

CITY OF HELENA
REGULAR CITY COMMISSION MEETING
BUDGET WORK SESSION
May 16, 2020 – 9:00 A.M.
Zoom Online Meeting <https://zoom.us/j/4129664351>

Time & Place A regular City Commission meeting, Special Revenue budget work session was held on Saturday, May 16, 2020 at 9:00 a.m., via Zoom Online Meeting <https://zoom.us/j/4129664351>.

Members Present Mayor Wilmot Collins took roll call. Commissioner Haladay, Interim Finance Director Chris Couey, Interim City Clerk Dannai Clayborn, Mayor Wilmot Collins, Interim City Manager Melinda Reed, and Commissioner Dean were present, and Commissioner Logan and Commissioner O’Loughlin were present via Zoom.

Pledge of Allegiance Mayor Collins asked those persons present to please stand and join him in the pledge of allegiance.

Minutes There were no minutes submitted for approval.

Report of the City Manager REPORT OF THE CITY MANAGER
Interim City Manager Reed stated that she would be turning this meeting over to Budget Analyst Chris Couey.

Presentation A. BUDGET PRESENTATION – SPECIAL REVENUE

Staff Report Budget Analyst Chris Couey introduced today’s Budget Work Session which will cover Special Revenue Funds as well as the items that didn’t fit into the Enterprise Funds discussion. Today’s conversation will include the City-County Building, the Law and Justice Center, and mail and telephone for the buildings.
Starting with the Fire Safety Levy fund number 250, Mr. Couey noted that Fire Chief Ken Wood will take part in this discussion. Going through the budget summary and looking at revenues for the next year, there’s a large purchase coming up next year which is the ladder truck. The original adopted budget was at \$500,000 and now it’s going to the maximum levy of \$900,000. That offsets the amount the City will need to borrow to cover the cost of the truck, which will cost \$1.4 million.
Moving to expenditures, there’s an increase in transfers out, because of the Fort Harrison fire contract. There’s been discussion about how and where the money for that contract should go. Some felt the majority of that money should stay with the fire department while others asked if it was only supposed to be used for fire service. Most recently the former CFO Mr. Oberg felt the money should go to the general fund and that was the last direction the Finance department had, this has been set up similarly to the Safer Grant, which goes into the 260 fund and then the personnel portion gets transferred to the general fund from there. Currently the Fort Harrison fire contract is being set up to do the same thing. There will need to be further discussion on how the funds will be distributed.
Looking at debt service and capital outlays, this is for the fire truck and the debt incurred by taking out a loan to cover that. Cash balances don’t show any major concerns. This fund is designed to be used to the max. It has a bit of an operating reserve to cover any personnel costs that get transferred in, since there aren’t any built in.
Fire Chief Wood commented that part of the request to increase the mill levy is due to the Safer grant, which started at 75% for July-September; after the first three months the grant drops to 35%. Over

three years the grant eventually runs out so the fire department takes on more cost. That and the ladder truck are the biggest increase there. He provided additional background information about the Fort Harrison money and associated costs. The initial intent of the contract was to use that partly for the fire truck and also work with the City Manager's office to establish an inspector position to help cover building inspections and related services at Fort Harrison. There's also a need for more fire inspections within the city.

Mayor Collins asked if the Fort Harrison funding isn't funding personnel costs, then is there any excess there in the levy that can overlap at all. Mr. Couey said if the fire safety levy fund was allowed to keep the entire \$300,000 of the Fort Harrison contract, that could offset it. The relationship between the levy fund and the general fund as it relates to the fire department is the Fire Department will only receive any capital from the 260 fund, not from the 440 fund. The money from the Fort Harrison contract might offset the levy enough it wouldn't have to be raised to the max to cover it only if all the contract money remained in the fund without being transferred to the general fund.

Commissioner Dean asked in that contract would cover any of the additional expenses that would be incurred for calling people in to work overtime. Chief Wood and Mr. Couey confirmed that it would. The raise in the current fire safety levy to \$900,000 would basically cover the current and future projected expenses with increases in union contract pay and the Safer grant running out.

Chief Wood commented that what happens with the Fort Harrison money depends on whether the City opts to go forward with the new inspector position and this is something he'll need to work with the permanent City Manager on.

Mr. Couey explained that the levy itself is partly to pay for personnel costs that are transferred, but mostly to secure capital for the Fire Department. Increasing the levy to the max, per the vote, would be to offset a down payment on the ladder truck – of a \$1.4 million truck, the loan is set at \$1 million with a debt service of \$200,000. It's better in the long term to offset the debt service as much as possible. Raising the levy to the max is a short term plan to offset the capital outlay for the firetruck not something that will stay in place long term. It would be re-evaluated in FY22. Chief Wood provided some further background information about what he's looking at budget-wise for the Fire Department over the next five years.

Commissioner Haladay asked about the transfer of funds out of the Fort Harrison contract into the general fund; he's assuming that's accounted for in the general fund as it stands in the adopted preliminary budget to date. Do the expenditures over revenues in the preliminary budget reflect the increase of \$317,000? Mr. Couey confirmed that was correct. There's a direct correlated loss moving money back and forth.

Commissioner Haladay asked if the Safer grant's going to dial down and at this point there are no plans to reduce the Fire Department's personnel force – at some point will the City have to fully rely on this level to fully offset the fixed personnel costs along with any future negotiations. Mr. Couey confirmed at some point the levy will have to be maxed out eventually even if it's not done right now. Regarding inspections at the fort, Commissioner Haladay commented he wasn't sure if the contract allows the City to mandate what the Fort does given the additional dealing with the federal government.

Chief Wood explained that Fort Harrison is part of the State, so the City can go in and inspect state buildings and tell them what needs to be changed. Commissioner Haladay asked if an inspector was set up if

that would be the City trying to make the fort do more inspections or if that position's role would be more working within the City. Chief Wood said the inspector would spend the vast majority of their time in the city. Commissioner Haladay inquired if the City Attorney has confirmed if there's anything specific in the Fort Harrison contract that is more than policy on the City's part. Chief Wood indicated he'd had a brief conversation with City Attorney Jodoin and had the impression that the money can be put in the general fund to be used as needed as long as the City meets their commitment to Fort Harrison, which doesn't necessarily require the full \$317,000.

Commissioner Haladay commented that it would be helpful when looking at the numbers for next year, to track anything possible to determine what the Fire Department will need ahead of the next discussion. Chief Wood confirmed he'll be doing that in order to start working with the new City Manager about the department's needs.

Commissioner Logan commented about the levy and stated he's comfortable going to the max there, since the public overwhelmingly voted for this levy. At the time the understanding was it was about a \$300,000/\$600,000 split although none of the language in the ballot initiative or the resolution specifies what the money should be spent on. The initiative enabled the fire department to get a more regular infusion of capital which tends to have more big-ticket items in this particular fund. As far as the history of the Fort Harrison contract, the fire department might be the third or fourth provider for Fort Harrison, after the V.A. to rural fire and now to the City. Because of the instability this isn't necessarily guaranteed money. The fire department still has funding issues so it would have been nice if this money wasn't put into the general fund. Another point of discussion for the near future is the need for a third station to effectively deploy the current firefighters. There's also the inspection/fire prevention bureau; in the early 1990s there used to be two inspectors, a deputy fire marshal and the fire marshal so the staffing in the bureau is insufficient to meet the demand of city inspections much less than the fort as well. Another consideration relative to fire prevention is the idea of someone within the department to deal with wildfire issues. Other western communities have a specific position dedicated to that alone. Commissioner Logan expressed disappointment that the \$317,000 didn't stay specifically with the fire department to be used for a few years to assist with needs there.

Commissioner Haladay said that ultimately the place where the \$317,000 goes ultimately is up to the Commission. This isn't yet set in stone and not necessarily a future conversation. If the Commission wants to take this full amount from the general fund and put it back into the fire safety levy fund, now's the time to have that conversation for FY21. If someone wants to make that proposal, then now's the time to make it. He had asked Mr. Couey about the \$317,000 going into the general fund, which Commissioner Logan and Commissioner O'Loughlin commented on, there are consequences to the general fund. There are other decisions to be made regarding the general fund that have been proposed but haven't been considered yet. Now's the time to start the conversation about the fire safety levy fund and whether to move the general fund numbers further into the red. His question is if the Commission wants to have that discussion today.

Commissioner O'Loughlin asked Mr. Couey about moving the mills up and what the additional number of mills that would be levied. Mr. Couey said he hasn't done that calculation yet but ultimately the number of mills is arbitrary at the point of moving up this dollar amount. The way the law and resolution works is based on the dollar amount from year to

year and the maximum allowable dollar amount based on the prior year, not necessarily the mills. He can do the calculation about how many mills it would be but in the end it's all about the dollar amount.

Commissioner O'Loughlin commented the amount of mills isn't irrelevant for property tax payers in the community, so that's something to be aware of. She agreed that when the voters approved this on the ballot, the Commission knew that this would ultimately need to be levied for the full number of mills at some point in the future. Her impression similar to Commissioner Logan's comment was that the majority of the mills were to go to the personnel costs not to capital, so she expressed concern over raising this to the max for capital expenditures even if they're warranted. Personnel costs would have to be shifted to this fund, so it's important to project out for the next 2-3 years since the Safer grant will go down, and the question is what that will do to this fund.

Commissioner O'Loughlin said she had two questions about this particular expenditure. First of all a question to Chief Wood is are there other big capital expenditures that are anticipated in the next couple of years? Secondly to Mr. Couey, if the Commission could consider utilizing more debt, and then using the levy to pay off that debt over time so that the mills aren't raised to the max this year but sometime in the future.

Chief Wood said if this levy was raised to the max now, that allows the department to take care of a lot of capital needs before the money is needed to cover wages and personnel costs. If this is postponed, then most of the money will go towards personnel and capital funds will be cut into. He doesn't expect another \$1.4 million capital expenditure like the ladder truck in the future, except for potentially a training facility which Commissioner Logan mentioned regarding a third station. The department is at the point where that needs to be considered – if they lose the training facility at the airport, then they'll have to decide if it makes financial sense to do the third station and a training facility together. As far as other upcoming capital expenses in the next couple of years, the department has three defibrillators that are aging and need to be replaced, at \$36,000 each. There's an apparatus replacement schedule projecting when vehicles will need to be replaced and the anticipated costs for paying cash for each expenditure, for vehicles, facilities and equipment needs. If the Department wants to be prepared to replace these items when they need to be replaced, the full \$900,000 will be needed. If not, what will happen is replacements will be put off and then you end up with unreliable equipment. Money will end up being spent where it's needed to keep the basic operations of the department running safely both for firefighters and the general public.

Commissioner O'Loughlin asked about the contract with Fort Harrison and inquired if there are other contracts for fire services. Chief Wood answered there's just one for the West Side Fire Service District. Besides there are just mutual aid agreements, not any other contracts. Commissioner O'Loughlin inquired about other areas where the department has mutual aid agreements and asked for confirmation that the City doesn't receive revenue there. Chief Wood stated that's correct, it's not a matter of revenue just mutual agreements to help each other out, which over time has helped the department.

Commissioner O'Loughlin asked about the West Side Fire Service District and where those funds go – do they go into the general fund? Mr. Couey confirmed yes those go into the general fund. Commissioner O'Loughlin commented that this account was set up for the levy, so she appreciates the desire to keep as much of the funds as possible for fire expenditures, but it seems odd that Fort Harrison funds are even going into this fund. Mr. Couey commented that's because the

West Side contract pre-dates the levy and the last direction the Finance department got was that this money should go to the general fund; however that was from the previous finance director and without any input from a permanent City manager. As of right now this money is funneled through the levy fund but not staying there; it's being transferred to the general fund. This was a way to track the funds in order to keep this conversation open and get input from the Commission.

Commissioner O'Loughlin asked Mr. Couey if it's possible to issue additional cost to cover the capital expenditure costs rather than raise the levy this year. Mr. Couey said technically yes; the debt amount could be raised from \$1 million to \$1.5 million, but the debt service shown scheduled for next year is half a year's worth of payments. The debt service on the \$1 million loan is \$200,000; taking the loan to \$1.5 million would result in \$300,000 debt service payments per year. To offset that by raising the levy to cover the debt service, that already brings it up to about \$800,000.

Interim City Manager Reed commented that this is an issue that should be revisited in a separate conversation so that this budget work session can get through the other funds today. Her proposal is that this be put on either the next work session on either May 20 or May 26 or on the agenda for the next administrative meeting on May 27. Mayor Collins suggested this discussion be moved to the next work session.

Commissioner O'Loughlin asked Ms. Reed if it's possible to project out 1-2 years for this fund, including what is the Safer grant for FY22 and what are the potential capital expenditures coming up. Another thing to consider is the Commission knew this additional \$300,000 was added to the voter levy to provide these funds for capital expenditures it would lift some pressure from the 440 fund, but there wasn't necessarily an agreement that the fire department wouldn't access funds from the 440 fund if needed.

Chief Wood asked that if the Mayor or Commission have specific questions those should be communicated to the Interim City Manager and he'll get those from there and respond. He will produce a document outlining upcoming needs for the next meeting.

Commissioner Logan agreed with Ms. Reed's suggestion to move this conversation to the next work session.

Mr. Couey introduced the next fund for discussion, Community Development Block Grant/HOME Grant, fund number 226. Community Development Director Sharon Haugen joined the work session via Zoom. As an overview, there's one remaining drawdown for this year on the Guardian Apartments from the HOME Grant. Looking at next year, the newer program is the CDBG Grant for the Center for Mental Health. There's also funds for the Main Street Program going forward. Expenditures match up with what's being brought in for those programs with a minimal administrative reserve.

Director Haugen commented that the Center for Mental Health building is an eight-unit building that will be built across from the Center for Mental Health and it's designed for homeless men or youth dealing with mental health issues. Construction should start this summer. The \$15,000 in the Main Street Program is the grant that the Department received for the Cruse Ave. Revisioning Project.

Commissioner Haladay asked about the Dept. of Commerce releasing new CDBG grants and about the possibility of more federal funding coming along. He asked if the Department has looked at or had any conversations about any of these in the long-term, also including COVID-19-related issues. Ms. Haugen said yes, the Department has looked into that. What the Dept. of Commerce initially released was

regular housing and public facility grants. There is still a certain amount available for COVID and the department is working on guidelines. A major project that seems to be coming forward in the community is the need for a women's shelter, so the Department will be working with community groups to see what that would look like and if it would fit best with public facilities or with COVID funds. There will be somewhat fewer restrictions on the COVID funds. Planner Ellie Ray has been meeting with the BOA on department's staff and rehab people and the Dept. of Commerce administrator that manages the BOA program.

Commissioner Haladay asked if there was any indication about when the timeframe for applications is going to open since there will be a significant amount of competition coming in, and what is the City doing as far as a project that could be put out there as soon as possible in order to be a competitive entity for funds. Ms. Haugen said in answer to the first question, she's heard from Jennifer Olsen, the division administrator, that they're not working on guidelines for COVID currently since they're partly responsible for reviewing all the applications for the early money release. An issue with the women's shelter is longer-term: there isn't an entity to manage the project. The design would be the first part, and construction would be further out. Other uses of these funds that seem to be the most valuable are to rehab existing facilities in case they have to be used again as emergency shelters.

Commissioner Haladay commented that maybe a discussion could be set up once those guidelines open up, to recognize the timeline and decide as quickly as possible how to spend the funds, in order to not be caught with a short window of time or unprepared to submit an application. Ms. Haugen agreed that this is the goal and is the reason the department is communicating with the different entities involved. It's been a moving target as the COVID situation has progressed and the Dept. of Commerce's identification of eligible projects has been changing as money becomes available. The goal is to submit as good a project as possible in anticipation of the Dept. of Commerce's guidelines. Commissioner Haladay asked if there was a limited number of projects and Ms. Haugen answered the City can do one housing project and one public project but there aren't yet guidelines for the Block Grant COVID Cares funding. Commissioner Haladay recommended that given the amount of actual community needs if there are any questions as to direction or conversation that needs to be had, that needs to be brought to the Commission to determine policy since there are many opinions among different groups about what constitutes a good application project.

Commissioner Dean expressed support for the direction Ms. Haugen has proposed since this is a need that continues to need filling. The COAD expressed being on the same page as far as what they want when COVID crisis is over.

Ms. Haugen commented that in the near future something could be set up either at an admin meeting or a special meeting, when a better description of different eligible needs might be available, to try to bring in different ideas and make sure different members of the community are invited like a needs assessment hearing that's done each spring with the county. Commissioner Haladay expressed agreement with that idea and asked if it's possible to push it out past the budget season depending on when applications are expected to open. Ms. Haugen stated that sounds like a reasonable timeline given conversations with the Dept. of Commerce.

Commissioner O'Loughlin commented that the funds under the CARES Act, CDBG can be expended up until September 30, 2022,

unlike the Coronavirus Relief Fund that has to be expended by the end of this calendar year. Dept. of Commerce does have more time with those funds so they're holding off on providing guidance at this point.

Mr. Couey moved the discussion on to the next fund, Public Arts Projects, fund number 233 (Helena Public Art Committee). Susan Steffens, HPAC Chair, was present via Zoom. Peggy Benkelman, HPAC Coordinator, was present via Zoom. Looking at the overview, the transfer in for \$12,000 is the City's contribution and the \$30,000 is the Boundy sculpture private donation. The expenses correlate to those revenues, and the reserve is still pretty healthy.

Ms. Steffens asked about the \$30,000 and if that's including taking out the traffic signal boxes. Mr. Couey explained that is a dedicated amount towards the Boundy sculpture. The \$9200 amount is for the traffic signal boxes.

Ms. Benkelman stated that under account 3099, Contracted Services, HPAC did spend \$5000 towards the Equity Fountain this year, which is not noted in the budget. Mr. Couey stated that should be included with the \$7,000 shown under FY2020 Projected.

Mayor Collins asked as a point of order if people could identify themselves before commenting.

Ms. Benkelman commented she was talking with Mr. Couey and Ms. Steffens about Other Contracted Services and wanted to note that several years ago the City donated \$5,000 along with HPAC towards the Equity Fountain and that was done about three months ago. Mr. Couey clarified that this is in reference to the \$7,000 under FY2020 Projected.

Commissioner O'Loughlin asked about this fund having an ending balance for FY20 of \$31,000 and that amount having grown. Some of that is the private donation but is that \$30,000 going to be fully expended? Mr. Couey confirmed that was correct. Commissioner O'Loughlin noted that one area of concern, since the ghost sign project hasn't come up yet, is that traditionally HPAC has prioritized its expenditures and spent its budget. Looking at the ending cash balance, they could prioritize the ghost signs project and use part of those funds along with private donations to do that project. Mr. Couey confirmed that was correct and explained the private donations in the past haven't been substantial. Most of the HPAC funding is from the City's contribution, so that buildup in the fund balance consists mostly of City contributions, so HPAC could opt to have the ghost signs project come out of this fund. There is additional funds in here that if the City is going to keep giving \$12,000-15,000 per year for HPAC to use, unless it's being saved for a long-term goal or big project. Commissioner O'Loughlin commented that hasn't traditionally been the case but ultimately if the Commission wants to provide additional funding to HPAC it should be through this fund not through the City Manager's budget to avoid further confusion on where funds are to be expended like there's been with this turnover.

Commissioner O'Loughlin said her inclination was to reduce the City Manager amount and have HPAC use their balance if they choose to.

Commissioner Dean expressed agreement with Commissioner O'Loughlin and that this would reduce the likelihood of this kind of confusion in the future, and having multiple people using one pot of money.

Commissioner Haladay commented that when the Commission started giving money to HPAC under Commissioner Noonan a few years ago, the goal was to contribute towards what everyone liked to say about making Helena "The Best Small Arts Town in America." That's a wonderful expenditure campaign but not quite in execution. This also breathed new life into HPAC and got people interested in and talking

about long-term projects. It's accurate to say that it's ok to provide funds to HPAC and for them to sit on those reserves for a period of time as long as there's a clearly articulated reason for doing that, such as building up to specific big project. It's important to make sure that all HPAC projects that they're either asking for funds or prioritizing funds for are in this specific fund so it can be clearly seen how the money's being spent and what it's being saved for. It should not be floating between Commission priorities and City Manager priorities which confuses things.

Commissioner Haladay asked for more details on some of these projects that he's not familiar with. One question for Ms. Steffens – in a letter the other day there was an indication that RFPs are put out; he doesn't recall the arrangement but is it correct that the HPAC's structure is technically under and answers to the Commission or the City Clerk's office? He's asking for a larger-scale conversation about whether or not RFPs necessarily go out or if for projects that call for RFPs if there needs to be a conversation about them and who's making those decisions, and ultimately when an RFP is accepted, who makes the final decision on it. Historically it's been the smaller advisory boards making decisions where it's unclear what the chain of authority is, that end up causing headaches later on, i.e. Beattie Street project. The Commission approved Beattie Street based on the recommendation by Helena Open Lands Management Advisory Committee (HOLMAC), a one-line item in an open lands document. It also happened with the Directional Trail project. Both of these projects became large-scale discussion pieces. Here there's a similar situation where these projects are identified by one-line budget items. If there's potential for needing to clear up confusion later on or answer questions from the public about why a project was funded, there needs to be a better conversation upfront about it or just wait until problems arise later. Commissioner Haladay commented he doesn't necessarily have a problem with these projects but the Commission needs to put additional thought into what the actual approval process for these projects is that keeps the HPAC moving forward with its recommendations, providing the HPAC with funds, prioritizing projects according to subject matter experts while ultimately keeping in mind it's the Commission that has to stand by these projects not members of the advisory board. Commissioner Haladay asked Ms. Steffens for an explanation of the \$4,000 for Demonstration Helena and the \$9,211 for FY21 Unknown Projects.

Ms. Steffens explained of the \$4,000, half of that is being used for Brynn Holt's work on the sculpture in the park by the Library that needed maintenance. For the FY21 Unknown Projects, these are seven traffic signal boxes which was worked on in conjunction with MDT and approved by the Commission some time ago. There were 75 different submissions but further decisions can't be made until the State's moved into the next phase of COVID re-opening. As far as the Ghost Signs projects, if there's any funds left at the end of the year, this project will be a priority to add to the City's contribution.

Commissioner Haladay asked Ms. Steffens and Ms. Benkelman if HPAC coordinates RFPs when they go out with the City Attorney's office. Ms. Steffens confirms that they do go through that process. Commissioner Haladay asked if HPAC coordinates RFPs or any documents being tendered with the City Attorney's office or through City Manager's office before they're sent out, signed, etc. Ms. Benkelman answered HPAC is not allowed to let RFPs go out to the public; rather it has to go through the Manager's office. With the traffic signal boxes, they went through David Knoepke, who approved it before it was turned over, and sometimes City Attorney Jodoin looks it over also. With the Boundy

sculpture, HPAC went through Parks, Recreation and Open Lands Director Kristi Ponozzo for approval.

Interim City Manager noted for the record the budget session is one hour into the allotted three hours. She indicated she will be checking regularly on what conversations need to be moved to a different session since there are still a number of funds to go through.

Commissioner Logan asked Commissioner Haladay about having a further discussion and his thoughts on if that would be done at an admin meeting. Commissioner Haladay commented he was looking at recommendations out of either/or the City Clerk's office or the City Manager's office or coordinating a discussion between them about streamlining these processes and ensuring everyone's on the same page. There's been some confusion about recommendations and action by advisory boards as far as how it all works out regarding who can do what. He expressed a preference for them to work it out at their own pace and come back to the Commission with explicit recommendations.

Mr. Couey moved the discussion on to the next fund, the Energy Loan Program, fund number 238. After that, he explained the next fund to be discussed will be Facilities and CCB, fund numbers 212-214, and 570-573 that weren't discussed at the last work session.

Going through the overview of the Loan Repayment fund, number 238, which is where the Energy Loan Program is. There have been some requests from Mr. Judge and a couple Commissioners in the range of \$100,000 to be able to fund this for the next year. Based on the performance of the General Fund, this has been set at \$50,000 for a starting point. This fund works similarly to the Water and Wastewater Service Line Programs where there aren't any expenditures; it's more of an offset of cash use. This shows the \$50,000 coming in from a transfer, no expenditures, and under the rest of the cash flow it transfers out again as a use of cash. Without any additional money beyond this \$50,000 from the General Fund, this fund has a balance of \$17,000 currently so potentially this could be increased to \$65,000 over the course of the year depending on the number of applicants.

Commissioner Dean asked for an explanation of how this process works and what happens. Mr. Couey explained about the mechanics of this loan program; an application comes in, and if the City decides to grant the loan to the resident it's a 0% interest loan with a 10-year term and a maximum of \$12,000/loan. It's then repaid annually on the resident's tax bill. Regarding the actual steps of going through the loan application process, Mr. Couey commented he's not very familiar with that aspect.

Mayor Collins asked how many applications are received on average and Mr. Couey said there haven't been many received lately. Looking at the history of the use of cash, it looks like in 2016 there were 10-12 applications received; maybe another 6-8 applications in 2017 and only one application in 2018. No applications have been received since then.

Commissioner Haladay commented about the structure of this fund being originally funded by \$200,000 of the Charter settlement when taxes were being protested, it became a revolving fund for \$12,000 loans and then every year there's a payback on a 1/10 basis since every applicant is getting a 10-year 0% interest loan. He asked if that \$17,000 is a reflection of the last round's tax payment revolving back into the fund and Mr. Couey confirmed that was correct. Commissioner Haladay commented there were a host of applications initially because there was \$200,000 available; since then, the amount has been reduced because residents have very narrow windows of time to get their applications in

before the next cycle. In the long run, the more money put into the fund, the more money cycles out. In terms of the application process, his understanding is that as long as the banks will accept the super priority of a City lien, then the process is fairly simple; according to Solar MT Community Development and Building have gotten very good at permitting these solar arrays because it's part of this type of program that's getting them done in less than 5-7 days. Theoretically a resident could have funds in hand in less than two weeks. There have only been a couple of national banks that have been problematic with accepting these priorities; local banks have been pretty good considering the smaller size of the system and likelihood that they would be made whole if a property owner defaults.

Commissioner Dean asked about the consistent issue with people accessing these solar rates because for people who are middle- or lower-income don't think this is accessible or obtainable for them. First of all, how does the City prioritize people who otherwise wouldn't have any options; secondly, although it might not be this year is this an area that could be expanded. Commissioner Dean commented she'd like to see the numbers on how soon this system pays for itself, where the money comes back in.

Commissioner Haladay replied that they've seen the demand is outpacing funding opportunities. The way this is structured is there's no equity check – someone's debt/equity ratio could be 100% but they could still qualify for one of these. There's no underwriting because of the safety of the super priority of the City so all of these pieces together are seen as soft safeguards to allow unrestricted access to any individuals across the income spectrum, in a way that if someone was trying to access these dollars through a commercial bank or credit union, where they'd check on income or debt/equity ratio someone might get disqualified from the program. Commissioner Haladay said he doesn't disagree with looking at some sort of segregation of specific funds and that policy discussion should be held at a later date. For budgeting purposes they should talk about going forward even with proposed changes to the structure which can be changed any time but funding needs to be decided within the next month.

Mr. Couey said that things like the energy plan, conservation, sustainability, etc. are being prioritized at this point but he can work with everyone else involved with this program to make sure information is out there about the application process. Commissioner Dean agreed most people don't realize what a good deal this is. Commissioner O'Loughlin stated as far as the budget she's fine with leaving the \$50,000 right now as long as it's understood that's a transfer out of the general fund, which hasn't been discussed yet. A policy discussion about building up this fund in the future can be discussed later.

Mr. Couey moved the discussion on to the next fund, Community Facilities/Facilities Management, fund number 212; Bridget Johnston and Scott Burke are present. He presented an overview of expenditures including Personnel Services; Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined Revenues Over (Under) Expenditures, Cash Balances for FY21 Adopted, Amended and Projected, and Operating Reserves.

Ms. Johnston explained about the differences that are shown in charges related to financial projects, and also about the changes in personnel costs related to the Civic Center and Law & Justice Center.

No comments or questions were received from the Commission.

Mr. Couey moved the discussion to the next fund, Facilities Management – HVCC (Visitor's Center), fund number 213. He

presented an overview of expenditures including Personnel Services; Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined Revenues Over (Under) Expenditures, Cash Balances for FY21 Adopted, Amended and Projected, and Operating Reserves.

Commissioner Haladay asked about some line items under Expenditures, Internal Transactions and Maintenance and Operating and asked for a clarification on the difference between Maintenance and Operating line item and the Building M&O Charge under Internal Charges, and Mr. Couey provided an explanation on that point. Mr. Burke and Ms. Johnston agreed with Mr. Couey's explanation.

Mr. Couey moved the discussion to the next fund, the Neighborhood Center fund number 213. He presented an overview of expenditures including Personnel Services; Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined Revenues Over (Under) Expenditures, Cash Balances for FY21 Adopted, Amended and Projected, and Operating Reserves. No comments or questions were received from the Commission.

Mr. Couey moved the discussion to the next fund, the City-County Building Fund, fund number 570. He presented an overview of expenditures including Personnel Services; Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined Revenues Over (Under) Expenditures, Cash Balances for FY21 Adopted, Amended and Projected, and Operating Reserves.

Commissioner O'Loughlin asked about the \$600,000 in debt that was taken on and if the County was also taking on a matching amount, and if that means the debt service is paid 50/50. Mr. Couey said no and explained how this fund was set up and owned by the City, how that impacts a loan taken out specifically on this fund rather than by the City or the County, and how the costs are recovered through rent. Mr. Burke explained that the debt service is in proportion to the percentage of the building being used by the City. Commissioner Haladay and Mr. Couey commented on Commissioner O'Loughlin's inquiry as to whether this is a landlord or a tenant issue.

Mr. Couey moved the discussion to the next fund, the City-County Building Mail, fund number 571. He presented an overview of expenditures including Personnel Services; Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined Revenues Over (Under) Expenditures, Cash Balances for FY21 Adopted, Amended and Projected, and Operating Reserves. No comments or questions were received from the Commission.

Mr. Couey moved the discussion to the next fund, the City-County Building Telephone, fund number 572. He presented an overview of expenditures including Personnel Services; Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined Revenues Over (Under) Expenditures, Cash Balances for FY21 Adopted, Amended and Projected, and Operating Reserves. No comments or questions were received from the Commission.

Mr. Couey moved the discussion to the next fund, the City-County Law & Justice Building, fund number 573. He presented an overview of expenditures including Personnel Services; Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined Revenues Over (Under) Expenditures, Cash Balances for FY21 Adopted, Amended and Projected, and Operating Reserves.

Interim City Manager Reed brought up a point of clarification about a loan for expenditures for this entire building that are not related to the Municipal Court and Mr. Couey confirmed this was correct. Mr.

Couey also pointed out some specific tenant/landlord-related line items per Commissioner Haladay's earlier question.

Commissioner O'Loughlin asked some follow-up questions to Interim Manager Reed's earlier comment about the \$500,000 loan for long-term debt and whether those costs are reflected in the budget. Mr. Couey provided clarification that there is still ongoing discussion about the cost of the building; as far as the budget funds have been budgeted as a transfer in from the general fund for this fiscal year. He also clarified that the amount transferred from the general fund is a particular issue for discussion today since this amount of \$150,000 had originally been requested in December 2019 under former City Manager Cortez.

Mayor Collins expressed agreement with Commissioner O'Loughlin in questioning that amount being transferred from the general fund. Commissioner Haladay asked follow-up questions about the \$500,000 InterCap loan and inquired of Troy Sampson about additional details about certain landlord/tenant expenditures and how much more funding will need to be brought in from the general fund. Mr. Couey explained in more depth about what these specific loans are for relative to the building and municipal court remodel, as well as a breakdown of other costs. Commissioner Haladay commented on the numbers and breakdowns that were initially provided by Mosaic compared to the numbers that are being looked at today, and the current floorplan which is an increase in size of 25% which may or may not be necessary. It's unclear at this point what plan the City is moving forward with.

Interim City Manager Reed acknowledged Commissioner Haladay's comments and concerns but stated this discussion which is needed can't be addressed efficiently at today's work session. She recommended this conversation be moved to a reserve date since this is a larger conversation than there is time for today.

Commissioner Haladay expressed further concerns about approving the current plan as it is now but potentially having to appropriate a large amount of funds or in the future having to do a budget amendment, if the numbers are off, since this project has to get done by end of October or end of November. The critical thing is for the Commission to have an understanding of what's being funded by these loans and where funds are being moved from the general fund; or more debt might need to be taken on to pay for this; or total space usage and buildout might need to be reconsidered. Commissioner Dean commented about the timeline for the project and asked about court's plan after they've been kicked out of the current location in November.

Interim City Manager Reed reminded everyone of the need to be efficient with the remainder of the time left – there is one hour to go in this Zoom session.

Mr. Couey moved the discussion to the next fund, Police Projects and Reimbursement, fund number 215. Chief Hagen and Farah Lane were present. He presented an overview of expenditures including Personnel Services; Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined Revenues Over (Under) Expenditures, Cash Balances for FY21 Adopted, Amended and Projected, and Operating Reserves.

Chief Hagen explained that this fund is where the money goes from charges for extra police services at sporting and special events. They keep the hourly rate billed for these services in order to have adequate reserves.

Commissioner Dean asked about the number of events that have been cancelled and unknown factors going forward and if that's reflected in the projected budget. Mr. Couey explained how this this

particular fund operates and how the budget ends up reflecting expenditures and revenues. Chief Hagen elaborated that the only thing they've used this fund for since the onset of COVID-19 is contracting out to East Helena where they're short on officers.

Mr. Couey moved the discussion to the next fund, Law Enforcement Block Grant, fund number 217. He presented an overview of expenditures including Personnel Services; Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined Revenues Over (Under) Expenditures, Cash Balances for FY21 Adopted, Amended and Projected, and Operating Reserves.

Chief Hagen added that this grant is a Department of Justice Edward J. Burns Memorial Grant which the City applies for both for the Helena PD and Lewis & Clark County Sheriff's Department. Of the dollar amount awarded the HPD gets most of the funding while the Sheriff's Department gets about 1/3. No questions or comments were received from the Commission.

Mr. Couey moved the discussion to the next fund, 911 Emergency Program, fund number 218. He presented an overview of expenditures including Personnel Services; Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined Revenues Over (Under) Expenditures, Cash Balances for FY21 Adopted, Amended and Projected, and Operating Reserves.

Chief Hagen explained that this fund is based on phone taxes so it's a small amount that has gone down over the years. It's mostly used to pay for contracted services and equipment at the 911 center. There's a line item of \$470,000 which is a grant for a new phone system. The reserve is for future equipment.

Commissioner O'Loughlin asked about the increase in the cash ending balance and Chief Hagen explained that through FY2020 there was a larger transfer into the 219 fund, the SSD fund to cover dispatch and records salaries. For this year, the increase relates to the \$470,000 grant. Mr. Couey provided further comments on this point.

Commissioner Logan asked Chief Hagen about the State taking over the radio system and if a description of that could be provided as well as what impact that will have on this particular fund. Chief Hagen provided background information and explained how it relates to the fund.

Mr. Couey moved the discussion to the next fund, Support Services Division, fund number 219. He presented an overview of expenditures including Personnel Services; Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined Revenues Over (Under) Expenditures, Cash Balances for FY21 Adopted, Amended and Projected, and Operating Reserves.

Chief Hagen commented on the increase in savings in personnel expenses for the past year, since the dispatch center was running on minimal staffing.

Commissioner O'Loughlin asked Chief Hagen for an update on additional funding that was available in the CARES Act through the Byrne Jag Act and if the City will receive any of those funds. Chief Hagen said the City did recently receive the grant award and he will bring it to the June 8 Commission meeting for acceptance. Commissioner O'Loughlin inquired which fund that grant would go into; Ms. Lane explained it would go to 217 and Commissioner O'Loughlin asked if that should be reflected in the budget. Mr. Couey said that can be updated since this only was awarded this week. Chief Hagen said this will apply to this fiscal year and they have two years to spend this money.

Mr. Couey moved the discussion to the next fund, Watershed Projects, fund number 246. Parks, Recreation and Open Lands Director Kristi Ponzoso was present. He presented an overview of expenditures including Personnel Services; Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined Revenues Over (Under) Expenditures, Cash Balances for FY21 Adopted, Amended and Projected, and Operating Reserves.

Director Ponzoso provided background information about this particular fund and commented on the particulars of changes seen in the budget. No comments or questions were received from the Commission.

Mr. Couey moved the discussion to the next fund, Open Space District Maintenance, fund number 235. He presented an overview of expenditures including Personnel Services; Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined Revenues Over (Under) Expenditures, Cash Balances for FY21 Adopted, Amended and Projected, and Operating Reserves.

Director Ponzoso provided comments on this open space assessment and explained some of this related to the Beattie St. trailhead project and managing that.

Commissioner Haladay asked for comments from Director Ponzoso on the historic use of these funds for fuel mitigation and if these funds have been used to leverage any grants for fuel mitigation in the South Hills area around Helena. Director Ponzoso provided background information regarding that point.

Commissioner O'Loughlin asked about line 3099 Other Contracted Services and what the \$600,000 from FY20 was for. Mr. Couey explained that related to the Beattie St. trailhead project. Commissioner O'Loughlin asked follow-up questions related to the projected budget for FY21 for that line item and what the difference there is about. Director Ponzoso provided more details and background information.

Commissioner Haladay expressed appreciation for the value of this fund for all of Helena and anyone who owns property here, as compared to other municipalities. He has received positive feedback from property-owners who are in favor of increasing this particular fund. Especially in light of the COVID-19 crisis and citizens' need to get outdoors, this fund provides an invaluable resource thanks to the foresight of previous City Commissions.

Mr. Couey moved the discussion to the next fund, Urban Forestry, fund number 237. He presented an overview of expenditures including Personnel Services; Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined Revenues Over (Under) Expenditures, Cash Balances for FY21 Adopted, Amended and Projected, and Operating Reserves.

Director Ponzoso provided additional details about the increase in this assessment in order to have additional staff and equipment.

Commissioner Haladay expressed appreciation for the value of this particular fund for Helena overall, especially regarding boulevard trees and how they positively impact local property values.

Mr. Couey moved the discussion to the next fund, Storm Water Utility, fund number 245. Phil Hauck was present. Mr. Couey presented an overview of expenditures including Personnel Services; Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined Revenues Over (Under) Expenditures, Cash Balances for FY21 Adopted, Amended and Projected, and Operating Reserves.

Mr. Hauk provided brief commentary on the budget overall and the direction it's going.

Commissioner Dean asked about the transmission distribution main and how expenditures would look in a normal year. Mr. Hauk explained these fluctuate depending on the amount of cash that's been accumulated for different projects.

Mr. Couey moved the discussion to the next fund, Gas Tax, fund number 240. Transportation Systems Director David Knoepke was present. Mr. Couey presented an overview of expenditures including Personnel Services; Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined Revenues Over (Under) Expenditures, Cash Balances for FY21 Adopted, Amended and Projected, and Operating Reserves.

Commissioner Logan asked for details on the \$575,000 of Commission-approved priorities and how could those funds be spent. Mr. Couey explained at some point an explanation has to be provided about how the funds will be used before they're received. Director Knoepke provided additional clarification about the prioritization and indicated that is currently Rodney Street.

Commissioner O'Loughlin asked if in the budget that could be described as Rodney Street for reasons of clarity so people understand what that line item is. Mayor Collins agreed and said that could be done.

Mayor Collins asked for any public comments. Interim City Manager Reed asked if one more fund could be discussed even if the meeting runs 10 minutes over. After taking this one last fund, public comment will be received.

Mr. Couey moved the discussion to the next fund, New Gas Tax, fund number 241. Mr. Couey explained how this particular fund works with allocations per fiscal year; this fund has to identify specifically what money will be used for and this will be for Rodney Street Phase 2.

Director Knoepke indicated a resolution will come before the Commission shortly regarding the allocation of these funds.

Mr. Couey moved the discussion to the next fund, Streets & Traffic, fund number 201. Mr. Couey presented an overview of expenditures including Personnel Services; Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined Revenues Over (Under) Expenditures, Cash Balances for FY21 Adopted, Amended and Projected, and Operating Reserves.

Commissioner Dean asked about street maintenance and the increase in salaries, and Director Knoepke answered those are step increases and reclassifications for this year. Commissioner Dean asked about ADA compliance and what that line item includes; Director Knoepke explained that's mill and overlay projects.

Commissioner Haladay asked for an explanation of the FY21 projects Benton Turn Lanes and 8th Street, and Director Knoepke provided more details and background information on both projects.

Commissioner O'Loughlin asked about the Knight Street project, about some of the numbers in this fund and if this project is not moving forward in FY21. Director Knoepke indicated at this point there's no money allocated for Knight Street but that discussion could be held again about bring it back as a capital project. Commissioner O'Loughlin asked for clarification on the funding allocated to Rodney Street Phase 2 and if what's needed for this project is the three funds combined. Director Knoepke answered that's an estimate at this point since the final design isn't done but the expectation is the cost for this project will be high. Commissioner O'Loughlin asked about the Lawrence St./Warren sidewalks and if any public outreach has been initiated for this yet similar

to what was done for Knight St. City Engineer Ryan Leland answered yes there have been meetings with property owners in the area for input and the response has been positive. Commissioner O'Loughlin asked about the study of the five-point intersection and asked for an update on status. Mr. Leland indicated that money was already allocated and is in fund 240 but the project is on hold due to COVID.

Interim City Clerk Clayborn indicated one public comment was received. Nancy Perry, 908 East Broadway, addressed two questions to the Commission 1) what is the 27th Payday fund and 2) the facilities management fund 212 and what facilities it covers.

Adjournment

There being no further business to come before the City Commission, the meeting adjourned at 12:06.

MAYOR

ATTEST:

CLERK OF THE CITY COMMISSION