

**ADMINISTRATION AND FINANCE COMMITTEE
CITY COUNCIL CHAMBERS
140 WEST PINE STREET
MISSOULA MONTANA
January 26, 2011, 1:05 pm**

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

Others present: Nancy Harte Mike Barton, Lauren Caldwell, Tim Skufca, Jennifer Walker, Jessica Allred-Meyers, Eran Fowler, Dee Andersen.

I. Administrative Business

A. Approve committee minutes dated: [January 12, 2011](#)-**Approved as submitted**

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 \$579,393.99 ([Detailed claims](#)) Already acted on 2/4/11

B. Authorize the Mayor to submit an application for \$45,000 to the Montana Department of Commerce Big Sky Economic Development Trust Fund on behalf of Sustainable Building Systems for the purpose of supporting business expansion in the City of Missoula. ([memo](#))—Regular Agenda (Cindy Wulfekuhle) (Referred to committee: 01/24/11) **REMOVE FROM AGENDA**

MOTION: The committee recommends the City Council authorize the Mayor to submit an application for \$45,000 to the Montana Department of Commerce Big Sky Economic Trust Fund on behalf of Sustainable Building Systems for the purpose of supporting business expansion in the City of Missoula.

Mike Barton, Interim Director of OPG, requested the approval of the \$45,000 application to the Big Sky Economic Trust Fund which will allow the City of Missoula to partner with MAEDC to assist Sustainable Building Systems in a project that will expand the company's existing services and create six new jobs.

Jessica Allred-Meyers, MAEDC, explained that Sustainable Building Systems (SBS) is a local company and the jobs created from the expansion will pay \$16.28 per hour. With help from the State, SBS plans to expand its services to include HVAC consulting and would enable the company to bid on buildings with larger square footage than it currently services.

Jon Wilkins asked who oversees to make sure they hire the people they have committed to.

Ms. Allred-Meyers said MAEDC does. It is a reimbursement program. The company is required upon award, to submit quarterly employment reports to the State of Montana. When the company creates the jobs they get a \$7,500 per job reimbursement.

Lynn Hellegaard asked how long do these jobs last.

Ms. Allred-Meyers said the company has to show the wherewithal to support these positions. The program is 2 years.

Pam Walzer moved the authorization of the application

Upon a voice vote, the motion carried unanimously.

- C. Authorize the Mayor to submit an application in the amount of \$187,500 to the Montana Department of Commerce Big Sky Economic Development Trust Fund on behalf of Advanced Technology Group, LLC (ATG) for its Missoula Solution Center for the purpose of supporting business expansion in the City of Missoula. ([memo](#))—Regular Agenda (Cindy Wulfekuhle) (Referred to committee: 01/24/11) **REMOVE FROM AGENDA**

MOTION: The committee recommends the City Council authorize the Mayor to submit an application in the amount of \$187,000 to the Montana Department of Commerce Big Sky Trust Fund on behalf of Advanced Technology Group, LLC (ATG) for its Missoula Solution Center for the purpose of supporting business expansion in the City of Missoula.

Jennifer Walker, ATG, said ATG is a consulting firm specializing in “Quote to Cash” process technology. This application would create 25 living wages jobs over the next two years. They will be hiring graduates directly from the University of Montana and training them to be consultants.

Bob Jaffe asked for an explanation of “Quote to Cash”

Ms. Walker said its all business processes from sales leads, to when the cash from the sale is collected. Quotes on a service, having the service provided, billing for the service and managing trouble tickets; basically every business function.

Jason Wiener asked who hires ATG and what do your people do for them.

Ms. Walker said ATG works with Fortune 500 companies; they are hired to optimize business services.

Ms. Allred-Meyers commented that they have no in-state customers; it’s all out-of-state money coming into Missoula.

Pam Walzer said she supported the idea of bringing in money from the outside and working with college graduates from Missoula. She asked if they would be seeking graduates from certain areas of the University like the Business School or the School of Technology.

Ms. Walker said not any one category over the other.

Ms. Walzer moved the application.

Mr. Wiener asked how ATG selected Missoula.

Ms. Walker said our Vice President is from Missoula, he really loves it here and wanted to work from here.

Ed Childers said it sounds great and asked where the wage amount comes from

Ms. Walker said the wages are based on the County’s living wage.

Mr. Barton explained that the City has a living wage ordinance that is tied to the four wage classes.

Upon a voice vote, the motion passed unanimously.

Regular Agenda

- A. [Resolution](#) of the City Council awarding Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME) funds to certain organizations and directing staff to negotiate contracts and agreements with said organizations. ([Memo](#)) ([A&F](#)) (Returned from Council floor: 01/24/11) **HELD IN COMMITTEE FOR DISCUSSION 2/2/20110**

Ms. Rye explained that this item was sent back from Council floor over some concerns on behalf of some of the Council members. We heard concerns expressed from MUD and then the Poverello about their applications being rejected.

Mr. Wiener said in the Resolution there is no mention of the awards to either the Poverello or MUD or the \$200,000 under allocation. Was it OPG's intention to come back in June to amend the Resolution and offer the authority to disperse the funds?

Mr. Barton said whatever Council would like the OPG staff to do to firm up these applications can be done. One thing we know is that CDBG money can be spent in a timely fashion which was an issue with both of these applicants and our intent is to reevaluate after they secure more resources.

Mr. Wiener stated that his preference would be for Council to adopt a resolution that is as concrete on what the awards will be contingent upon.

Ms. Rye asked if the MUD contingent award is tied to Poverello contingent award.

Mr. Barton said not directly. We are in a situation here, we have a technical problem when large awards are made in CDBG and not spend in a timely fashion. We are on notice by HUD that we cannot let the ratio of unspent funding rise above a certain level. Both of their construction projects don't even have a start dates. We would like to be able to do that and make awards with this years money to projects that will go forward this year, and for the projects that don't have resources to bear, we will consider them at a later time. If you want that stated in the resolution we can do that. We are much more sensitive to making an award that may not be drawn down in the year. He said the original plan was to make the awards and have the Mayor come in as these projects are formalized and present you with a proposed contract. It would propose an award.

Ms. Harte said she would suggest letting this resolution stand and issue one to amend.

Mr. Strohmaier asked Mr. Barton if he could speak specifically to the \$20,000 CDBG request of the Poverello; what the deficiencies were, what would need to be changed in that application to strengthen it.

Mr. Wiener said if they could finish discussing the public facility money before discussing the public service money. Are we ok with the Resolution stating nothing about the contingent awards waiting for a different resolution down the road? We have \$200,000 and \$450,000 in requests that are unfunded among public facilities. For the benefit of the applicants and the Council, we should clearly understand what the criteria is to allocate the \$200,000.

Ms. Rye would like a separate resolution.

Mr. Wiener said his preference would be to rank the projects and award the contingent funds and spell out the contingencies.

Mr. Barton said at this point we would not recommend either project for funding because CDBG has long been seen as the piece that gets someone over the hump instead the first step in the door. These agencies are engaged in fund raising efforts in addition to the CDBG request and as those efforts are successful we think a fundable application will emerge. It may be this year, it may be next.

Ms. Harte said both of these applications had deficiencies that caused them to be rejected. One of the applications had a budget that was not balanced. There was a million dollar gap and we want to see where that million dollars is coming from. There is a criteria checklist being developed. Both applications need to do some serious fund raising or have promises of funding that is not there now.

Mr. Wilkins said he will follow the recommendations of OPG staff.

Lauren Caldwell, Board President of MUD, said we haven't spoken to the board or committee on this and we thought we would come and talk to you about the project and answer any questions. This year marks their 30th year in the community. As part of MUD's mission, MUD initiated the Missoula Tool Library in 1997. It is the only tool lending library in the State and one of only 20-30

in the nation. In 2007 it started the Truck Share; the sole car share program in Montana. The Missoula Tool Library has served over 500 members with over 980 tools. The Missoula Truck Share Fleet has doubled to meet demand. Both programs have outgrown their residential location. We believe these programs would benefit the community better with increased visibility. In October of 2010, the MUD Redevelopment Committee launched the Missoula Tool Library and Truck Share Relocation and Expansion Project and that was what the CBDG funds were applied for. Their primary goal is to purchase bare land in a central and visible location to build the new facility.

She said MUD could and would spend the CBDG money immediately, we know where they want to buy land and the owners want to sell to us. MUD is currently committing \$30,000 toward the launch of the Capital Campaign. We have released a RFP for a Capital Campaign Consultant to start in February. We are ok with the contingency and the idea that OPG would like to see more funding sources in place before June in order to release the funds. We are grateful for the opportunity to prove ourselves. What we would like is a more firm idea of what the contingency means. We know that by June 1, 2011 it's unlikely that we will secure all the rest of the funding for the entire project which includes the first year of staffing and all the buildings. We do know that we are launching this campaign and expect to have other funding. We understand the requests exceed the \$200,000 available and if MUD and the Poverello both meet our funding goals by June 1st what happens in terms of the \$200,000.

Eran Fowler, Director of Operations at the Poverello, said our application this year is for the relocation of our current facility. The current building is failing. We do need to relocate to safe and accessible building relatively soon. We did submit an incomplete budget with our application because we are still actively seeking funding for the project. We have secured approximately \$800,000 in grants through federal appropriations and Department of Veterans Affairs. We have equity in the current location which we own, and those 2 things combined total to about \$1.5 million dollars. We are aggressively looking for land to purchase for relocation. If the money was granted to us now we would be eager to use it to buy land. We are also grateful and eager for the opportunity to work on the contingency plan as well. We have the same question as Ms. Caldwell; if both agencies meet the expectations outlined how the split of funds will occur.

Ms. Rye is interested in seeing more info on what does the contingency mean.

Mr. Barton wanted to reiterate that OPG would not recommend either applicants for an award, but we are committed to working with them to bring these projects forward. He doesn't know the details of how we will manage if they both come forward at the same time or one before the other. To be blunt, in both cases we don't feel comfortable recommending to you that you acquire land for organizations that don't have the demonstrated capacity to raise capital. We want to work very closely with these organizations before we come to you and say ok get into this project. What we are trying to do is to be overly transparent and say we have applicants that didn't make the cut, but we can bring them around later and we can effectively spend this money in their projects.

Ms. Rye said she thinks MUD that might be ready to go before the Poverello. So if Mud is ready by June 1 and the Poverello isn't, how does that work?

Mr. Barton said then at that point you could consider giving MUD its request. He said he suspects the Poverello will have to be in a position by the deadline if they are going forward with the building project at all. Some of the money they have secured is time sensitive. One of the issues is a considerable reduction in the budget for the proposed facility and the identification of the needed funding that will have to be in place to maintain funding from the Veterans Administration and from an appropriation.

Ms. Rye said Mr. Barton stated the CDBG money is to get them over the hump. She doubts a capital campaign will be raised \$1 million dollars by June 2011.

Mr. Barton said he understand that OPG will be tracking how they are raising money and if we get to the place where we are comfortable we will come back to Council and make the recommendation.

Ms. Harte said the two main criteria we look at are funding and timeline. Have they secured their funding sources and do they have proof of commitment and what is the construction schedule? In MUDS case, they have a fairly short construction schedule, so theoretically they could get their resources in place but that may not be true for the Poverello as their project is larger and more complex.

Ms. Walzer she said she understands why it would not be a good idea for a government agency to purchase bare land and not have the financial resources to construct a building upon it. The citizens would find that to be a big problem. She said she hopes we can figure out a way to get both projects underway soon.

Mr. Barton said he should mention HUD will not allow land banking in the HOME program and it is strongly discouraged it in CDBG.

CI. Held in committee

1. An ordinance amending the municipal code as it relates to bike licensing. ([A&F](#)) (Returned from council floor: 12/15/08)
2. Implications of establishing maintenance districts. ([memo](#)) – Regular Agenda (Bob Jaffe) (Referred to committee: 05/11/09)
3. 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)
4. Review the FY 2011-15 capital improvement projects (CIP). ([memo](#)) – Regular Agenda (Brentt Ramharter) (Referred to committee: 04/19/2010)
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)
5. Discuss the disposition of surplus city property. ([memo](#))—Regular Agenda (John Newman) (Referred to committee: 10/25/10)
6. 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)
7. Discuss outstanding third-party contracts. ([memo](#))—Regular Agenda (Lyn Hellegaard) (Referred to committee: 11/08/10)
8. 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)
9. 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)

CII. Adjournment

The meeting was adjourned at 2:30 pm

Respectfully submitted,

Dee Andersen

Administrative Secretary
Finance Department