

SUMMARY OF ADMINISTRATIVE MEETING
February 18, 2015– 4:00 p.m.
Room 326, City-County Building

1. Call to order, introductions, opening comments – Mayor Smith called the meeting to order. Commissioners Elsaesser and Haladay were present. Commissioners Ellison and Haque-Hausrath were excused. Staff present was: City Manager Ron Alles; Executive Assistant Sarah Elkins; City Attorney Thomas Jodoin; Assistant City Attorney Irena O'Connor; Police Chief Troy McGee; Public Works Director Randall Camp; City Engineer Ryan Leland; HATS Supervisor Steve Larson; HATS Administrative Assistant Barb Sheridan; Administrative Services Director Tim Magee; Budget Manager Robert Ricker; City Controller Glenn Jorgenson; Engineer David Knoepke; Human Resources Director James Fehr; Parks & Recreation Director Amy Teegarden; Parks Superintendent Craig Marr; Community Facilities Director Gery Carpenter; Fire Chief Sean Logan; HCC Coordinator Judy Garrity and City Clerk Debbie Havens. Glenn Jorgenson

Others in attendance included: HCC Representatives Terry Ray and John Rundquist; HATAC members Elizabeth Andrews, Jaymie Sheldahl, Jessica Peterson; IR Reporter Al Knauber; MILP representatives Bob Maffit and Les Clark; County Administrator Eric Bryson; County Commissioner Andy Hunthausen; Robert Rasmussen, Ryan Kettel; Dowl Engineers Cody Salo and Shae Zanto and KLJ Engineer Matt Koon.

2. February 4, 2015 - The February 4, 2015 administrative meeting summary was approved as submitted.

3. Commission comments, questions –

Board Appointments – Mayor Smith stated he is recommending the following appointments:

Civic Center Board

Appointment of Rick Schlenker to a first term on the Civic Center Board. Appointment will begin March 1, 2105 and expire March 1, 2018.

Reappointment of Joann Christnacht, Mike DaSilva, Tammy Andridge, Bonnie Lorang and Tim Andridge.

Terms will begin on March 1, 2015 and expire March 1, 2018.

Non-Motorized Transportation Advisory Council (NMTAC)

Reappointment of Ryan Kettel to a 2nd term on NMTAC. Term will begin on March 31, 2015 and expire March 31, 2018.

Commissioner Elsaesser asked if the city is having a Montana Conservation crew this upcoming season; if so would it have to be approved prior to budget. Parks & Recreation Director stated staff has a proposal to have two crews and further explained the plans for the summer of 2015.

Commissioner Elsaesser stated he looks forward to seeing the proposal and noted the importance of the program.

4. City Manager's Report

Legislative Update – City Manager Alles reported to date, Parks & Recreation Director Teegarden, representing the state organization, has testified on one bill.

Commissioner Haladay asked if there is any update on the local option impact authority proposal. Manager Alles stated he has not seen a bill and will follow-up with the League. The city did submit a letter of support.

Commissioner Elsaesser stated he has been asked about alternative parking for the historic museum. If there is additional follow-up he will send it out to the entire commission. Manager Alles stated he has previously met with the Historical Museum representatives to discuss alternative parking. Staff will continue to work with the Governor's office.

Mayor Smith noted Commissioner Haque-Hausrath has recommended parking meters be installed adjacent to the capital complex. Manager Alles noted parking meters are included in one of the plans from the state. He will keep the commission informed of further discussions.

Mayor Smith asked for an update on the proposal to use some of the expendable goal tax funds for city streets. Manager Alles will research the proposal and report back.

Manager Alles informed the commission in 2005 the City entered into a loan agreement with the National Museum of the United States Air Force for the loan of an aircraft (A-7D, 70-1030), which is located at the Helena Airport. At this time, it is the recommendation of the Helena Airport to release this back to the Air Force. There are costs affiliated to keep it and he recommended releasing the airplane to another museum. Commission concurred.

Manager Alles stated there is interest from Commissioners Elsaesser and Haladay for solar panel installation and the enforcement of the International Fire Code; he recommended having a meeting to discuss the dynamics of the solar panel code. Commissioner Elsaesser stated he would be fine meeting with staff, Commissioner Haladay and interested parties to discuss solar panels. He would like to know what the solution is.

Commissioner Haladay referenced Boulder Colorado and the State of Washington adopting the International Fire Code with changes based on alternative methods and materials. They made these changes to protect firefighter health and safety and with support from contractors and solar panel installers. Mayor Smith stated he too is interested in the conversation.

5. Department Discussions

Administrative Services

Proposed Projects Using Tax Settlement (\$1.93M) – City Manager Alles and Administrative Services Director Magee reported the following amounts will be General Fund revenue that is available for allocation at the city commission's discretion:

\$ 288,817	Charter Appeal Settlement (July, 2014)
<u>1,646,493</u>	Verizon Appeal Settlement (August, 2014)
<u>\$1,935,310</u>	Total Settlements for City of Helena General Fund

Any use of the \$1,935,310 will require formal budget amendment(s) or inclusion in the annual budget in order to legally establish the appropriation(s).

CCIP Status

The General Fund has only been able to provide funding of \$500,000 per year. Records show the City will need an average of \$3.75 million per year over the next ten years.

#1 Capital Needs

As further staff support for the City Commission's decision process, the Police, Fire, Facilities and Park & Recreation departments have been tasked with identifying and explaining their #1 Current priority for capital funding.

1. Park and Golf Maintenance Building
2. Police Handheld Radios
3. Fire Engine
4. Government Facility Roofs

Manager Alles referred the commission to the spreadsheet of Commission Notes for Tax Appeal Settlements Discussion and staff information memos on the specific needs. Mayor Smith stated there are not specific dollar amounts listed for some of the projects. Manager Alles concurred and noted everything listed on the spreadsheet was supported by at least one commission member(s). The specific amounts were not identified.

Commissioner Elsaesser asked if this would be finalized in the FY16 budget process; Manager Alles concurred and stated the commission could allocate funds prior to the FY16 budget. If there is an amount that has not been specifically spent, Manager Alles will include that amount in his proposed budget.

Commissioner Elsaesser stated this type of budgeting should not be earmarked, decisions should be made and funds allocated. He has recommended \$1.2 million to include funding the Henderson

bridge, the quiet zone and the energy/conservation loans. Additional funding may be available for the quiet zone. He also likes the idea of using MBAC to administer the alternate energy/conservation loans and the possibility of setting up a district, similar to the sidewalk project. He recognized the need for a building for Parks & Recreation and would be interested in setting aside funds for planning and design, but would like to see the plan before allocation.

Commissioner Haladay stated most of his numbers are self-explanatory. Approximately a year ago, he proposed the implementation of an Energy Efficiency Internal Revolving Fund in the amount of \$200,000 for energy conservation loans. If there is support to move forward, he suggested the City could pull the trigger rather quickly and set the district up. He also supported the quiet zone in the amount up to \$500,000 and the allocation of \$500,000 for the CCIP needs. He advocated the CCIP allocation be done prior to the end of FY15. Commissioner Haladay stated he would support putting some money towards Henderson bridge; however, he has questions both on the costs and legal questions on the easements. He is concerned that an easement has to be obtained to assure the bridge will stay. TSEP funds may be an option and he is interested in exploring grant match funding.

Commissioner Haladay stated he would like to see some costs estimate on the parks building and commented a portion of the costs could come from Golf Maintenance and Open Lands.

Mayor Smith stated his top priority is the Parks & Recreation Maintenance building; this may be the only opportunity to fund and build the facility. The quiet zone would be his 2nd priority.

Mayor Smith commented at this time, there is no need for further discussion without Commissioners Ellison and Haque-Hausrath present to discuss the proposals and/or offer their own.

Commissioner Elsaesser noted the general fund CCIP includes the Police and Fire departments, the Parks & Recreation facility is a separate allocation. The commission has helped fund parks by doubling the tree assessment and tripling the open lands assessment. He reiterated his support for the Alternate Energy/Conservation Loans and would still be interested in using MBAC to administer the loans.

Commissioner Elsaesser commented on Henderson bridge and suggested the city ask the county to take a stab at getting the railroad right-of-way easements.

County Commissioner Hunthausen stated the county is interested in securing right-of-way and are open to assisting in any way they can. The county has shown their commitment in getting Centennial Trail built. County Administrator Eric Bryson stated the offer is much more attractive if comes with funding; he too stated the county is interested in participating to secure the right-of-way.

Mayor Smith stated MRL is still the hang-up in getting the right of way and he is hesitant to allocate any funding until that is done.

Commissioner Elsaesser commented there was interest in establishing a grant match fund and a contribution to the Downtown Master Plan. Commissioner Haladay asked if the city has any plans to contribute to the Downtown Master Plan. Community Development Director Haugen stated the City, in partnership with the BID has received a Main Street grant to help pay for the Downtown Mater Plan. City staff, MBAC staff and BID Director Reich met with Commerce personnel last week to discuss the potential of getting a CDBG ED planning grant and a Big Sky Trust Fund planning grant to assist in paying for the remainder cost of the Downtown Mater Plan. Staff will meet to discuss the application processes for these grants. If successful, the three grants would cover the costs of the Downtown Mater Plan

Commissioner Haladay asked can money from MBAC be leveraged with the CDBG ED money or the Big Sky Trust Fund. Community Development Director Haugen stated the Big Sky Trust Fund has money, as does the CDBG-ED, which could be tapped into and be enough to complete the Downtown Master Plan. Commissioner Haladay asked if the city would know the outcome of those requests prior to the adoption of the FY2016 budget. Community Development Director Haugen stated staff should know by end of March if that is possible. Commissioner Haladay stated he would remove any funding for the Downtown Master Plan from consideration and if other funding is not available, the commission can discuss funding during the budget work sessions.

Mayor Smith asked staff to do additional work on the spread sheet to include estimated costs of the Parks & Recreation maintenance facility, other items that do not have specific amounts listed and also identify any additional funding that may be available that would augment any of the projects listed on the spreadsheet.

Commissioner Haladay commented there are three commission members in support of allocating \$500,000 to the CCIP and \$200,000 for Energy Conservation Loans and that we move forward with these two allocations for a total of \$700,000.

Mayor Smith stated he would be reluctant to commit one-third of the funding today. Commissioner Elsaesser referenced the CCIP allocation and stated he would like to see a final report on what the funding would be allocated to; he is comfortable with consensus on some of the projects and allocated amounts. With the discussion today, Manager Alles has direction on where there is consensus.

Commissioner Elsaesser commented the city does pay into the BID District and did a lot of work to create the district. He asked if Parks & Recreation staff will be looking at FWP grants for possible funding for Henderson bridge. He understands there are FWP grants coming up for trails. Manager Alles stated staff has been active in seeking FWP grants. Parks & Recreation Director Teegarden stated the city has two active grants from FWP; the kicker with Henderson bridge is the city does not own the land or have an easement, which is a requirement of the grant.

Mayor Smith asked if the commission commits the \$500,000 to the CCIP; would the Parks & Recreation Department be eligible to receive and spend some of the allocation. Commissioner Haladay stated it would go into the general fund CCIP and allocated however. Mayor Smith stated with that clarification, he has some comfort with the \$500,000 CCIP allocation. Commissioner Haladay commented the \$1.9 million is general fund money that should have been doled out to the general fund departments.

Commissioner Haladay stated he is not interested in putting the entire 1.9 million back into the general fund CCIP; but certainly the \$500,000. Mayor Smith stated at this time there is not a list of projects identified for that funding. Commissioner Haladay stated he looked at last year's budget and the commission appropriated \$400,000 to the CCIP; by the end of the year due to protest and other taxes, ultimately \$800 to \$900 thousand was put into the CCIP. If the \$500,000 appropriated prior to FY 2016, the commission could also allocate an additional amount to the CCIP for FY2016.

Manager Alles stated Commissioner Haladay had talked about the golf course and locating the maintenance building and having a joint operation. The golf course maintenance building is just fine; the discussion was co-locating the maintenance building at the golf course, on ground that is available. The golf course will continue with their current maintenance operation.

Manager Alles addressed the proposal for the Alternate Energy/Conservation Loans and stated there is a way to get it done and allocate out the funds; whether through the city or possibly contracting with MBAC. There are some concerns with a special district; this is not like the sidewalk improvement district. Manager Alles stated staff would need to find out if a district can be created. There are other mechanisms available to set up the loan program.

Attorney Jodoin stated the voluntary sidewalk program is not an SID; it is an assessment mechanism for homeowners to finance the installation of curbs, gutters and sidewalks on public right of way. He believes there may be a difficulty with doing a loan program under that statute for solar panels. With an SID, all properties in the district are assessed and define what the benefit is. Attorney Jodoin stated with this proposal, there is no direct public benefit, and it would strictly benefit the property owners. He concurred there are other mechanisms that can be used to loan out the money for the program.

Commissioner Haladay stated in regards to the maintenance building, he asked staff to define the scope of a joint facility. He referenced staff's recommendation to design and construction of a maintenance facility to be shared by the Park Maintenance (Parks, Urban Forestry and Open Lands) and Golf Maintenance Divisions on city-owned property at Bill Roberts Golf Course.

Commissioner Haladay stated he is confused on the district; we have an SID that permits us to do alternative energy facilities; even though we are not doing it like a sidewalk. We are doing it under a specific SID provision and we can assess the property contained within the district based on the benefit received by that property specifically as far as the statute goes. If the city were to loan the money to the property owner to do an energy project; the individual would then be assessed. The question of whether it is public good is policy and not law.

Commissioner Haladay stated six years ago, the commission declared its goal was to reduce Helena's carbon footprint, which alternative energy sources do and its goal was to promote individualism and self-reliance by its citizens, which alternative energy sources also do. If the city is going to promote their own goal, that is a public good. Commissioner Haladay stated the SID should still apply on the creation of the district, even on private property. Manager Alles recommended staff will do further research and as this is brought forward, specific questions can be identified and discussed.

Commissioner Elsaesser concurred to commit \$500,000 for the CCIP and would welcome a formal memo from staff regarding the \$200,000 for the Alternate Energy/Conservation Loan program.

Consensus to the Manager - \$500,000 for FY15 CCIP; up to \$500,000 for the Quiet Zone; \$200,000 to sustainable energy loans and the remaining \$730,000 will be discussed at a later date. Staff will clarify the legality of creating a district for the sustainable energy loans, work on the spreadsheet by providing an estimate on the Parks & Recreation facility/storage and identify any other funds that may be available to match/augment other projects.

Quiet Zone – City Manager Alles reported Engineer Brad Koon has provided an update on the City of Helena Rail Quiet Zone and responses to the HCC questions.

Manager Alles stated the city allocated \$150,000 toward trail crossings and the quiet zone. There is a city attorney's opinion and re-confirmed by the next city attorney, on the use of street maintenance funds for improvements. There is the question on how much of those funds can be used for the quiet zone piece. We can tie in some of the pedestrian improvements; but not specifically toward the quiet zone.

Engineer Brad Koon gave a brief overview of his letter providing information regarding the resolution that was recently approved by the HCC on the quiet zone.

Mayor Smith thanked Mr. Koon for the update and stated the commission will have further discussions on the quiet zone.

Mid-Year Budget Review – Manager Alles and Budget Manager Bob Ricker referred the commission to the following information:

Budget Review Process:

The City's budget components are continuously reviewed throughout the year. Each department is responsible for managing and monitoring their own budget to ensure adherence to the legally adopted budget. In addition to these departmental reviews, the Budget Office periodically reviews major budget areas throughout the year and contacts departments whenever potential concerns are found. Appropriate actions, usually a budget amendment or an accounting adjusting entry, are initiated whenever necessary.

Mid-Year Review:

A comprehensive budget review is performed near mid-year by the Budget Office. This budget review includes analysis of the current budget status and projection of trends and expectations through the end of the fiscal year as best can be determined with available data. Departments are solicited for feedback on areas of potential concern and any other questionable areas departments may know of. Although the process cannot catch all budget management challenges, the review does provide for detection of more obvious or predictable concerns.

Findings:

Aside from the exceptions listed below, the fiscal year 2015 mid-year review shows that city operations are proceeding as anticipated and are expected to stay within their bottom line budget parameters. A summary of findings is as follows.

PERSONAL SERVICES: Generally, personal services expenses are on track at mid-year and are projected to remain within original budget parameters aside from the following possible exceptions.

HATS: An overrun is anticipated by year-end by a projected \$12,000. This is due to an unanticipated payout of slightly over \$1,000 plus benefits for a retiring part-time driver/dispatcher that has been paid. Also, temporary salaries are projected to exceed budget by approximately \$11,000 due to additional hours being used to fill in for regular drivers on vacation and sick leave. Original budget projections estimated there would be a need of approximately 15 hours per week of temporary help to fill in for absent regular drivers. A year-to-date review of vacation and sick leave hours indicates a need closer to 25 to 30 hours per week of temporary help to maintain the HATS program at the full level of service for this year and into the future. The use of temporary drivers will be monitored for the remainder of this fiscal year to better determine the needed level of hours.

East Valley Bus: This fund (581) was projected to be over the original adopted budget by year-end by about \$13,300. This is due to the budget being adopted with the intention the program would operate at a level of 27 hours per week. Shortly after the budget was adopted, additional support was promised by the county in order to increase the program to 40 hours per week. This additional revenue/support and the resulting increase in operational expenditures required a budget amendment which has been submitted by the department and processed.

Golf Concessions: An overrun may occur by year-end due to the club house being open for more hours than projected. This is primarily due to the increasing use of the golf simulator that continues to

bring in more customers during the winter months. The operational overrun in personal services is expected to be offset with additional revenues coming in from this higher level of service being provided. If the projected overrun takes place, a budget amendment (BA) will be submitted increasing both the personal service category as well as the additional, offsetting revenues that are expected.

M&O

In the course of any budget year some line items end up with a budget surplus while others show a budget overrun. This is normal and is the nature of the budget plan and predicting estimated costs and usage versus the actual costs and requirements to maintain operations.

There were line items found in various departments that appeared might cause budget concerns by fiscal year-end on an individual line item basis. However, in nearly all cases, as confirmed with each department, the analyses have shown either no anticipated budget problem by year-end or that possible line item budget overruns would be covered with savings from other lines within department bottom line (legal) budget authority. Exceptions are as follows.

Police (911): The Computer/Telecommunication Equipment line (3063) is currently within its \$48,000 budget but the department expects additional expenses by year-end that will require them to submit a budget amendment of approximately \$32,000. This is due to a software installation/upgrade (Mobiletrak/PMDC Replacement) for the department's mobile data terminals that are installed in the vehicles. The software allows the mobile terminals to communicate with the CAD system. Originally, the budget was set anticipating approximately half the units would receive the software installation this fiscal year and the remainder would be budgeted and installed in fiscal year 2016. The department plans on completing the entire project this year which will cause the line to exceed the FY 2015 budget and likely require the \$32,000 amendment using available cash reserves in the fund. Overall costs will be the same for this project. This is only a timing difference for this project.

Streets: This division of the Street & Traffic fund has exceeded its line budget authority for Asphalt & Asphalt Filler (2071) by approximately \$15,400. This was largely due to an extensive mill and overlay project on Helena Avenue east of Montana Avenue. The project will continue on Helena Avenue west of Montana Avenue this spring causing this line to go further over budget which will require the department to amend the budget with use of available cash reserves.

Streets have also used nearly its entire \$350,000 budget for the annual Chip Seal program (3070). Although this is not a problem with the current annual program, Public Works intends to request a budget amendment to remedy a timing problem with this program. This one-time amendment will allow them to put the annual chip seal program out to bid earlier (in late spring) so they can finish chip sealing before schools open in the fall. Currently, the Chip Seal program cannot be put out to bid until the budget is adopted each year in June. By the time bids are received and the contract is awarded, the contractor cannot finish before schools resume in the fall. This causes detours and re-routing of school buses and traffic around project areas at a very busy time of year. The proposed amendment will use available street reserves.

The division has also exceeded budget in the Shop Tires & Tire Repairs line (4934) by about \$13,400 due to an unanticipated purchase of heavy equipment tires. The department had the opportunity to make a purchase of recapped tires for some of their heavy equipment at a cost savings of 40-50% over the cost of new equipment tires. The department expects to cover this budget overrun with savings in other lines and does not expect a budget amendment will be necessary.

GENERAL FUND REVENUES

General Fund revenues are looking to be on track and are anticipated to come in very close to original projections in all major areas.

OTHER FUND REVENUES

Revenues in funds other than the General Fund are looking to come in at or above projected levels assuming no significant changes in trends. The Public Works utilities funds (Streets, Water, Wastewater, Solid Waste, Transfer Station/Recycling, Bus and Shop) are all projected to meet or exceed their budgeted revenues due predominantly to budgets being set based on rates in effect at the time budgets were adopted. Rate increases adopted for those funds in August are projected to bring in revenues at or in excess of budgeted levels.

CONTINUING REVIEWS

The Budget Office will continue to monitor department budgets throughout the remainder of the fiscal year in order to determine if projections or budget conditions have changed. Any significant changes will be

discussed with the appropriate department and, where necessary, possible courses of action will be determined and conveyed to the City Manager.

Manager Alles noted the Street Division has used nearly its entire \$350,000 budget for the annual Chip Seal program (3070). Although this is not a problem with the current annual program, Public Works intends to request a budget amendment to remedy a timing problem with this program. This one-time amendment will allow them to put the annual chip seal program out to bid earlier (in late spring) so they can finish chip sealing before schools open in the fall. Currently, the Chip Seal program cannot be put out to bid until the budget is adopted each year in June. By the time bids are received and the contract is awarded, the contractor cannot finish before schools resume in the fall. This causes detours and re-routing of school buses and traffic around project areas at a very busy time of year. The proposed amendment will use available street reserves.

Commissioner Elsaesser stated he would support the budget amendment; specifically the Street Division in order to get the chip & seal bid out earlier. Mayor Smith and Commissioner Haladay concurred.

Manager Alles stated the Parking Division budget for FY2015 is going along just fine; it is one of the departments that he will keep a close eye on going into FY2106 as the revenue being collected is not enough to pay the debt service for the 15th Street parking garage. There are on-going discussions between the City and the State Fund to discuss reconstructing the contract. Something will need to be done with parking, sooner than later.

Public Works

HATS 5311 Grant Request, Coordination Plan, Capital Requests –

Staff is seeking guidance from the Commission on the assumptions that staff should use in developing the FY16 transit preliminary budget. Listed below are the initial assumptions staff has used for revenues, personnel, operating, & capital budgets in the HATS, East Valley and Head Start budgets. The draft budgets are attached. Staff will make any Commission approved changes after the February 4th work session. These grant budgets are due to the Montana Department of Transportation by March 2, 2015 (**Please keep in mind that this is just the budget for grant submittal purposes to show how we intend to spend all of the 5311 grant allocation**). The Commission will be able to adjust this budget throughout the normal City budget process.

HATS REVENUES:

- Operating 5311 funding grant: We have been informed that the grant will be \$707,117.16 for FY 2016. There is no contingency funding amount in this year's award. HATS' funding with the contingency for FY 2015 was \$636,232.56. This is an increase of \$70,884.60.
- According to MDT, this new grant amount is the result of a 5% increase based on our FY14 approved total expenditures.
- The 5311 grant is assumed to be split between HATS (90%) and East Valley (10%) similar to last year's allocation split.
- The New Freedom 5317 grant program has been discontinued by the FTA. This was a Rocky Mountain Development Council (RMDC) grant that was passed through HATS as the lead agency. RMDC used the grant to fund Senior Transportation.
- The Transade grant will continue in FY16 in the amount of \$45,692, near last year's level of \$50,000.
- HATS transit fares and advertising revenues are projected to remain constant. No increase/decrease in fares was assumed.
- The General Fund contribution was increased \$37,500 to a total of \$337,500. Another \$37,500 was added and shown as a County Contribution. The \$75,000 was included to explore how the ADA para-transit demand could be reduced to allow for the start-up of a second fixed route. The concept is that one ADA bus could be used on the new fixed route and the \$75,000 could be used to meet peak demand for ADA para-transit. This could be either a contracted service or by using a bus/driver within HATS. In order to reduce the existing ADA service demand, the federal ¾ mile buffer rule from the fixed route may have to be implemented. The true cost of this option is unknown but the exploration might provide the opportunity to begin a second fixed route.
- No cash donations or in-kind contributions are anticipated.

HATS PERSONNEL:

- Cost of Living (COLA) was estimated at .76% equal to the CPI-U (Budget Office).
- PERS retirement percentage was increased 1.224% based on State Law (Budget Office).
- Health Insurance was increased 8% based on budget office estimate.
- Vision, Dental and the Employee assistance program expenditures were increased 5% based on budget office estimates.
- Worker's compensation, liability insurance and fidelity insurance rates were based on budget office estimates.
- Temporary salaries/hours were increased to cover the actual hours of vacations and sick leave earned by permanent staff. Temporary salaries are needed to cover shifts when a permanent driver is absent. This line item was under budgeted in FY15.
- Salaries were budgeted to allow for four buses. This has historically been used to fund one fixed route bus that operates on a 75 minute schedule from 7:00 a.m. - 6:00 p.m. (an additional hour per day is budgeted to allow for maintenance of buses.) and three Curb-to-Curb buses from 6:30 a.m. - 5:30 p.m. (an additional hour per day is budgeted to allow for maintenance of buses.).

HATS OPERATIONS:

- Supplies and Materials are projected to increase slightly (\$950) mostly due to adding employee lockers at the HATS facility.
- Purchased Services are projected to increase by \$91,310. \$75,000 was included to explore how the ADA para-transit demand could be reduced to allow for the start-up of a second fixed route. The concept is that one ADA bus could be used on the new fixed route and the \$75,000 could be used to meet peak demand for ADA para-transit. This could be either a contracted service or by using a bus/driver within HATS. In order to reduce the existing ADA service demand, the federal $\frac{3}{4}$ mile buffer rule from the fixed route may have to be implemented. The true cost of this option is unknown but the exploration might provide the opportunity to begin a second fixed route. Other increases were for the snowplowing contract (\$12,000) to address ADA concerns at bus stops and to plow/sand at the Transit Building and adding a camera system in one of the buses (\$3,500).
- Intra-City Charges are projected to remain unchanged.
- Fixed Costs are projected to decrease \$50,300. This reflects the end of the New Freedom grant (\$30,850) and the one-time MILP contract (\$22,450). Revenues to the HATS fund will decrease by a like amount.
- Internal Charges are projected to increase \$8,915. This assumes an increase of 5% for most internal charges. Final internal charge numbers are not yet available.

HATS CAPITAL:

- Bus Stop improvements, such as shelters, will need to be carried over in the FY15 budget. Staff's request was unsuccessful in FY 2015 application. Staff will resubmit a capital grant request for bus stop improvements in March for inclusion in the FY16 budget (\$71,100).
- Request for one new fixed route bus (\$38,670). This amount reflects the 13.42% match requirement and not the full cost of a bus.
- Request the Fixed Route component to our Route Match ADA Para-Transit software. This software will not only provide us with the digital information for the fixed route service but will also provide us with real time bus tracking for our ridership (\$6,710). This amount reflects the 13.42% match requirement and not the full cost of the software.
- ADA Para-transit notification software module (\$15,600).

HATS CASH FLOW:

- The FY15 projected budget shows that HATS expenditures will exceed revenues by \$81,607 and capital reserves will drop to \$106,062. The adopted FY15 budget showed that expenditures would exceed revenues by \$57,368. Why did the deficit increase by \$24,239? The significant changes to the FY15 budget are shown below:
 - a. The FY15 projection for temporary salaries increased \$13,711 (explanation above).
 - b. Capital increased \$18,990 due to a bus that was budgeted in FY14 that didn't arrive by the end of the fiscal year and was carried over into FY15.
 - c. The expenditure pass through amount for the New Freedom grant wasn't budgeted and was amended 10/16/2014 (\$30,850)

- d. The City entered into a MOU with MILP (MT. Independent Living Project) and estimated expenditures to be \$22,450 for that program.
- e. Revenues increased \$22,450 for MILP, \$30,850 for New Freedoms, \$310 for Transade, and \$5,307 in State Aid to Transportation.
- f. Overall, expenditures increased \$83,011 and revenues increased \$58,772 for a difference of \$24,239.
- The FY16 projected budget shows that HATS expenditures will exceed revenues by \$22,264 and the capital reserve will drop again to \$78,128. The capital reserve has historically been used to fund bus replacements and other capital purchases.
- 100% of the 5311 grant award is projected to be spent.

“ROBUST” BUDGET PACKAGE

- HATAC has recommended the following to be incorporated in the FY15 and FY16 Transit budgets (from memo dated 12/18/2014 and e-mails received 1/26/2015). Staff has used and noted HATAC/consultant estimates when possible (*) and has attempted to show the assumptions used to provide estimated costs for the other recommendations when possible.
 FY15 Vehicle Wraps (5 buses * \$6,000) = \$30,000*
 FY15 Bus Stop Signage (\$125 each * 50 stops) = \$6,250*
Total FY15 Estimated Additional Request = \$36,250

FY16 Vehicle Wraps? (5 buses * \$6,000) = \$30,000
 FY16 Bus Stop Signage Replacements (\$125 *5) = \$625
 FY16 #1 - Additional Fixed Route (3,250 hrs x \$75.00/hr) = \$243,750
 FY16 #2 - Brand/Marketing (\$10,000*/yr estimate. Current = \$7,750) = \$2,250
 FY16 #3 - Mobility Manager (132/5 w/benefits) = \$66,282
 FY16 #4 - Local Match Program = No cost
 FY16 #5 - HATS Holiday Service (10 holidays, 5 buses x 13 hrs x 10 days x \$75) = \$48,750
 FY16 #5 - E.V. Holiday Service (10 holidays, 1 bus x 9 hrs x 10 days x \$75) = \$6,750
 FY16 #6 - Using ADA Taxi Service (7,500 rides * \$13.00 per ride) = \$97,500
Total FY16 Estimated Additional Request = \$495,907

- If advertising revenues are discontinued as part of the re-branding effort, the loss of revenue would be approximately \$7,400 based on the FY16 projection.
- After further refinement and discussion with the City Commission, any or all of these recommendations could be added to the budget as a package if additional operational dollars become available either through donation or MDT. As of Thursday, January 29, 2015, the Montana Department of Transportation said there is no benefit to the City of adding the robust budget package to the grant request. According to our regulators, the Coordination Plan is where they would like to see these recommendations.

EAST VALLEY REVENUES:

- The Lewis & Clark County contribution to the East Valley bus is shown at \$43,500. This is \$11,500 higher than the initial FY15 contribution of \$32,000 but \$6,500 less than the \$50,000 the County ultimately agreed to in order to keep the East Valley operation at five days per week.
- The City of East Helena contribution is assumed to remain at the FY15 level of \$3,200.
- East Valley transit fares and advertising revenues are projected to remain constant. No increase/decrease in fares was assumed.

EAST VALLEY PERSONNEL:

- Cost of Living (COLA) was estimated at .76% equal to the CPI-U (Budget Office).
- PERS retirement percentage was increased 1.224% based on State Law (Budget Office).
- Health Insurance was increased 8% based on budget office estimate.
- Vision, Dental and the Employee assistance program expenditures were increased 5% based on budget office estimates.
- Worker’s Compensation rates were based on budget office estimates.
- Salaries were budgeted to allow for one East Valley bus serving East Helena and the unincorporated East Valley area, operating on an hourly route for eight hours each day our operation is open (an additional hour per day is budgeted to allow for maintenance of buses).

EAST VALLEY OPERATIONS:

- Supplies and Materials are projected to increase \$150.00 to more accurately reflect the East Valley portion of the overall cost of supplies and materials.
- Purchased Services are projected to increase \$952.00 mostly due to the increase in the snowplowing contract to address ADA concerns at bus stops and to plow/sand at the Transit Building.
- Intra-City Charges are projected to remain unchanged.
- Internal Charges are projected to increase \$1,439. This assumes an increase of 5% for most internal charges. Final internal charge numbers are not yet available.

EAST VALLEY CAPITAL:

- No capital purchases are anticipated.

EAST VALLEY CASH FLOW:

- The East Valley Cash Flow is essentially balanced using all of the above assumptions. The FY16 projected ending operating reserve balance is \$10,043. The optimum operating reserve for this type of fund is approximately 1/12 of the total operating expenditures or \$10,075 (\$120,894/12).
- The East Valley fund is projected to use \$70,712 (10%) of the 5311 grant funds available to the City.
- 100% of the 5311 grant award is projected to be spent.

HEAD START REVENUES:

- It is assumed that RMDC Head Start will cover 100% of their costs to the City of Helena.

HEAD START PERSONNEL:

- Cost of Living (COLA) was estimated at .76% equal to the CPI-U (Budget Office).
- PERS retirement percentage was increased 1.224% based on State Law (Budget Office).
- Health Insurance was increased 8% based on budget office estimate.
- Vision, Dental and the Employee assistance program expenditures were increased 5% based on budget office estimates.
- Worker's Compensation rates were based on budget office estimates.
- RMDC does not believe there will any additional staff or route deductions this year.

HEAD START OPERATIONS:

- Supplies and Materials and Purchased Services are projected to remain unchanged.
- Intra-City charges are projected to decrease due to reduced fuel usage and lower costs projected for repairs/parts.
- Internal Charges are projected to increase \$627.00. This assumes an increase of 5% for most internal charges. Final internal charge numbers are not yet available.

HEAD START CAPITAL:

- No capital purchases are anticipated.

HEAD START CASH FLOW:

- This cash flow should always be balanced due to Head Start paying for 100% of the costs of operating this program.

COUNTY TRANSIT GRANT UPDATE:

- The Board of County Commissioners accepted Round 1 project outputs in November, 2013. Round 2 was never officially closed as the funder allowed the County to extend the project and include Round 3 as a continuation of and addition to Round 2 efforts.
- The County has not completed the implementation of the branding and marketing efforts because the final Round 2 product development requires approval of the new name and the new brand by the City Commission before brochures and website are created. The County also wants to make sure the new routes are approved by the City Commission before the route maps are finalized.
- Round 3 includes a continuation of branding and marketing effort including a Transit Summit which would be the launch event, funding and advocacy coalition building to secure funding sources for increased services, and regional concept review and strategies for funding a regional improvement.
- A consultant is under contract to complete a governance model review using the round 2 and round 3 grant. This is projected to be completed in the next month or two.
- Round 2 and Round 3 are scheduled to be completed by November, 2015.

- The City Commission has not formally accepted the recommendations included in the County Transit Grant. Does the City Commission want staff to bring the recommendations when completed forward for acceptance?

Lastly, the City Commission will need to take formal action on the following items:

- Approve the FY16 MDOT grant allocation request before March 1, 2015. The total request includes the FY 2016 preliminary budget, 2016 Coordination Plan including HATS and other partner's capital requests.

Manager Alles noted the budget before the commission is the same as the one presented at the February 4th administrative meeting with one change in the HATS Revenue. The recommendation is for the city to contribute \$37,500 of general funds, which is half of the original \$75,000. The budget shows another \$37,500 was added and shown as a County contribution.

Manager Alles reported HATAC approved the Coordination Plan at their February 17th meeting. He noted he has some concerns with HATAC's top priority being the city to purchase a van that somehow gets to MILP and is used by the taxi service. He expressed concerns with this recommendation due to the mechanics of us owning the bus, the insurance costs for the van and the driver. He would not want to allocate funds for van ahead of knowing if the city will meet all the requirements. He does not see the city putting a taxi driver on the city's insurance policy; they would not be a city employee. He is not sure if you can legally do it and even if you could, he would not recommend doing so. As we move the coordination plan forward, he will ask the commission to flip the numbers around where if the city would purchase a bus/van it ends up in the ownership and operated by the city. Commissioner Haladay noted with the contribution from the county, the city has saved \$37,500, which could be used toward the marketing plan for the re-branding. He asked if this should be included in the budget. Manager Alles stated staff will present a package for final commission approval during the regular budget process. The commission will ultimately decide what funding level is approved.

Commissioner Elsaesser stated he would like to see an amendment prepared for consideration that would assure the signage for the fixed routes. He would also like to see an amendment regarding the capital request priority list to purchase a larger bus that could use a ramp rather than the wheelchair lift. Manager Alles asked if the idea is to amend the city's capital request to purchase a van versus a bus.

Commissioner Elsaesser stated he does not believe the city is interested in a van; the amendment would be for the city's recommendation and not a van. He is interested in anything we can do to assist the taxi service in providing ADA service 24/7 through a contract. However, he does not see this being accomplished through the budget.

Mayor Smith stated he is not comfortable increasing the general fund contribution even by \$37,500; he would like to see other partners come forward before the city increases our contribution.

HATAC Chair Andrews presented the following recommendations to the City Commission:

Consideration of the FY 16 HATAC Coordination Plan Discussion Draft-The following motion was passed unanimously by voting members with 1 abstention: **In its role as an advisory body to the Lead Agency, HATAC recommends that the Lead Agency review, approve and implement the FY 16 Coordination Plan Discussion Draft, dated 020215, drafted by HATAC members for the purpose of the FY 16 MDT Grant Application.**

Consideration of staff's Grant Preliminary Budget-The following motion passed unanimously by all present with 1 abstention: **"In its role as an advisory body to the Lead Agency, HATAC again recommends that the Lead Agency create and approve a grant preliminary budget that reflects the HATAC recommendations for FY 16 with budget implications."**

Consideration of the Regional Governance Model Study results, recommendations and suggested next step of convening a roundtable of current system contributors and interested members and supporters to determine the best organizational model based on the study results and make a collaborative decision as to whether or not and when to move forward with a transition to a new Lead Agency for the Helena Area Transit System: The following motion passed unanimously by all present with 1 abstention: **In its role as advisory body to the Lead Agency, HATAC recommends that the Lead Agency Board direct the City Manager to participate in a convening of current system contributors and other interested parties to continue the discussion of a new Governance Model for the Helena Area.**

Ms. Andrews noted HATAC is an advisory council and they are advising the city commission to adopt the Coordination Plan. She noted HATAC is disappointed in staff's participation on the

development of the Coordination Plan.

Bob Maffit, MILP, stated the city's contribution of \$300,000 is a fair amount of funding and he too would like to see other interested parties participate. HATAC is looking for other partners to do that. Mr. Maffit stated he is confused in the interest in the prioritization of HATAC's recommendations; if a van is approved, it would not be owned by the city. HATAC's recommendation is for MILP to own the van.

Les Clark, MILP, stated he is perplexed about the van being the property of the city; it should be owned by MILP. Westmont purchased a van last year through the same funding source and it is not owned by the city. He does not believe there is an obligation to the city.

Jessica Peterson introduced herself as the coordinator for the Capital Transit Coalition and noted she is the lead contact in finding additional funding for the transit. She gave an overview of the role of the coalition. Ms. Peterson also reported there has been a private donor who has agreed to purchase one wrap for a bus and signage for five bus stop signs.

Jaymie Sheldahl, RMDC, stated HATAC is made up of many volunteers who brought forward the recommendations. She noted she finds it interesting that Manager Alles reported there may be an issue with parking budget; one way to eliminate that would be to have a better transit system. She has heard the state of Montana is requesting the Capital Shuttle continue to run year round. Ms. Sheldahl expressed concerns with HATAC's priority recommendations being changed. Mayor Smith stated the city continues to partner with Head Start.

HATS Supervisor Larson stated the FY 2016 Preliminary Grant Budgets for the Helena Area Transit Service, East Valley, Head Start, and the FY 2016 Coordination Plan is on the February 23rd city commission meeting agenda. Inside the coordination plan, it requires HATAC to rank their priorities. However, the city commission has the authority to modify the ranking, if they choose to do so. They would need to list the reason why.

Supervisor Larson noted with the demonstration project between the city and MILP, the largest item that became an issue was the insurance coverage. A van going through MILP and being operated by the taxi service will have the same issue and was addressed through various email correspondence. Mr. Clark in one email asked why the city couldn't include the van in the city's fleet and lease it to the taxi company.

Mayor Smith asked for clarification on the 5310 budget. HATS Supervisor Larson clarified the 5310 budget is for capital purchases and 5311 is the operating budget.

Commissioner Elsaesser stated he has been attending HATAC meetings and is pleased with the vision to get a useful system with fixed routes. The city is the best venue to provide service and to look at potential partners. He is open to the proposal to partner with the taxi company to provide ADA services. He excited for the July 1 launch of the additional fixed route.

Consensus Direction to the Manager – Staff will present the budget; Commissioner Haladay can offer an amendment on Monday to allocate the \$37,500 and the commission can decide on the recommendations. Commissioner Elsaesser asked for a written amendment for consideration.

Centennial Trail West (Joslyn Street Path) and Joslyn/Country Club Intersection – Manager Alles reported the City Commission recently approved a scope of service contract with Dowl Engineering to look at alternatives for the Centennial trail West project. The Centennial Trail Master Plan identified alternative routes to connect to Spring Meadow Lake. Currently, there is no identified route leading users to the lake. The Consultant will present multiple alternatives to construct a shared-use path to safely convey users from the existing Centennial Trail at Joslyn Street and Railroad Tracks along Joslyn Street to a route to be determined ending at Spring Meadow Lake.

City Engineer Leland introduced Cody Salo and Shae Zanto from Dowl Engineering. In order to get the projects under construction this year, there is a 30-day turn around to get these plans submitted and approved by MDT.

Engineers Cody Salo and Shae Zanto gave a PowerPoint presentation on Centennial Trail West & the Joslyn/Country Club Intersection which included the following:

- Project Overview
- Project Considerations
- Project Schedule
- Joslyn Street
- Spring Meadow Segment Alternatives

- Centennial Trail West Summary
- Joslyn/Country Club Intersection Alternatives
- Intersection Alternatives Summary.

Commissioner Elsaesser referenced the recommendation for Leslie Avenue to the Rail Spur and asked if the issue on the grade was addressed. Engineer Salo stated yes. Commissioner Elsaesser stated he is pleased with the four-way stop scenario and likes the recommendations on the design of Centennial Trail West. He thanked Lewis & Clark County and Friends of Centennial for acquiring the right of way.

Commissioner Haladay stated he would support the four way stop without the right turn lane. Ideally we would send the trail out Country Club Road as bikes cannot use the Spring Meadow Lake trail. This isn't ideal; he would like to avoid putting the trail on any portion of Country Club and he believes the best option would be Leslie Avenue.

County Commissioner Hunthausen thanked the consultants for a good presentation and staff for the work they have done on Centennial Trail. He noted the rail spur was purchased through a partnership. Commissioner Hunthausen stated the county would also support the Leslie Avenue option and noted long term the installation of a roundabout would be the best for the intersection. However, the four-way stop would be the best solution at this time.

County Administrator Bryson stated the county is committed to getting the trail built. He then asked about the traffic volume on Leslie Avenue, going north. Engineer Salo stated they do have the traffic numbers; however, he will get them. Administrator Bryson stated he has concerns with traffic flow with the four lane stop; long-range planning may be the best option.

Engineer Salo generalized there is a high traffic number from Joslyn to Country Club and Joslyn headed north and concurred the four-way stop would have a significant impact on traffic flow. There will be delays in traffic flow; however, the four-way stop will make it safer for the short term.

Robert Rasmussen questioned why the Leslie rail spur option is the preferred option and why is the curb there on the proposed trail. Engineer Zanto explained the curb will address the grade issues. On the east side, the trail will border a business and currently the private property owner is parking in public right of way.

Mayor Smith stated his preference would be a roundabout; however, he recognized the cost and time. He would support the four-way stop and the recommendation to use Leslie Avenue. Mayor Smith asked if there are any concerns with the Yellowstone Pipe Company. Engineer Salo stated they will identify all utilities that are located along the route.

City Engineer Leland stated he continues to question the recommendation for the four-way stop; however; Dowl Engineering supports it. Engineer Salo stated they would support the four-way stop; again it is a short term solution. Long term the recommendation would be the roundabout and there may be partners in the future to assist with the funding.

Commissioner Elsaesser stated FWP is open to lifting the restrictions on bikes. There are options for future connectivity.

Consensus Direction to the Manager – Move forward with the consultants recommendations for the route of Centennial Trail West and the four-way stop without the right turn lane for the Joslyn/Country Club/Leslie intersection.

Engineering/Architect RFQ Process – City Manager Alles referred the commission to the memo from Engineer Leland with the following information:

In September 2004, the City Commission approved Resolution 19163 giving the City Manager authorization to procure architectural, engineering, and land surveying consulting contracts up to \$20,000 through direct negotiation as allowed in State law. At that time all contracts greater than \$20,000 had to go through a request for qualification/proposal process. This process requires advertisement of each project by city staff, the interested firm must prepare a proposal, and then a selection committee reviews and selects a firm. This process can take up to three months for each project.

In 2007, State law was changed to allow the procurement of professional services for an annual or biannual basis. This allowed agencies, cities and counties to solicit for qualifications from each interested firm for up to two years. This streamlined the process for not only the City but also the consulting firms.

In 2010 the City Commission approved the City process to allow the solicitation of request for qualifications (RFQ) for a two year time frame. Staff first advertised in May of 2010 for the first two year list of qualified firms. The first RFQ was for FY2011 and 2012. Staff reissued the general RFQ I 2013 and 2014 timeframe. This process only streamlines the selection process for the consultants and does not change the requirement for commission approval for all contracts greater than \$20,000.

Staff is now requesting to advertise for the 2015/2016 general RFQ. The advertisement will request all interested firms submit their firms qualifications and interest in the categories listed in the RFQ. All the firms that meet minimum qualification statements will be retained on file and reviewed as needed to select the most qualified firms for each project.

The above process would not preclude the ability to interview specific firms, have a modified proposal request for a specific project, or advertise separately for a larger scope project. All contracts greater than \$20,000 will still need commission approval.

Manager Alles referred the commission to the draft Request for Qualifications Professional Architectural, Engineering and Land Surveying Services.

Commissioner Elsaesser stated the RFQ looks good; however, he has raised concerns with the larger projects and wants to work on issues with the bid process.

Consensus Direction to the Manager - Proceed with the RFQ process.

6. Committee discussions

- a) Audit Committee, City-County Board of Health, Civic Center Board, L&C County Mental Health Advisory Committee, Montana League of Cities & Towns – No report given.
- b) Audit Committee, Board of Adjustment, Helena Chamber of Commerce Liaison, Information Technology Committee, Transportation Coordinating Committee — No report given.
- c) Intergovernmental Transit Committee, Non-Motorized Travel Advisory Board, Transportation Coordinating Committee – No report given.
- d) ADA Compliance Committee, Business Improvement District/Helena Parking Commission, City-County Parks Board, Montana Business Assistance Connection – No report given.
- e) Audit Committee, City-County Administration Building (CCAB), Public Art Committee – No report given.

7. Helena Citizens Council – HCC Representative John Rundquist stated there is nothing new to report. HCC representative Terry Ray reiterated HCC supports the Quiet Zone.

8. **Review of agenda for February 23, 2015 City Commission meeting** – No discussion held.

9. **Public Comment** – No public comment received.

10. **Commission discussion and direction to the City Manager** – No discussion held.

11. **Adjourn** – Meeting adjourned at 6:10 p.m.