

He mentioned since the SID was created over two years ago, some parcels have been split up and developed. There are more dwellings and each of those parcels will be assessed. These additions will help to offset some of the assessments.

The net result is the city would be responsible for about \$37,000. The City will use the Pineview project contingency to cover the excess cost to pay the debt. It will be paid in one lump sum with interest, the same as any other property owner.

John Hendrickson moved to approve the resolution levying assessments for SID 541.

The motion passed unanimously.

III. Held in committee

1. [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)
2. An ordinance amending the municipal code as it relates to bike licensing. ([A&F](#)) (Returned from council floor: 12/15/08)
3. 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*)
4. Implications of establishing maintenance districts. ([memo](#)) – Regular Agenda (Bob Jaffe) (Referred to committee: 05/11/09)
5. Review the FY 2010-14 CIP projects in committee ([memo](#)).—Regular Agenda (Brentt Ramharter) (Referred to committee: 03/23/09)
6. Consider the establishment of Parks and Street Maintenance Districts ([memo](#)).—Regular Agenda (Bob Jaffe) (Referred to committee: 05/04/09)
7. 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)

D. Adjournment

The meeting adjourned at 1:30 pm
Respectfully submitted

Kelly Elam

Kelly Elam
City Clerk Office