

**CITY OF HELENA
CITY COMMISSION MEETING
BUDGET WORK SESSION
May 26, 2020 – 3:00 P.M.**

Zoom Online Meeting <https://zoom.us/j/4129664351>

Time & Place

A City Commission meeting, Special Revenue budget work session was held on Tuesday, May 26, 2020 at 3:00 p.m., in the City-County Building Room 326 and via Zoom Online Meeting <https://zoom.us/j/4129664351>.

Members Present

Mayor Collins, Commissioner Dean, Commissioner Logan were present in the room, Commissioner O'Loughlin, Commissioner Haladay were present via Zoom

Report of the City Manager

REPORT OF THE CITY MANAGER

Mayor Collins turned the meeting over to Interim City Manager Reed, who stated that she would be turning this meeting over to Budget Analyst Chris Couey. There are three hours for this meeting and public comment will be taken towards the end.

Presentation

- A. BUDGET PRESENTATION – Debt Service/Capital Outlay/
Internal Service

Staff Report

Mr. Couey presented the first fund for discussion at today's work session, the TIF fund for the Railroad District, fund number 406. Community Development Director Sharon Haugen was present. Mr. Couey presented an overview of revenues and expenditures including Personnel Services; Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined Cash Balances for FY21 Adopted, Amended and Projected, and Operating Reserves.

Director Haugen commented about some inquiries from Helena residents and the State that have been received about applications for different projects throughout the city.

Commissioner Dean asked for an explanation of why this TIF District is so much higher compared to the other District, and Director Haugen indicated she's unclear where this particular figure came from. Commissioner Dean asked about a specific application process for the TIF Districts and how people are informed about it. Director Haugen explained how it's set up and provided further details about the program and projects.

Mr. Couey moved the discussion to the next fund, the TIF fund for the Downtown District, fund number 407. Community Development Director Sharon Haugen was present. Mr. Couey presented an overview of revenues and expenditures including Personnel Services; Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined Cash Balances for FY21 Adopted, Amended and Projected, and Operating Reserves.

Director Haugen commented on the differences in the percentages and issues with allocations in this fund as a result of an error in the County's calculations after the tax bills came in, which had gone out correctly. The County is working on getting the City the correct numbers. She further commented about a shorter version of the work plan which will be considered at the first Commission meeting in June, along with a request from the City for hand sanitizers and related equipment.

Commissioner Haladay asked about the hand sanitizer funds and if this budget could be set up in such a way that it's more nimble as far as consensus directions, similar to what's set up in the City

Manager's budget, and so the process for things like this can move faster. Director Haugen replied that the work plan will be helpful for things like this and they may be looking at broadening that work plan in order to be more flexible. Interim City Manager Reed provided further comments about hand sanitizer and reimbursement from FEMA. Director Haugen commented on some additional projects that are coming up.

Commissioner O'Loughlin commented about the possibility of establishing a redevelopment agency since by the end of this year there will be three TIF projects requiring staff time and fund administration; this should be flagged as the Commission moves forward with possible action items as far as resources moving into the next fiscal year.

Commissioner Haladay asked if something needs to be budgeted for the establishment of a redevelopment agency as a separate entity and how that's reflected within the budget. Director Haugen noted she doesn't have the answer for how these agencies began in other Montana municipalities and is considering how that works budget-wise.

Mr. Couey moved the discussion to the Capital Improvements Fund, fund number 440. Police Chief Steve Hagen was present. Mr. Couey presented an overview of revenues and expenditures including Personnel Services; Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined Cash Balances for FY21 Adopted, Amended and Projected, and Operating Reserves.

Commissioner Haladay asked for an explanation of what the 440 fund is, generally speaking, and what happens to money that goes into it. Mr. Couey explained the nature of this particular fund and its use for capital projects by departments that benefit from the general fund, which is where this fund's revenues originate, and also commented about happens to the money once it's in the 440 fund. Commissioner Haladay noted his recommendation on what should be done for budgeting purposes for this fiscal year.

Commissioner O'Loughlin asked about historic transfers from the General Fund into the 440 fund and differences in the amounts transferred, and if it is this a specific policy decision by the Commission. Commissioner Haladay and provided background information on historical practices with regards to this fund. Commissioner O'Loughlin asked Mr. Couey about any standard procedures for transferring funds here given two possible decisions about revenues. Mr. Couey explained there's a section of City Code that addresses the Capital Improvements fund and how much from the general levy can be moved there but City Attorney Jodoin can provide clarification about that language, but the amount budgeted and transferred has tended to be \$400,000-\$500,000.

Commissioner Haladay asked about debt service and if that's being used to pay for things but not reflected in the 440 fund, rather is that being reflected elsewhere in individual budgets, or if no debt service is being used on any capital outlay. Mr. Couey explained how debt service works regarding this particular fund but didn't have an answer offhand about this specific question. Commissioner Haladay commented further regarding expenditures and capital outlays versus revenues, and using debt service for specific larger projects that can't be paid directly up front in cash; Mr. Couey expressed agreement strategy-wise and commented on the future of the fund. Interim City Manager Reed noted there's a section in the City Code that addresses Commission policies in this area.

Commissioner Logan asked where the proposed number of \$400,000-\$500,000 for the transfer came from and Mr. Couey said that's from the general fund, number 100, and showed on the presentation how

this transfer affects the numbers there. Commissioner Haladay asked further about potential of the 440 fund being depleted or in the negative.

Commissioner Dean asked why no transfers into this fund were budgeted for FY20; Mr. Couey said he didn't know the reason for that and Commissioner O'Loughlin explained the background information on that. Commissioner Dean asked about the FY20 capital outlay being larger than the past two fiscal years and what projects were undertaken that resulted in that increase. Mr. Couey and Commissioner Haladay provided background information on that.

Commissioner O'Loughlin commented about revenue and expenditures and how bigger fire capital expenditures were transferred with the levy in past fiscal years. She expressed appreciation for having a bigger conversation about policy decisions in this area and what savings might look like and noted the State legislature did that with the State's budget. She asked Mr. Couey if other municipalities might be able to provide information on how they handle their transfers/savings at end of fiscal year, and Mr. Couey indicated he could reach out to other cities in the state.

Commissioner Dean asked what would constitute a healthy ending fund balance and Mr. Couey explained with this particular fund, money is ultimately coming from the general fund. The goal is to keep at least a balance of the average annual expenditures, to keep this particular fund at a healthy level. Mr. Couey commented further on transfers and the ending cash balance for next year relative to how much money is spent out of this fund.

Commissioner Haladay asked if the Commission wanted for the purposes of basically putting money into a savings account for capital purposes, pick a number and amend the budget for the transfer and noted his recommendation was \$450,000 or \$500,000. The concern is making sure this is what the Commission wants to do right now, or if the preference is to leave it as is with no contribution this year.

Commissioner Dean asked if last year's minutes reflect anywhere the decision to not make the transfer. Commissioner Haladay commented regarding balancing the budget last year and the use of different funds, and about moving around and removing different things. In order to reach the City Manager's goal of a zero dollar transfer for the year, this was part of what was eliminated for the year. If this particular fund isn't funded in this way, it will be funded by the general fund eventually. His suggestion is that the Commission do the capital outlay transfer this year.

Commissioner O'Loughlin expressed support for transferring \$500,000 from the general fund into the 440 fund for FY21 and commented that last year was simply a one-time hold on doing that transfer.

Commissioner Logan expressed a concern about not yet being done with the general fund and Mr. Couey noted a few other items still needed to be added there and those will be discussed at the next work session. Commissioner Logan had questions about the fire department levy and the Fort Harrison contract and clarification and commentary about discussion in those areas was provided; he added this is the reason for his hesitation here.

Commissioner Dean noted understanding the need for this transfer but would like to see how other policy decisions work out in areas like the Fort Harrison contract, and how those affect the general fund overall; the Commission could then make decisions accordingly.

Mr. Couey explained how the general fund would be impacted if the \$380,000 for the Fort Harrison contract was removed. Commissioner

O'Loughlin asked follow-up questions about the funds being used for the Fire Department in the fire levy fund and in the general fund. Mr. Couey explained how the conversation began under former City Manager Cortez and provided further clarification on the different funds for the Fire Department. Currently all this money is going into the general fund unless the Commission decides otherwise. Commissioner O'Loughlin commented on the amount of funds the Fire Department receives beyond that \$380,000 contract and how that doesn't prevent prioritizing the 440 fund and general fund needs.

Interim City Manager Reed and Mayor Collins commented. Commissioner Haladay commented on the decision made last year to back off this particular fund amid criticism of moving that money and not putting it into the 440 fund last year and how decisions would need to be made by future City Commissions if the decision is made to hold off on it again this year since it will have to be paid out of the general fund eventually. Commissioner Logan clarified he's not saying the transfer shouldn't be done but there's discussion about the general fund that hasn't been completed yet; Commissioner Haladay further commented about accounting decisions that need to be made by the Commission. Commissioner Logan asked if that decision could be made after further general fund conversations are held later this week. Mayor Collins asked for input from Commissioner Dean and she noted it's still unclear why this wasn't planned for FY21; she indicated a full understanding of the whole picture is necessary before large financial decisions are made as to the transfer. Mr. Couey asked if it would be helpful to go through a list of items on the agenda in FY21 for purchase and re-visit the contribution after that. Commissioner Haladay added it doesn't really matter as to the dollar amount right now and what's going to be bought this year since it will be something for a future Commission to deal with.

Interim City Manager Reed recommended that this be added to a list to revisit again at some point before the final budget session, given there is 1 hour 15 minutes left in today's work session. The Commission was asked for any further questions or comments on the police fund. Commissioner O'Loughlin asked if Chief Hagen could provide an overview what HPD needs this year and why it's important, since if the Commission opts to not transfer into this fund, expenditures may need to be reduced. Chief Hagen explained and provided an overview and background information as requested; Mayor Collins asked a follow-up question regarding vehicle replacement.

Mr. Couey moved the discussion to the Parks and Recreation section of fund number 440. Director Kristi Ponozzo was present and provided additional commentary and background information on projects and expenditures, along with Transportation Systems Director David Knoepke. Commissioner Dean asked for information about some of the projects. Commissioner O'Loughlin asked Director Ponozzo about FY20's budget and some specific line items there and if the 440 fund was used for certain projects or if it was private funding; Director Ponozzo provided further comments about grant funding and Mr. Couey added comments about the lack of detail shown for FY20 for this particular fund. Commissioner Haladay inquired about the Custer Ave. trail re-pavement project and Director Ponozzo provided an update. Parks Superintendent Craig Marr joined the meeting via Zoom and added comments about this project and funding for other line items. Commissioner Dean asked some follow-up questions about the Benton Ave. project and the timing of all of these things and Director Knoepke explained the timing would be coordinated for late summer/early fall 2020.

Mr. Couey moved the discussion to the Law and Justice Center contribution of \$100,000 of fund number 440. Community Facilities Superintendent Troy Sampson was present and Judge Anne Peterson was present via Zoom. Mr. Couey explained the history of this particular area of this fund originating under former City Manager Cortez since at that time there were a lot of unknowns related to the court remodel and operational costs. The County hasn't said if they'll make any contribution.

Commissioner Haladay commented about tenant/landlord costs and improvements and debt and this specific \$100,000 contribution and if it could be pulled back given how this building is being shared with the County. Commissioner Dean asked about the specific dollar amounts and where they came from; it was explained this comes from the general fund and how things are and aren't earmarked for tenant costs and projects, for the court and for the City specifically. Commissioner Haladay commented if this \$100,000 was to be used specifically for City costs it should be pulled back and earmarked specifically for capital projects as an increase to this budget rather than just handing over this money for general costs. Mayor Collins noted his thoughts on going ahead with the transfer and Interim City Manager Reed also commented. Mr. Sampson commented on the need of the Law & Justice building for repairs, and the budget for that.

Commissioner Logan asked about the \$100,000 transfer and if the County has any expectations for those funds. Mr. Couey explained at this time the County is just in on a rent basis and concurred with Commissioner Haladay that if \$90,000 is going to be allocated just to the court, it should be a straight transfer from the general fund rather than going into the 440 fund. Commissioner Haladay further elaborated on his earlier comments as to the 50/50 partnership with the County and clarified his concerns as to how much these expenditures ultimately cost Helena residents. Commissioner Dean asked about any conversation that'd happened yet with the County and Mr. Couey said there hadn't been any but could follow up with the County about their thoughts on any additional contribution on their end. Mayor Collins and Commissioner Haladay further discussed for additional clarification regarding the \$90,000 and \$100,000. Commissioner Dean noted her priority is that the Court is completed; she asked about next year without any contributions from the City or the County in the event of a facility emergency. Mayor Collins explained that'd be a landlord issue and both City and County would have to work together to fix it. Mr. Sampson explained as far as timeline he'd have to get a best guess from the contractor. Commissioner Dean said this should be a conversation between the City and County for this next fiscal year for any worst case/best case scenarios if nothing is done. Mr. Couey noted in a worst case situation like needing to replace the whole roof if it's a bad winter, the Law & Justice Center fund would need to increase its loan or add a second one to get it fixed, and the City/County would need to deal with an increase in rent the next fiscal year to absorb that debt. Commissioner Haladay commented about possibly setting aside some money from the general fund as a contingency for the roof.

Commissioner O'Loughlin asked Mr. Couey and Interim City Manager Reed if the Law & Justice Center will be discussed at Thursday's general work session. Mr. Couey replied it is on the agenda at this point, and Commissioner O'Loughlin noted she'll save questions and comments about it until then; she wants to see landlord/tenant costs broken out and to see what the County is contributing, and then financing can be discussed. Mayor Collins expressed agreement with Commissioner Haladay about re-allocating the transfer specifically for

the Municipal Court instead of the Law & Justice Center generally. Discussion followed regarding any contingency fund being set up and if it should be transferred from the 440 fund or the general fund, or if the \$90,000 or \$100,000 should be specifically re-named for the Court rather than Law & Justice Center.

Mr. Couey moved the discussion to the Energy/Sustainability Project section of fund number 440. Sustainability Coordinator Patrick Judge attended via phone. Mr. Couey provided background information about this particular project and its history since the resolution was passed in February; it hasn't been finalized yet what these funds are for specifically so the question is if the Commission is ok with this number coming out of the general fund capital.

Commissioner Haladay asked Mr. Judge for his thoughts on these funds and what they'd be used for. Mr. Judge provided further comments on the background and history of these funds and explained how he's been working with various people to determine the best location and design for this 50 kilowatt energy project.

Commissioner Dean expressed excitement about this project and is looking forward to future updates and Mayor Collins agreed. Commissioner O'Loughlin added one concern that this isn't a necessary capital expenditure, depending on how the discussion goes on whether to transfer money from the general fund into this fund; if no transfer will happen, the decision will need to be made on if this project is a needed expense.

Mr. Couey moved the discussion to the last item of this fund, the Finance section of fund number 440. He provided comments and background information on the technology upgrade and implementation of accounting software systems. Interim City Manager Reed asked if it was AS400 that's no longer serviced and Mr. Couey confirmed that particular program is no longer supported by Central Square; problems are now fixed in-house by IT. Commissioner Haladay commented this is a good expenditure given the headaches the outdated system has caused. Commissioner Dean asked for elaboration on how this will let the Finance Department and the City to better serve Helena residents and Mr. Couey provided commentary and explanation.

Mr. Couey moved the discussion to the next fund, Parks Improvement, fund number 441. Parks, Recreation and Open Lands Director Ponozzo was present. Mr. Couey presented an overview of revenues and expenditures including Personnel Services; Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined 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, Lighting Districts, fund number 29. City Controller Liz Hirst was present by phone. Mr. Couey presented an overview of revenues and expenditures including Personnel Services; Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined Cash Balances for FY21 Adopted, Amended and Projected, and Operating Reserves.

Commissioner O'Loughlin asked about any policy reason for the high fund balance and Ms. Hirst provided an explanation and comments regarding all the light districts having to have their own cash balances. Mr. Couey and Commissioner Haladay provided further comments and context for this roll-up fund and Northwestern Energy. Commissioner Dean asked if the balance would decrease after LED lights are installed.

Mr. Couey moved the discussion to the next fund, the 2017 General Operations Bond, fund number 308. Mr. Couey presented an overview of revenues and expenditures including Personnel Services; Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined Cash Balances for FY21 Adopted, Amended and Projected, and Operating Reserves. This is just a debt service where money goes to payments on those bonds. No questions or comments were received from the Commission.

Mr. Couey moved the discussion to the next fund, the 2009 General Operations Refunding Bonds, fund number 310. This fund is now obsolete but it was left in the budget presentation for the history it shows. Eventually it will pay itself out. The next fund is number 340, the SID Revolving fund. Mr. Couey presented an overview of revenues and expenditures including Personnel Services; Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined Cash Balances for FY21 Adopted, Amended and Projected, and Operating Reserves. Ms. Hirst provided more background information. No questions or comments were received from the Commission.

Mr. Couey moved the discussion to the Copier Revolving fund, number 643. Mr. Couey presented an overview of revenues and expenditures including Personnel Services; Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined 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 Property & Liability Insurance fund, number 653. Mr. Couey presented an overview of revenues and expenditures including Personnel Services; Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined 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 Health & Safety Program fund, number 650. Mr. Couey presented an overview of revenues and expenditures including Personnel Services; Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined 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 Dental Program fund, number 651. Mr. Couey presented an overview of revenues and expenditures including Personnel Services; Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined 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 Vision Program fund, number 652. Mr. Couey presented an overview of revenues and expenditures including Personnel Services; Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined Cash Balances for FY21 Adopted, Amended and Projected, and Operating Reserves. No comments or questions were received from the Commission.

Mr. Couey introduced one of last two funds for discussion, Sidewalk Improvements/Construction, fund number 450, which Director Knoepke was present for as well as Ms. Hirst. Mr. Couey presented an overview of revenues and expenditures including Personnel Services;

Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined Cash Balances for FY21 Adopted, Amended and Projected, and Operating Reserves. It's not clear if the long-term debt should be included here. Director Knoepke commented on that and provided more background information and history of this fund and about participation with the fund.

Commissioner Dean asked how decisions are made as to whether a sidewalk would be a City project or one that a city resident would undertake and then apply for a loan. Director Knoepke explained about the history of the sidewalk loan reimbursement program and the details about the program and how it works. Commissioner Dean asked about the numbers of participants in this program and if there's any fluctuation there, and how the program is marketed to people who may not know about it. Director Knoepke commented on those points.

Commissioner Haladay commented about big projects that are done for the public good that face resistance from local property owners who don't want to pay for them. Businesses are encouraged to pay for their own.

Mr. Couey introduced the final fund for discussion, Fleet Services, fund number 610. Mr. Couey presented an overview of revenues and expenditures including Personnel Services; Maintenance & Operating costs such as internal service charges; and Debt and Capital. He outlined Cash Balances for FY21 Adopted, Amended and Projected, and Operating Reserves. No comments or questions were received from the Commission.

Mayor Collins opened the floor for public comments. Interim City Clerk Clayborn noted no comments had been received.

Adjournment

There being no further business to come before the City Commission, the meeting adjourned at 6:03 p.m.

/S/ WILMOT COLLINS

MAYOR

ATTEST:

/S/ DANNAI CLAYBORN

CLERK OF THE CITY COMMISSION