

CITY OF HELENA
REGULAR CITY COMMISSION MEETING
July 21, 2014
6:00 P.M.

- Time & Place*** A regular City Commission meeting was held on Monday, July 21, 2014 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 Elsaesser, Ellison, Haque-Hausrath and Haladay were present. City Manager Ron Alles, City Attorney Jeff Hindoien and Deputy City Clerk Robyn Brown were present.
- Pledge of Allegiance*** Mayor Smith asked those persons present to please stand and join him in the pledge of allegiance.
- Minutes*** The minutes of the regular City Commission meeting of July 7, 2014 were approved as submitted.
- Consent Agenda*** CONSENT AGENDA:
A. Claims
B. Final passage of Ordinance No. 3196 for a zone change from R-2 (Residential) to R-4 (Residential) District for property legally described as Lots 6A, 7A and 8, Barbeau Villa Estates, Helena, Montana as shown on COS #3001700 and COS #506650; with property addresses of 220 and 222 Custer Avenue respectively.
Ord #3196
C. Release of interest in two (2) stormwater related easements in Landmark Addition Subdivision as shown on COS #3237982 and Document Number 3142721.

City Manager Ron Alles recommended approval of the claims and the consent agenda.
- Public comment** Mayor Smith asked for public comment, none was received.
- Motion** **Commissioner Haladay moved approval of items A through C on the consent agenda.** Commissioner Ellison seconded the motion. All voted aye, motion carried.
- Bid Award*** BID AWARD:
A. Centennial Trail Project- Phase 1, City Project #13-1
- Staff Report** City Engineer Leland reported Centennial Trail will be an east/west trail across Helena, ultimately connecting Spring Meadow Lake to East Helena. The trail will be located mainly on railroad right-of-way (ROW) or on City right-of-way. The first phase of the project will construct a trail connecting Billings Street by Wal-Mart to Centennial Field and is located on City controlled property either on ROW or on the donated abandoned railroad spur line.

The project will be funded by CTEP funds and the donated spur line used as the match for the CTEP funds. The City and County Commissions allocated \$1,003,654 of CTEP funds to Centennial Trail Phase 1. Based on the budget for phase one, the project was bid with a

base bid and four additive alternates. The base bid is to construct a 10-foot wide multi-use path along Billings Avenue from approximately Gibbons Street to California Street, a 10-foot wide multi-use path along unconstructed California Street from Billings Avenue to Boulder Avenue, and a 10-foot wide multi-use path from Centennial Park to National Avenue located on the old abandoned railroad spur line. Additive Alternate A is a sidewalk along National and Lyndale across "malfunction junction" to the abandoned spur line. Alternate B is sidewalks and striped bike lanes located on East Lyndale from N. Montana to Roberts. Alternate C is sidewalks and a striped bike lane located on East Lyndale from Roberts to Harris. Finally, Alternate D is sidewalks and a striped bike lane located on Harris to Hannaford.

On July 1st, 2014 the City received 3 bids for the Centennial Trail Project, Phase 1. All three of the bids were very close and based on which alternate (s), if any, are awarded it would change the lowest responsible bidder for the project. Based on the approximate \$1,000,000 budget, the base bid would be all that could be constructed and make Dick Anderson Construction of Helena the lowest responsible bidder with a bid of \$809,275. This scenario matches the January 22nd staff presentation to the City Commission on CTEP funding.

The project was advertised for three weeks and was done according to State Law. Nine plans rooms, a service that contractors use to be informed about projects that are being bid, and three contractors received plan sets for bidding. In addition to the plans rooms the City's consultant, Anderson-Montgomery Engineers, personally called five more contractors to let them know about the request for bids for the project.

Engineer Leland recommended award of the base bid for Phase 1 of the Centennial Trail Project to the lowest responsible bidder, Dick Anderson Construction, with a bid of \$809,275. He noted staff did not expect any disadvantages related to the recommendation.

Discussion

Commissioner Elsaesser referred to the budget analysis worksheet included in the staff report and asked where the \$80,927 identified as "Est. Engineering Cost (Project Management)" would be paid to. Engineer Leland explained it will be spent on the consultant selected to provide inspection/C.E. services for the project. Commissioner Elsaesser asked for more information on the designated cost of \$119,255 for "Engineering Cost (Project Design)". Engineer Leland advised that amount has already been paid to Anderson-Montgomery Engineers for their work on the design.

Public comment

Mayor Smith asked for public comment, none was received.

Motion

Commissioner Ellison moved approval of the base bid for Phase 1 of the Centennial Trail Project to the lowest responsible bidder, Dick Anderson Construction, in the amount of \$809,275.

Commissioner Elsaesser seconded the motion.

Comment

Commissioner Elsaesser acknowledged the city had received a bronze medal in relation to being bicycle-friendly for 2013-2017 and commented he hopes this bid award will continue to move Helena forward in providing safer walking and biking amenities. He noted although he had some concerns with how the project was brought forward he is in support of the proposed bid award and continued work on the Centennial Trail project.

Commissioner Ellison stated during his service on the Non-Motorized Transportation Advisory Council (NMTAC), Centennial Trail was discussed at every meeting. Interest in the project has not only maintained, it has grown. He commented he would vote to approve the bid award as the trail will be a great asset to the community.

Vote

All voted aye, motion carried.

Communications

COMMUNICATIONS/PROPOSALS FROM COMMISSIONERS

Commissioner Elsaesser introduced his father, Ford Elsaesser, who was in attendance. He also spoke of numerous events held recently to celebrate Helena's sesquicentennial.

Report of the City Attorney

REPORT OF THE CITY ATTORNEY

No report was given.

Report of the City Manager

REPORT OF THE CITY MANAGER

City Manager Alles reported 10-12 million gallons of water per day is currently being demanded by the water system. Because the Tenmile Water Treatment Plant only treats 8 million gallons/day, the Missouri River Treatment Plant is also being utilized to meet the need. He added the 5th annual "Running for Helena's Water" event will be held Saturday, July 26th at the Tenmile Plant.

Manager Alles announced Neil Bolton with Blue Ridge Services would present a draft summary on his findings from the joint City/County Solid Waste Study on Wednesday, July 23rd at 4:00 p.m. in the Commission Chambers.

He also reported the patch truck is out performing street repairs and encouraged citizens to report potholes to the city's Street Department.

Report from the Helena Citizens Council

REPORT FROM THE HELENA CITIZENS COUNCIL

No report was given.

Regular Items

REGULAR ITEMS:

A. CONSIDER A RESOLUTION ESTABLISHING THE TENMILE/SOUTH HELENA FOREST RESTORATION COLLABORATIVE COMMITTEE.

Staff Report

City Manager Alles reported projects are being proposed by a coordinated group of federal, state, and local agencies to reduce the risk of catastrophic wildfire in the Tenmile Watershed and surrounding area. It is recommended a collaborative group of area stakeholders be formed to review proposed projects within the watershed and Wildland Urban Interface (WUI) in relation to appropriate vegetation management, fire mitigation, watershed and other resource and recreation management.

Manager Alles recommended approval of the proposed resolution, noting there are multiple stakeholders in the watershed and surrounding area. In order to have broad support for proposed projects; those stakeholders' views must be considered. He pointed out the representation on the committee will be made-up of citizens, with the exception of the governmental entities of the City of Helena, Lewis & Clark County and Jefferson County. State and federal agency representatives will be serving as technical advisors instead of voting members. He recommended that the language "or designee" be added

to the membership requirements of the aforementioned governing bodies.

Public comment Mayor Smith called for public comment; none was received.

Motion **Commissioner Elsaesser moved approval of a resolution establishing the Tenmile/South Helena Forest Restoration Collaborative Committee.** Commissioner Haladay seconded the motion.

Amendment **Commissioner Haque-Hausrath moved to amend the resolution establishing the Tenmile/South Helena Forest Restoration Collaborative Committee to add the language “or designee” following the requirements related to membership of the governing bodies of the City of Helena, Lewis & Clark County and Jefferson County.** Commissioner Ellison seconded the motion. All voted aye, motion carried.

Comment Commissioner Elsaesser recognized the work of the first collaborative committee.

Vote All voted aye, motion carried. **Res #20106**

Public Hearings PUBLIC HEARINGS:
A. CONSIDER A RESOLUTION GRANTING A TAX ABATEMENT TO PIONEER AEROSTRUCTURES, LLC FOR A NEW AND EXPANDING BUSINESS.

Staff Report Community Development Director Sharon Haugen reported on June 23, 2014, the Helena City Commission held a public hearing to consider granting a tax abatement for a new and expanding business to Pioneer Aerostructures, LLC. Pioneer Aerostructures submitted an application for the tax abatement on April 24, 2014 MCA 15-24-1401 and 1402 gives local governments the authority to grant tax abatements for qualifying improvements or modernized processes for a new or expanding business. Pioneer Aerostructures is requesting that Lewis and Clark County and the City of Helena consider granting an abatement for the real property taxes associated with the construction of a new 32,000 square foot building and the installation of two large milling machines, a large crane and all of the necessary auxiliary equipment. The total value of the equipment that is under consideration is \$13,500,000.00. On June 24, 2014, the Lewis and Clark County Board of Commissioners voted 3-0 to grant the request for the tax abatement. By doing so, they also granted an abatement for Helena School District taxes.

At the June 23, 2014 public hearing several people spoke in favor of granting the tax abatement. No one spoke in opposition to granting the abatement. The public hearing was continued at the call of the City Manager and scheduled by him for July 21, 2014.

Granting the tax abatement would help facilitate the following objectives from the 2011 Helena Growth Policy: a) Foster diversification of the economic base; b) Promote positive partnerships between public and private sectors within the Helena area to encourage a healthy business community; c) Direct community incentive programs and other financial resources to job development, both to retain and expand existing industries and attract new ones; d) Encourage development of jobs that pay salaries and benefits sufficient to support families and

contribute to the economy of the community, including providing active assistance to businesses and individuals where appropriate, and e) Work closely with the Helena Regional Airport Authority (HRAA) to facilitate growth in aviation, aeronautical, and light manufacturing businesses related to aviation within the area encompassed by the Airport Master Plan.

Although the construction of the building and the purchase of the equipment will result in an overall net increase for the City of Helena and the other taxing jurisdictions, there will be a decrease in the total revenue realized until the abatement period is completed. The total tax difference over the ten years, if approved by both the City and the County, is \$560,737; \$139,778 of which would be abated by the City of Helena.

Public Testimony

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

Cathy Burwell, President/CEO of the Helena Chamber of Commerce; urged the Commission to support the proposed abatement and submitted written testimony for the record.

Peter Donovan, HRAA Chair; spoke in support of the proposal.

Bob Schmidt, 432 Harrison; spoke against the abatement and submitted written testimony for the record.

John Moe, HRAA member; urged the Commission to support the proposal.

Robert Filipovich, Helena; spoke in opposition to the proposal.

There being no further persons wishing to address the Commission, Mayor Smith closed the public hearing.

Motion

Commissioner Ellison moved approval of a resolution granting a tax abatement to Pioneer Aerostructures, LLC for a new and expanding business. Commissioner Elsaesser seconded the motion.

Discussion

Commissioner Haque-Hausrath indicated she would not vote to approve the abatement although she has no doubt Mr. Hoffman is a very savvy business owner with a good business model. She stated she would not support the proposal because she has a fundamental policy objection to this type of corporate tax break and doesn't agree with shifting the tax burden from these kinds of companies to individuals and small businesses. In addition, she was not able to find any research that proved tax abatements are actually effective at creating jobs or drawing corporations to cities and towns. The amount of taxes to be abated are a huge amount of money to local governments.

Commissioner Elsaesser indicated he would support the proposal. He took the supportive testimony from HRAA members to heart because air service is vital to quality of life and Helena's economy and the business will provide great jobs to Helena College of Technology graduates, allowing them to remain in Helena and pay taxes, fees and assessments. He commented he feels this is a good long-term investment in the community.

Commissioner Haladay stated he is fundamentally skeptical any time it is suggested corporate welfare be extended to any business in the community. However, that doesn't mean he is 100% against the proposal, only that he's not 100% for it. He commented he had requested data from city staff and the Chamber of Commerce that could quantify the value of a tax abatement and such data does not exist; it is befuddling that there isn't an economic analysis of how an abatement

could be quantified or valued to a Montana community. He stated Pioneer Aerostructures would pay 2.1% in taxes before the abatement, which is approximately .4% below what the average non-corporate Helena resident pays on a regular basis. The City just approved its annual budget, using a constraint budgeting process for each department. The amounts that were reduced need to be made up somehow and although this is new money to the City, it will not make up the difference in the budget each year. A municipality is always in a constant losing cycle since it can only raise its property tax levy up to half of the rate of inflation each year. Commissioner Haladay referred to the City's personnel budget, which has increased approximately \$2.5 million dollars since 2012; there is no funding source to balance that increase other than decreasing services. He stated for these reasons he does not feel it is fiscally prudent or responsible to vote in support of the abatement.

Commissioner Haladay commended Mr. Hoffman on his business plan, thanked him for deciding to remain in Helena and wished him the best of luck.

Mayor Smith acknowledged this is a controversial issue in the community. He indicated he would support the abatement, as the jobs it will help generate are very important to the City of Helena. The amount of money that will be foregone will be repaid and recouped over time by the employment it will create.

Commissioner Ellison stated he would support the abatement. He stated many communities approached Mr. Hoffman with offers and incentives to locate his business in their cities, yet he chose to open this facility in Helena. He commented this money is not being taken out of city, county and school district coffers; over the next ten years \$1.2 million will be paid into those coffers by Pioneer Aerostructures. If Mr. Hoffman had located this business elsewhere that money would not be coming into the city, county and school district at all. Commissioner Ellison thanked Mr. Hoffman for choosing to stay in Helena, noting this business will provide many financial benefits to the community.

Vote

Motion carried 3-2 with Commissioner Haladay and Haque-Hausrath voting no. **Res #20107**

**Public
Communications****PUBLIC COMMUNICATIONS**

Mr. Filipovich, Helena; requested the city and county record their Commission Meetings in audio and video and make them readily available to the public.

**Meetings of
Interest****MEETINGS OF INTEREST**

The next Administrative Meeting is July 30, 2014 and the next Commission Meeting is August 4, 2014.

Adjournment

There being no further business to come before the Commission, the meeting was adjourned at 7:21 p.m.

/S/ James E. Smith
Mayor James E. Smith

ATTEST:

/S/ Debbie Havens
Clerk of the Commission