

**CITY OF HELENA
REGULAR CITY COMMISSION MEETING
JULY 22, 2002
6:00 P.M.**

Time & Place A regular City Commission meeting was held on Monday, July 22, 2002, at 6:00 p.m., in the Commission Chambers, 316 N. Park Avenue, Helena, Montana.

Members Present Mayor Smith indicated for the record that Commissioners Netschert, Oitzinger, Parriman and Pouliot were present. City Manager Tim Burton, City Attorney David Nielsen and Deputy City Clerk Barb Fairhurst were present.

Pledge of Allegiance Mayor Smith lead those persons present in the pledge of allegiance.

Minutes The approval of the minutes of the regular city commission meeting of July 8, 2002 will be on the August 12, 2002 City Commission agenda.

Consent Agenda CONSENT AGENDA

- A. Claims
- B. Request for utility bill insert - United Way of Lewis & Clark County
- C. Engineering Contract for Storm Water updates, Project # 02-18
- D. Water and Wastewater Boundary Extension - Independent Record Publication Center, intersection of Cedar and Washington.
- E. Consider 2nd passage of Ordinance 2940 amending City of Helena Ordinance 2359 and amending the official zoning map thereof in reference to that property described as Lot 30 in Block 31 of the original Helena town site in Helena, Montana
- F. Consider 2nd passage of Ordinance 2941 rezoning a 17.29 acre parcel shown as Tract S on COS #589909/B (The Swaney Minor Subdivision) prior to annexation into the City of Helena, Montana.
- G. Consider 2nd passage of Ordinance 2942 rezoning Lot 1A and Lots 2-7 and 13-15 in Block 190 of the Bradford Addition prior to annexation into the City of Helena, Montana.
- H. Consider 2nd passage of Ordinance 2943 rezoning Lots 17-19 in Block 180 of the Syndicate Addition and Lots 18-32 in Block 180 of the Brooke Addition prior to annexation into the City of Helena, Montana.
- I. Consider 2nd passage of Ordinance 2944 rezoning a 5.364 acre parcel in the NW 1/4 of Section 4, Township 9 North, Range 3 West, P.M.M., prior to annexation into the City of Helena, Montana.
- J. Consider 2nd passage of Ordinance 2945 rezoning a 3.711 acre parcel shown as Tract A on COS #493013 (St. Andrew School) prior to annexation into the City of Helena, Montana

City Manager Tim Burton recommended approval of the claims and the consent agenda, items A – J.

Motion Commissioner Parriman moved approval of the consent agenda, items A - J. Commissioner Pouliot seconded the motion. All voted aye, motion carried.

Bid Award Bid Award
A. Chip and seal 2002

Staff Report City Engineer Chuck Hanson reported this is the annual chip & seal

program bid award generally done in July or August and it is a chip and seal of six miles of city streets. The budget amount is \$160,000.00 and staff is recommending award of the base bid in Alternate #1 and Alternate #3 to Big Sky Asphalt Incorporated of Bozeman. Staff received two bids on this project and Big Sky was lower by \$.20 cents per square yard. Staff recommends award of this project to Big Sky Asphalt Inc., in the amount of \$157,637.48. A portion of this contract also includes some of the county work in their RID's. The city has partnered with the county for a couple of years to get this done. The county's portion of this project was approved by the Board of County Commissioners last week. The county will pay the contractor directly for their cost. Staff recommends the award to Big Sky Asphalt Incorporated.

Discussion

Mayor Smith asked if the recommended action is still the proper motion? Mr. Hanson stated yes, recommending award of Schedule A, Alternates 1 & 3 and Schedule B to Big Sky Asphalt of Bozeman. This includes the city work, a couple bid alternates and the county work. That would all be under one contract. Alternate # 3 is also a pass-through for the city to be paid by a local developer to chip seal streets that were paved last summer. The total contract for award is the amount of \$247,519.45 of which the city portion is only \$157,637.48. The rest is a pass-through.

Commissioner Parriman stated he will abstain from voting as he is associated with Alternate # 3.

Motion

Commissioner Netschert moved to award the Chip and Seal Project, City Project No. 02-16, to the lowest responsible bidder, Big Sky Asphalt Inc., in the amount of \$247,519.45. Commissioner Pouliot seconded the motion. Motion carried 4-1 with Commissioner Parriman abstaining.

Communications

COMMUNICATIONS/PROPOSALS FROM COMMISSIONERS

Commissioner Netschert stated several months ago he had brought up the issue of leashes on pets within the city limits and the parks. Since that time, a letter has been received from a citizen noting the problems of pets without leashes. Commissioner Netschert would like staff to look into this issue to alleviate the problem of pets running at large. Mayor Smith stated the letter referred to is from Pam Sourbeer. This item could be put on an agenda for an administrative meeting and the animal control officer could attend to explain the leash law and the enforcement policy. Commissioner Netschert agreed.

Mayor Smith stated Ms. Sourbeer has identified the people in terms of their license plate numbers. Is it necessary for her to make a formal complaint and then give the license plate numbers to the animal control officer or to the police department? Chief Troy McGee stated he received the letter today and the animal control officer will be instructed to give Ms. Sourbeer a call and instruct her on how she can sign a complaint against these people. Staff would be happy to come to an administrative meeting and explain the leash laws and what the police can and can't do in regards to animal control. Mayor Smith thanked Chief McGee for his help. Commissioner Netschert believes this problem can be addressed with simple signage.

Commissioner Pouliot attended the dedication of the Guard and Reserve Center at Fort Harrison. There was a ceremony with pass and review, inspection of the troops and an honor cavalry. Mayor Smith thanked Commissioner Pouliot for representing the city at the dedication.

Commissioner Parriman stated he attended the Elks State Summer Convention and welcomed the group, which included 250 members, to Helena. They haven't had the summer meeting in Helena since the 1960's. Also, the city has begun work on the Special Forces Memorial and it is good to see that getting started. Commissioner Parriman stated he has been contacted by persons from the Great Northern Town Center regarding their concerns about Stuart Street being a one-way street. Employees at the Ahmann Brothers Realty Office are experiencing difficulties getting to and from work and they want to know if there is still a need for the one-way street. A citizen contacted Commissioner Parriman regarding the train whistles in town. This citizen thought all of the stops in town are gated and wanted to know if the city could contact Burlington Northern and come to an agreement about the whistles. Mayor Smith thanked Commissioner Parriman for attending the Elks Convention. City Manager Burton stated staff has received a petition from people within the Great Northern Town Center to review the traffic regulations. The Engineering Department is reviewing this issue and this will be coming forth in front of the commission for discussion soon. In regard to the train whistles, all of the train crossings are not gated, but the city does have regulations that the train needs to follow in terms of what time they can come through town. Complaints have mainly been for travel and not for the whistle, but research will be done in this matter.

Commissioner Oitzinger stated she has heard from a citizen in the Great Northern area and this citizen might take exception with the petition to get rid of the one-way street. Commissioner Oitzinger has asked Public Works Director John Rundquist to come to that neighborhood with her to look at the situation. Commissioner Oitzinger thanked Mayor Smith for allowing her to attend the grand opening of the new network center at Broadwater Village. There was a table set up with a bank of laptops and there were moms and kids surfing the net.

Mayor Smith stated he went to Women's Park on Saturday evening and exchanged photographs and plaques with the Blue Angels team.

Commissioner Parriman stated he received a phone call from CASA Executive Director Katherine Scott asking for a donation from the city in the amount of \$3,000 to help finance the program. Mayor Smith had read Ms. Scott's letter and stated that Ms. Scott did receive a response from the City Commission Office dated July 17, 2002. The reply stated that no commissioner had expressed an interest in adding that \$3,000 to the budget and that Ms. Scott was welcome to attend the July 22 City Commission meeting to address the commission on that subject.

Report of the City Attorney

REPORT OF THE CITY ATTORNEY

City Attorney David Nielsen had nothing to report.

Report of the City Manager

REPORT OF THE CITY MANAGER

City Manager Tim Burton stated Alan Nicholson and the Great Northern has requested a letter of support that would be sent to the Lewis & Clark Trail Bicentennial Commission in support of the Montana Journey Interpretive Sidewalk. The project is a legacy project to be enjoyed by all Montanan's. Staff will prepare a letter of support, for the mayor's signature. Mayor Smith asked if they are asking for funding and Mr. Burton stated no.

City Manager Tim Burton asked Public Works Director John Rundquist to speak about the \$11 million dollar construction project at the Wastewater

Treatment plant. Mr. Rundquist stated the Wastewater Treatment plant project that was started in 1999 is now complete and in the final stages. There were two significant contracts associated with this project. One was to Bodell Construction and the other contract was with Morrison-Maierle Inc. for the construction management of the Wastewater Treatment plant. Staff is closing out the contract and will execute a final contract amendment to cover all of the costs that were incurred. Change orders were held to a reasonable level, approximately 3.5%. The secondary treatment is working quite well and we are well below regulatory standards for water treatment. There is also sufficient capacity in the treatment plant to allow future connections. Odor complaints have been virtually eliminated with the new process. The project did take a year and a half longer than what was expected and this was due to weather delays and contractor's activities. Because of that, the cost for Morrison-Maierle did exceed their contractual amount and staff is proposing the contract amendment to cover those costs in the amount of \$146,101.00. The engineering costs are still within the original budget. Those costs are under 15% which is typical for this kind of work. Commissioner Parriman asked if staff is still \$380,000.00 under budget for the total project and Mr. Rundquist stated yes. Mayor Smith stated engineering costs are \$1.3 million. Is it against the \$1.3 million that there is a change order for \$146,000? Mr. Rundquist stated that is correct. Mayor Smith asked if that is a small percentage of that engineering line item and Mr. Rundquist stated that is correct and is well within the projected budget for engineering. City Manager Tim Burton stated Mr. Rundquist is asking for a motion and approval for the contract amendment with Morrison-Maierle, Inc. in the amount of \$146,101. A project this large and complicated speaks volumes for the people in Public Works who have managed this project. Mayor Smith thanked everyone for their hard work.

Motion Commissioner Parriman moved to approve contact amendment #6 with Morrison-Maierle Inc. in the amount of \$146,101.00 for professional services associated with construction of Helena's Wastewater Treatment Plant upgrades and improvements. Commissioner Oitzinger seconded the motion. All voted aye, motion carried.

Discussion Mayor Smith noted that item #9, a minor subdivision/preliminary plat (Shopko Minor Subdivision) has been pulled from the agenda and tabled.

Street Maintenance CONSIDER A RESOLUTION OF INTENTION TO LEVY AN ASSESSMENT UPON ALL PROPERTY IN STREET MAINTENANCE DISTRICT #1 AND STREET MAINTENANCE DISTRICT #2 TO DEFRAY THE COST OF MAINTAINING SERVICES IN SAID SPECIAL STREET IMPROVEMENT DISTRICTS FOR FISCAL YEAR 2003.

Staff Report Administrative Director Tim Magee reported this item was carried forward from the July 8, 2002 and will set the public hearing if approved. It does not commit the commission to any action at this time. Mayor Smith asked for the date of the public hearing and Mr. Magee reported August 12.

Motion Commissioner Oitzinger moved approval of the resolution of intention to levy an assessment upon all property in Street Maintenance District # 1 and Street Maintenance District #2 to defray the cost of maintaining services in said special Street Improvement Districts for Fiscal

Year 2003. Commissioner Pouliot seconded the motion. All voted aye, motion carried. **Resolution 11784**

PUBLIC HEARING

Type B Residential Parking District

CONSIDER A RESOLUTION AMENDING RESOLUTION #9646 WHICH ESTABLISHED A TYPE B RESIDENTIAL PARKING DISTRICT; A REQUEST TO REMOVE FOUR OF THE RESIDENTIAL ONLY PARKING SPACES ON THE SOUTH SIDE OF CLARKE STREET BETWEEN THE WEST RIGHT-OF-WAY OF BENTON AVENUE TO THE WEST PROPERTY LINE OF 303 CLARKE STREET AND ON THE WEST SIDE OF BENTON AVENUE FROM SOUTH RIGHT-OF-WAY OF CLARKE STREET TO SOUTH PROPERTY LINE OF 303 CLARKE STREET.

Staff Report

City Engineer Chuck Hanson reported previously, the commission approved a conditional use permit for the property on the corner of Benton and Clarke, 303 Clarke Street. As part of that CUP approval, the commission approved a variance for parking to allow the owners to have the majority of their parking off-site, but on the street. The area is within the residential parking district that was set up to protect the residential neighborhood from parking impacts of the city/county building. In order to let people park there on a long-term basis, the commission needs to amend the residential parking district that was established by Resolution 9646. This resolution amends the district and takes that corner property, 303 Clarke Street, out of the residential parking district. Staff will work with Mr. Paul Reichert of the Parking Commission to place permanent parking spots at that location. Staff recommends approval of the resolution amending Resolution 9646 to take 303 Clarke Street out of that existing residential parking district.

Public Testimony

Mayor Smith declared the public portion of the hearing open and called for any persons wishing to address the commission.

Dave Schmidt, one of the owners of Water Rights Solutions, understood in the previous CUP, this was an issue that was not noticed and asked that the commission vote in favor of this resolution.

There being no other persons wishing to address the commission, the public portion of the hearing was closed.

Motion

Commissioner Pouliot moved approval of a resolution amending Resolution #9646 which established a Type B residential parking district; a request to remove four of the residential only parking spaces on the south side of Clarke Street between the west right-of-way of Benton Avenue to the west property line of 303 Clarke Street and on the west side of Benton Avenue from south right-of-way of Clarke Street to south property line of 303 Clarke Street. Commissioner Parriman seconded the motion. All voted aye, motion carried. **Resolution 11785**

BID

CONSIDER A RESOLUTION APPROVING THE BUSINESS IMPROVEMENT DISTRICT'S WORK PLAN AND ANNUAL BUDGET FOR FY 2003.

Staff Report

Administrative Director Tim Magee reported this is the annual requirement to approve the work plan and budget of the Business Improvement District, which was presented to the commission in previous meetings. The

action would be to hold the hearing and after the hearing, to adopt the resolution which would approve the work plan and budget.

Public Testimony

Mayor Smith declared the public portion of the hearing open and called for any persons wishing to address the commission.

Paul Reichert, Director of the Business Improvement District, is available for any questions about BID's budget.

There being no other persons wishing to address the commission, the public portion of the hearing was closed.

Discussion

Commissioner Netschert stated in going through BID's budget, he noticed there was a 10% increase in salaries. He would like to hold the BID to the same standards as the city. Compared to the BID, city staff is getting a 1.6% COLA. Commissioner Netschert recommended reducing the BID's budget by an amount of \$4,250.00. This allows for a 5% increase in their salaries as opposed to the 10% increase proposed.

Mr. Reichert asked if he should describe the salary-line item? Commissioner Netschert stated he would like Mr. Reichert to comment on a 5% salary increase as opposed to a 10% increase and why BID deserves 10% when city staff gets 1.6%. Mr. Reichert stated the line item budget and the BID budget doesn't obligate them to spend all those funds for that line item. As the budget is proposed doesn't mean that all of that will be spent on salaries. This budget is prepared in the April/May timeframe, long before there are staff evaluations where salaries are set. The BID is not on the city matrix. There is no pay schedule for any of the staff at the BID. Mr. Reichert's salary is set by the board every year. The only position at the BID that is receiving anything more than a 3% raise would be the marketing director position because it has been grossly under-funded under market rate for many years. From last year's actual salary expenses to this year, BID could do with a 5.5% increase or a budget of \$91,500.00 which would be a 5.6% increase over last year's. Actual salary costs last year were \$86,627.00, slightly more than what was budgeted. A 5.5% increase could cover their actual expenses for this year.

Motion

Commissioner Netschert moved to reduce the BID budget for Fiscal Year 2003 by \$4,250.00 to reflect a 5% increase in salaries as opposed to a 10% increase as proposed. Motion dies for lack of a second.

Motion

Commissioner Pouliot moved to reduce the salary that has been requested by 4.5% which would allow BID a 5.5% salary increase. Commissioner Parriman seconded the motion.

Discussion

Mayor Smith is persuaded by Mr. Reichert's comment that the BID personnel are not on a step and grade system. They do not routinely get COLA's. He is reluctant to move in and start overturning what a board, that the City Commission has appointed, has arrived at as a proper action.

Vote

Motion carries 3-2 with Mayor Smith and Commissioner Oitzinger voting no.

Helena Parking Commission

CONSIDER A RESOLUTION APPROVING THE PROPOSED BUDGET OF THE HELENA PARKING COMMISSION FOR FY 2003.

Staff Report

Administrative Director Tim Magee reported the Helena Parking Commission, the Support Services Division and the 911 Fund all involve separate boards that are advisory to the City Commission on these budgets. These three budgets were all in the proposed budget submitted to the commission on June 3. They have been presented at separate budget work sessions and the actions on each of these items would be for the commission to adopt or amend the individual budgets. Each would require a separate hearing and a separate motion.

Public Testimony

Mayor Smith declared the public portion of the hearing open and called for any persons wishing to address the commission.
There being no persons wishing to address the commission, the public portion of the hearing was closed.

Motion

Commissioner Pouliot moved approval of the resolution approving the proposed budget of the Helena Parking Commission for FY 2003.
Commissioner Netschert seconded the motion. All voted aye, motion carried.
Resolution 11787

Support Services Division

CONSIDER A RESOLUTION APPROVING THE PROPOSED BUDGET OF THE SUPPORT SERVICES DIVISION FOR FY 2003.

Public Testimony

Mayor Smith declared the public portion of the hearing open and called for any persons wishing to address the commission.
There being no persons wishing to address the commission, the public portion of the hearing was closed.

Motion

Commissioner Pouliot moved approval of the resolution approving the proposed budget of the Support Services Division for FY 2003.
Commissioner Parriman seconded the motion. All voted aye, motion carried.
Resolution 11788

911 Fund

CONSIDER A RESOLUTION APPROVING THE PROPOSED BUDGET OF THE 911 FUND FOR FY 2003.

Public Testimony

Mayor Smith declared the public portion of the hearing open and called for any persons wishing to address the commission.
There being no persons wishing to address the commission, the public portion of the hearing was closed.

Motion

Commissioner Pouliot moved approval of the resolution approving the proposed budget of the 911 Fund for FY2003. Commissioner Parriman seconded the motion. All voted aye, motion carried. **Resolution 11789**

Levying and Assessing

CONSIDER RESOLUTIONS LEVYING AND ASSESSING FOR MAINTENANCE AND OPERATIONS OF THE FOLLOWING ANNUAL CHARGES:

1. BUSINESS IMPROVEMENT DISTRICT
2. TREE PLANTING AND MAINTENANCE DISTRICT
3. DUST CONTROL DISTRICTS 4, 5, 6, 7 & 8
4. SID'S
5. LIGHTING DISTRICTS
6. SIDEWALK IMPROVEMENT PROGRAM
7. STORMWATER DRAINAGE DISTRICT.

Staff Report

Administrative Director Tim Magee reported these are all are under one hearing because they all deal with levying and assessing. A single hearing will address those assessments. They have not significantly changed, but the special lighting districts do have some pass-through costs that do increase. This is the annual process of setting the assessments to continue those operations.

Public Testimony

Mayor Smith declared the public portion of the hearing open and called for any persons wishing to address the commission

Ed McHugh, 9 Cloverview Drive, spoke in regard to the storm water utility. The budget that was shown in the preliminary budget is one page and is not descriptive. He did receive a breakdown of the budget from the city. The budget should be dropped from \$500,000 to \$250,000 this year and next year and assessed at that time as to whether it should be continued at all. This program was built on a temporary basis 10 years ago and Peccia and Associates developed it. Everything has been completed and there should be no more cost of going underneath the railroad tracks or Safeway building. The expenditures needed are done. This program should be dropped.

There being no other persons wishing to address the commission, the public portion of the hearing was closed.

Discussion

City Attorney David Nielsen stated that procedurally, the commission should treat this as though it were a consent agenda item. If any commissioner wants to have any item taken off and have it voted separately, they are allowed that opportunity.

Commissioner Pouliot asked to remove the storm water drainage district from the commission's consideration so there may be further discussion.

Mayor Smith stated there should be a motion on the remaining items and then return to discussion of the storm water drainage.

Motion

Commissioner Oitzinger moved approval of resolution to levy and assess the following annual charges: 1. Tree Planting and Maintenance District; 2. Dust Control Districts 4, 5, 6, 7, & 8; 3. SID's; 4. Lighting Districts; 5. Sidewalk Improvement Program. Commissioner Pouliot seconded the motion. All voted aye, motion carried.

Discussion

Commissioner Pouliot asked if there was a public hearing for the Business Improvement District? Mayor Smith stated it was posted on the agenda. City Attorney David Nielsen stated the hearing just held included the BID. The staff report that had the recommended motion was an old staff report dealing with the resolution of intention. If a motion is made, the language in the agenda should be used. This is not the resolution of intention; this is the resolution for setting of the fees. City Manager Tim Burton stated the BID

hearing has been duly advertised. The omission was on the recommended motion. The hearing has been conducted.

Amended Motion

Commissioner Oitzinger moved approval of resolutions levying and assessing for maintenance and operations of the following annual charges: 1. Business Improvement District (Resolution 11790); 2. Tree Planting and Maintenance District (Resolution 11791); 3. Dust Control Districts 4, 5, 6, 7 & 8 (Resolution 11792); 4. SID's (Resolution 11793); 5. Lighting Districts (Resolution 11794); 6. Sidewalk Improvement Program (Resolution 11795)
Commissioner Pouliot seconded the motion. All voted aye, motion carried.

Storm Water

Commissioner Pouliot would like staff to address the issues that Mr. McHugh brought up. City Manager Tim Burton stated that presently the City of Helena is being sued by Mr. McHugh on storm water drainage. There are disagreements taking place within the court of law. The city has capital projects ranging in the realm of \$25 to \$30 million that are presently on the books that we have not been able to build. One example is the Harris Street outfall. That has a \$1.7 million bill. Staff submitted again to the Treasure State Endowment Program to help leverage that project to \$500,000.00. The transfers that are taking place are relatively new to the fund. Under Kevin Hart's division of Wastewater Treatment and Collection; those same people are also doing the storm water maintenance and repair that hasn't taken place because the storm water program is relatively new. The portion of time they spend within the storm water utility is now being charged to the storm water utility and very appropriately so. The building that staff is proposing not only houses the storm water program, but also the wastewater collection and the water distribution functions. There are new requirements from the State of Montana that the city has to comply with. They require the City of Helena to adhere to higher standards in terms of storm water which ultimately is a requirement from the EPA. It is more important to have a storm water drainage program in place than at any point in the past and those who don't have one will soon be going to one.

Commissioner Oitzinger stated that Mr. McHugh alluded to funds that were moving out of storm water. Is this part of the cost allocation within the city and a standard operating procedure? City Manager Burton stated there is a cost allocation plan that takes place for Public Works administration. All of the agencies that operate under Public Works help proportionally to fund the administrative offices within the department.

Commissioner Netschert stated he sees the same thing happening with the storm water district as may be happening with the street maintenance district. There may be some inequities. We cannot take all the comments necessary to make an informed decision tonight if there were to be any changes in methodology. He would like a further discussion on this at a future administrative meeting with the people who are involved. Mayor Smith asked City Manager Burton to agenda this for an administrative meeting in the future.

Commissioner Parriman asked about the reserve balance of \$1,075,000.00. Does that reserve balance have to be as large as it is or would half of that be adequate? City Manager Burton stated his preference be that the reserve balance be much larger than it is. Through our storm water master plan, staff has identified in the range of \$25 million, projects that need to be built or improved upon. The Treasure State Endowment Program, where we have applied for \$500,000 to put the Harris Street Outfall in underneath the railroad tracks, the entire cash balance amount plus the \$500,000 won't even pay for that

one project. It's not by accident we have been building that reserve and the Harris street project has been our priority. Staff is inventorying, assessing the condition and will tie the storm water plan in with the commission capital budget this Fall. The commission has allowed staff to hire a consulting firm to do that work. The first decision the commission needs to make is relative to the Harris Street outfall. If staff is awarded the \$500,000 in Treasure State funds, the commission will have to make a decision. Does staff apply all the cash toward that and borrow a little bit or do we put some of the cash toward that project and some of the cash toward other projects. Still, there will be future projects that won't be funded for at least a couple of decades. With the more stringent requirements coming down from the EPA, it becomes more important than ever that we actually maintain and improve our storm water system in the City of Helena.

Motion Commissioner Oitzinger moved approval of a resolution levying and assessing for maintenance and operation of the storm water drainage district. Commissioner Parriman seconded the motion. Motion carries 4-1 with Commissioner Pouliot voting no. **Resolution 11796**

Increasing Taxes CONSIDER A RESOLUTION INCREASING TAXES FOR MUNICIPAL AND ADMINISTRATIVE PURPOSES.

Staff Report Administrative Director Tim Magee reported this is in compliance with 15-10-203 of the Montana statutes and it requires a public hearing when there is an increase in the amount of revenue that the city is levying for. The items budgeted are a 1.27% increase representing \$50,852.00. which is the statutorily allowed inflation factor. It is 1/2 of the last three years consumer price index. The second part of the increase is for staff to reinstate the full levy and that would be \$210,698.00. Staff is asking the commission to hold the public hearing as required by law and pass the resolution which is the intent to budget that tax revenue increase.

Public Testimony Mayor Smith declared the public portion of the hearing open and called for any persons wishing to address the commission.
There being no persons wishing to address the commission, the public portion of the hearing was closed.

Motion Commissioner Pouliot moved approval of a resolution increasing taxes for Municipal and Administrative purposes. Commissioner Oitzinger seconded the motion.

Discussion Commissioner Netschert stated last year, when the commission reduced the mills, he was concerned about keeping them at that level. They are right back up and for that reason he will be voting against raising these fees.

Commissioner Parriman stated he will support this motion. He would like to hold taxes down. If we don't, it will hamstring us down the road in not being able to levy bigger amounts. We should do everything we can to hold costs down throughout the year. We need to under spend that budget as much as possible while still being able to maintain the present levels of service provided to the city.

Commissioner Oitzinger stated she would associate herself with Commissioner Parriman's comments.

Commissioner Pouliot stated he also agrees with Commissioner Parriman. He has concerns about spending and asks that staff and the commission watch carefully how money is spent this year.

Mayor Smith does remember Commissioner Netschert's comments regarding tax relief, in order to be meaningful, it ought to be sustainable. He does not disagree with that comment. As we worked on the budget over the last three to four months, he is convinced to go ahead and pass this motion. He will echo the comments of Commissioner's Parriman, Oitzinger and Pouliot. Efficient operation is what we expect as a matter of course from our staff.

Vote Motion carries 4-1 with Commissioner Netschert voting no. **Resolution 11797**

Discussion City Manager Tim Burton stated this commission has held staff to a high standard. The commission has done their due diligence and staff will do their best to follow through on what they are hearing here today.

SID Revolving Fund CONSIDER A RESOLUTION TRANSFERRING SURPLUS MONEY FROM THE SID REVOLVING FUND TO THE GENERAL FUND.

Staff Report Administrative Director Tim Magee stated this is a public hearing to take an action. There is surplus money in the Special Improvement District revolving fund. That is a result of some efficiencies in contracting. When staff initially issues debts in order to do projects, they are required to put 5% aside upfront in security for the bonds. That results in some surplus. The surplus in this case has been budgeted to be transferred over to the general fund and to be further put into the Capital Improvement fund or the General Capital fund. This is a large piece of our capital program.

Discussion Commissioner Netschert asked if this would reflect an overcharge in many of the SID's that might be out there? Mr. Magee stated no, this is following the law in terms of how much we are required to establish as debt service reserves upfront. Commissioner Netschert asked if there would be anyway of refunding that money equitably among those who have paid into it? Mr. Magee stated that is a legal option. Property ownership changes over time and this money is 8-20 years later. To go back and pay it back to the original taxpayer would be almost impossible in its entirety.

Public Testimony Mayor Smith declared the public portion of the hearing open and called for any persons wishing to address the commission.
There being no persons wishing to address the commission, the public portion of the hearing was closed.

Motion **Commissioner Oitzinger moved approval of a resolution transferring surplus money from the SID revolving fund to the general fund.** Commissioner Pouliot seconded the motion.

Discussion Commissioner Pouliot asked if this \$200,000 is already in our proposed budget and where did it go? Mr. Magee stated yes, that is correct and it transfers into the general fund which is the legal course. From the general fund, it is being transferred over to our general capital fund or capital improvement program. It is the funding of the Capital Improvement program. City Manager Tim Burton

stated the City of Helena has been operating their capital program in this fashion for many years. This is a very common practice.

Commissioner Netschert stated he will not support this issue as he would like more discussion on being able to return the monies levied on people.

Commissioner Oitzinger stated the debt service reserve fund for bonds is required for bondholders so that they have some assurance of getting their payments over time. That is why it is done. She would be very surprised if other municipal governments do anything differently that what we are doing. She will support the motion.

Vote Motion carries 4-1 with Commissioner Netschert voting no. **Resolution 11798**

Municipal Budget. for FY02-03 CONSIDER A RESOLUTION TO ADOPT THE MUNICIPAL BUDGET FOR FISCAL YEAR 2002-2003, AND FIXING THE ANNUAL APPROPRIATIONS.

Staff Report Administrative Director Tim Magee reported this is a positive culmination of a long process including all the other public hearings. There have been a series of work sessions in which the commission has gone through the budget in some detail. Staff is proposing to conclude the process with the public hearing followed by adoption of the budget as proposed along with the consensus list of changes which represents changes and carryovers and those have come out of the previous meetings and public work sessions.

Discussion Commissioner Oitzinger asked if the commission will take up the change list and the carryover list separately? During the consensus process, Mr. Magee indicated that the commission could have another chance to amend the change list. City Attorney David Nielsen stated that the changes that were made should be enumerated on the record. The motion would be to adopt the preliminary budget as amended. Mr. Magee stated the list has been available to the public since July 16. There are two lists which are available for public inspection and have been available. In the 440 fund, the Capital Improvement fund, two items are being taken off the allocated list or appropriations. One is a partial, it is reducing the pooled vehicle by \$10,000.00 and to reduce or eliminate one fire vehicle purchase this year. In both cases, the \$10,000.00 and the \$20,000.00 are a total of \$30,000.00. This will go into the capital reserves of that fund. Those lists were itemized in the changes. In the carryover list is an item for February that the commission had arranged and that is the HAZUS carryover. That \$4,235.00 will be a piece of the carryover which wasn't originally listed. After the commission finishes the budget hearing and there are no further corrections, a proper motion would be to adopt the annual budget, a resolution with changes and carryovers for the consensus list.

Public Testimony Mayor Smith declared the public portion of the hearing open and called for any persons wishing to address the commission.

There being no persons wishing to address the commission, the public portion of the hearing was closed.

Motion **Commissioner Oitzinger moved to restore \$20,000 to the General Capital Fund 440 to undo the change in the change list.**

Discussion

Commissioner Oitzinger stated she is concerned about moving away from the fleet management approach the commission has been taking. If the commission is going to provide the coordination efforts needed for wild lands and provide quick response time, we need to have our fire vehicles done according to plan.

Commissioner Netschert asked if that was for the 440 General Capital Fund? The department was 2301 Fire and the activity is 424 Fire Protection on page 154 of the budget book?

Motion

Commissioner Netschert seconded the motion.

Discussion

Commissioner Parriman stated he will not support the motion, but it is very important to him to make sure the fire department has everything they need. This is a beginning step of trying to keep costs down as much as possible.

Vote

Motion carries 3-2 with Commissioners Parriman and Pouliot voting no.

Discussion

Commissioner Oitzinger stated she is very concerned about the letter the commission received from Katherine Scott in regards to the CASA program. She does not want to have the response going back that no commissioner cared enough to bring this forward. It is a very important program. It is the equivalent of guardian ad litem for abused children. There are always funding difficulties. This is a local program in Helena that works very well and she would like to try to provide the \$3,000.00 they have asked for. What fund would this money come from?

Mr. Magee stated it would be a general fund amendment.

Motion

Commissioner Oitzinger moved approval of an increase in the general fund by \$3,000.00 for the CASA program. Commissioner Pouliot seconded the motion.

Discussion

Commissioner Pouliot asked how the money would be used? Commissioner Oitzinger stated it was for the general support of operations. Commissioner Parriman stated CASA was short on funds and that may be due to state cuts and entitlement programs for these service type programs. They are looking for additional funding. Mayor Smith read Ms. Scott's letter into the record.

Commissioner Parriman stated this is a valid request for funds. It is a good program, but he has concerns that if the commission donates to a program one time and it turns into somewhat of an entitlement. If we donate \$3,000.00 one year, we might be then obligated to donate \$3,000.00 each succeeding year. He will not support the motion for that reason.

Commissioner Netschert would echo Commissioner Parriman's remarks. There may be different organizations that are better suited to carry out not only the financial requests, but the social requests as well.

Commissioner Oitzinger stated this is the national program. The letter states that advertising to get volunteers is the lifeblood of the local program. This is not a fly-by-night program.

Mayor Smith would like to support this motion, but he can't. It is too hard to discern between worthy programs and who deserves funding more.

Vote Motion fails 3-2 with Mayor Smith and Commissioner's Netschert and Parriman voting no.

Motion **Commissioner Pouliot moved to approve a resolution to adopt the Municipal Budget for Fiscal Year 2002-2003, and fixing the Annual Appropriations.** Commissioner Parriman seconded the motion.

Discussion Commissioner Netschert stated in keeping consistent with his other votes regarding the increases of taxes, he will not approve the budget. He does respect staff's time and effort in putting forth this budget and in trying to make the cuts as best they could in the areas they thought was possible. He will have a follow up motion after the vote for the budget.

Mayor Smith stated everyone respects Commissioner Netschert's issues, concerns, diligence and study that he has put toward the budget.

Vote Motion carries 4-1 with Commissioner Netschert voting no. **Resolution 11799**

Discussion Commissioner Netschert asked that staff look into the 2301 Fire Protection Fund that was just appropriated to see if there is additional savings that couldn't be met through offsetting grants. The commission should direct staff to voluntarily reduce their expenditures where possible to equal the \$210,000.00 in savings which the commission had originally sought.

Mayor Smith asked if Commissioner Netschert would like staff to seek additional efficiencies in the \$210,000.00 neighborhood with particular attention to fund 2301? Commissioner Netschert stated that was used as an example to all funds in all areas of spending that could help us further reduce our budget so next year we could perhaps pass along the savings in a more meaningful and sustained tax reduction to the citizens of this community.

Motion **Commissioner Netschert moved to have staff look at ways to reduce the budget so next year, savings can be passed along to the citizens of this community.** Commissioner Pouliot seconded the motion.

Discussion Commissioner Oitzinger stated she will support the motion as it is non-binding and is an encouragement.

Commissioner Parriman asked if this is requiring or encouraging staff to spend less than what the commission has appropriated? Commissioner Netschert stated he would very much like to see staff voluntarily reduce their expenditures where possible, hopefully to equal the \$210,000.00 in savings that the commission had sought. Commissioner Parriman would support the motion.

Mayor Smith stated he will support this motion in the spirit in which it was offered. These professionals are committed first and foremost to effective and efficient delivery of government services.

Vote All voted aye, motion carried.

Discussion City Manager Tim Burton thanked Tim Magee, Bob Ricker, Brandi Pierson, Julie Krause and all of the administrative staff for their excellent work. He thanked the commission for their leadership. They held staff to a high standard and made difficult decisions and now there is a roadmap and good

direction for the next year. He appreciates the motion just passed and the spirit in which it was directed. Staff will do their best to follow through with that motion.

**Public
Communications**

There were no public comments.

Meetings of interest

The next administrative meeting will be August 7 and the next City Commission meeting will be August 12, 2002.

Adjournment

There being no further business to come before the commission, the meeting was adjourned at 8:05 p.m. this 22nd day of July, 2002.

MAYOR

ATTEST:

CLERK OF THE COMMISSION