CITY OF HELENA
REGULAR CITY COMMISSION MEETING
BUDGET WORK SESSION
May 12, 2020 – 3:00 P.M.
Zoom Online Meeting https://zoom.us/j/4129664351

Time & Place

A regular City Commission meeting, Recreation and Parking budget work session was held on Tuesday, May 12, 2020 at 3:00 p.m., via Zoom Online Meeting https://zoom.us/j/4129664351.

Members Present

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

Pledge of Allegiance

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

Minutes

There were no minutes submitted for approval.

Report of the City Manager

REPORT OF THE CITY MANAGER

Interim City Manager Reed stated that she would be turning this meeting over to Budget Analyst Chris Couey. This meeting is scheduled from for three hours and it will start with Parking.

Presentation

A. BUDGET PRESENTATION – RECREATION AND PARKING

Staff Report

Budget Analyst Chris Couey introduced today's Budget Work Session which will cover Parking and Parks and Recreation. The goal of today's discussion is to review how goals have been projected for these departments for the future given the situation with COVID-19. At this point there's no real model to follow; the State's phased re-opening has no specific timeline. The City has made concessions for this current year for things like not charging for parking permits, the pool and Civic Center being closed, etc. The primary strategy for these areas going forward was to maintain a standard budgeting process for them since there's not a projection model to follow. The best option is to keep things as standard as possible going forward, keeping in mind among department directions and staff that even though they have a certain amount of budget authority, that doesn't necessarily mean they have that budget to spend. It's up to individual departments along with the Finance Department to monitor budgets and revenue streams going into the next fiscal year. At this point most decisions will be smaller administrative ones in order for departments to remain sustainable.

Mr. Couey stated that today's budget work session will be starting with Parking, fund number 551. In April the City decided to not charge for parking permits or parking kiosks; parking permits were reinstated in May, but on-street parking is still not being charged. Both of these items have had a significant impact on this department's revenue in this year. Going forward, the discussion is, how much longer and to what extent will the City continue these concessions, so that's a conversation that should be opened up today so there's a plan going forward for the next few months and the general budget going forward for FY21.

Mr. Couey then transitioned to a discussion and overview of this fund's cash flow. Revenue overall increased by $5,000. Expenditures are up in personnel services and Dave Hewitt can address that. Maintenance and operating expenses have gone down. Internal charges are up a little bit, and the debt service has been adjusted to reflect the actual adjusted schedule. Overall, the difference between the negative cash flow in the adopted budget is $250,000 in capital, which is something that can be discussed. The biggest concern is the fund balance, due to making about $200,000 in concessions between April and May, took a big hit in this fund. Comparing the ending balance with the reserves, there aren't too many concerns for FY20; there's a one-month operating reserve since this department generally operates month-to-month. That strategy may want to be re-addressed if the City continues with these concessions. Moving forward into FY21 the reserve details have an issue where it's showing a negative $80,000 fund balance, which correlates to the City's concessions. The calculations automatically include the operating reserve which results in a negative $219,000 balance in the capital reserves so Mr. Couey indicated this is an area that needs to be discussed considering what other concessions the City is going to keep making since this is leading towards a negative fund balance.

Mr. Couey then turned the floor over to Dave Hewitt, Parking Manager, for further comments. Mr. Hewitt stated that the sweeper Mr. Couey mentioned earlier is a replacement for an older sweeper that had been used for years but became inoperable, so the department put in a budget request for a new sweeper. Mayor Collins inquired how long the City had used the old sweeper and Mr. Hewitt answered 13-14 years and added that these types of equipment start deteriorating immediately since they are dealing with abrasive materials.

Mr. Hewitt further commented that regarding the parking concessions and associated revenue, that's how the Parking fund makes money, so any further concessions moving forward continues to reduce the fund balance. Personnel costs went up in part due to step increases and partly due to the department's restructuring to be under Transportation rather than under the City Manager. The department is working on reclassifying one staff member to assist with special permitting downtown, which would take the burden off the HPD to process those permits, although HPD would still process open container/alcohol side of things. This staff person would be the contact person at the City to whom event planners could be directed for special events, and then that staff person could ensure that all specific departments get permits reviewed in a timely manner.

Commissioner O'Loughlin asked Transportation Systems David Knoepke about the net increase in the personnel services of $83,000 from the previous fiscal year and asked for clarification if that was for an additional full-time employee. Mr. Knoepke explained the administrative clerk that had been in parking but had been suspended the last few months was reclassified to an admin/event coordinator position, so the costs went up there due to the nature of that position. The department's restructuring constitutes most of the rest of that increase along with staff step increases. Commissioner O'Loughlin asked how many FTEs are in the Parking department that are funded by this fund and Mr. Knoepke said there were eight totals. Commissioner O'Loughlin asked Mr. Couey about the effect of a negative ending cash balance and if that would end up being a transfer from the general fund. Mr. Couey explained this fund would essentially get a short-term loan from the general fund to make up the difference, which would be reflected in the capper. As long as having the negative cash balance is only expected to be short-term, there aren't really any negative impacts, as long as a plan can be provided for the capper and the auditors to show it won't remain in this situation for long.

Mr. Knoepke commented that billing for permit parking was sent out for about 925 permits; as of today, 57 permits were cancelled and 23 were suspended until June 1, at which point if they're needed, they will be sold. Payment hasn't yet been received for the majority of the permits so hopefully this trend stays consistent or decreases rather than continuing to increase since that affects revenue.

Commissioner Dean asked for an explanation of the breakout of revenue for streets and parking. Mr. Knoepke explained it's on the second sheet of revenue by On Street System (Kiosks) and Mr. Couey this was just recently updated so originally that money was built into the Meters and Coin account so you can see the difference in those numbers; he can provide the Commission with an updated file. Commissioner Dean then asked about $140,000 in annual kiosk costs, from $56,000 in debt service and $72,000 in annual charges and asked if that number was accurate. Mr. Knoepke explained that those charges are made up of operation of the kiosks, the City contracts with an outside company who runs the hardware and software. Commissioner Dean commented that it appeared the City would not be covering its costs in the area for the next year. Mr. Couey stated that what the kiosks cost and what they bring in is off-balance, and there could be a lot of factors, but the biggest thing is the resistance to paying for parking downtown. As the program phases in more and there's more acceptance of the kiosks and having to do it that way, revenue will go up in that area so ultimately it should cover itself, as an enterprise fund designed to stand alone. Concessions that have been made over time to ease the controversy affect the fund's ability to stay financially viable. Continuing with any concessions like has happened over the last few months will have a dramatic impact on this business fund, but eventually this fund will be able to pay for its debt service even if it's not there yet.

Mr. Knoepke commented that as part of the department's changes that were discussed was Tim Nickerson adjusted the projected revenue downward because of trends that were being seen. Prior to COVID-19 everything was doing exactly as had been projected.

Commissioner Dean asked if there were any people who had added parking permits and Mr. Knoepke said yes, there were 16 spaces added today for 2-3 months at the Getchell Ramp, which comes out to $1100 per month. Commissioner Dean asked how many permits were usually added in a normal month and Mr. Knoepke indicated it can fluctuate but it stays pretty level, although he doesn't have a specific number offhand. This is another area where COVID-19 has had an impact; he expects to see further reduction over the next few months but hopefully with phased re-opening things will stabilize.

Commissioner Logan asked Mr. Couey and Interim City Manager Reed about oversight of revenues that may or may not come in and how that impacts the budget; how do they both see that being reported to the Commission if any adjustments are necessary. Mr. Couey answered the City does have the ability to pull daily revenue and expenditure reports and he can work with department directors and Ms. Reed regarding any areas of concern. He currently plans to do at least a monthly review and feedback can be provided to the Commission at an administrative meeting. He agrees this needs to be done often and in detail, and that is his current plan, with updates provided to the Commission accordingly.

Mayor Collins expressed agreement with that idea. Interim City Manager Reed concurred with Mayor Collins and reiterated that there are certain funds that will be more impacted than others and where there will be more expenditures than anticipated and unpredictable revenue streams. A monthly check will ensure that the City will be able to meet necessary expenses for things like personnel costs and then they can evaluate larger expenses that aren't necessarily critical moving forward.

Commissioner Logan asked about the sweeper that's not in service and when the department expects to get that. Mr. Knoepke stated they would wait until the budget was approved and adopted, and then see what the garages were like as far as cleanliness; if it's something they could keep up with by another method, then the purchase of the sweeper would be delayed as much as possible. Another consideration is people's perception of the program based on the appearance and cleanliness of these facilities. Hypothetically if the City is still not charging for on-street parking or there's a significant dip in revenue then there'd be an internal discussion with Mr. Couey and Ms. Reed to come up with a plan depending on the trends over the next few months. Commissioner Logan asked if this piece of equipment was the only one of its kind in the city. Mr. Knoepke stated that Parks has another smaller sweeper that's similar, so there might be an opportunity there to share it, with the caveat that both pieces of equipment are the same age, so a double-use of Park's sweeper might impact it.

Mr. Knoepke expressed agreement with Ms. Reed that July would be a good time since it would be two months into the state's phased re-opening and trends could be looked at, and revenue from permit parking could also be evaluated. The City would be able to provide data to the Commission for them to make more informed decisions.

Mr. Couey asked about the other big capital item of the gate arms and how much of a necessity that would be. Mr. Knoepke indicated that the department's been getting by without it; it's an essential part of those operations but it can always be re-evaluated.

Mayor Collins asked about the cost of fixing the gate arm as opposed to replacing it. Mr. Nickerson provided background information on the history of these garages and the necessity of the upgrades to the automated systems.

Commissioner Haladay asked about the debt service at line 6000 and if the certificate of participation, series 2009, is solely for the 15th Street garage. Mr. Knoepke confirmed that is the case and Commissioner Haladay commented that he was wondering about the transfer out shown on line 8309 for the 15th Street garage, and if the principal and interest reconciles with the income for 15th Street. His understanding is that the 15th Street garage is a big anchor for Parking, and it was created in conjunction with Montana State Fund to keep those jobs downtown. It seems like if the 15th Street garage was not there; this particular fund would be performing better. Mr. Knoepke stated that was correct. This particular garage is mostly sold to the State Fund. There are 50 permits that could be sold but that would mostly go back to the State, so basically this is a State-owned garage that the City manages and maintains.

Mr. Couey said he planned to have another round of review with Mr. Knoepke and Mr. Nickerson to see what else can be done with this fund and how to offset the negative balance. It might be brought up again at another administrative meeting prior to final adoption of the budget.

Commissioner Dean inquired if it's known what other municipalities around the country are doing that are facing similar situations. Mr. Knoepke said that nationwide it's a mixed bag, depending on status, and he agrees with Mayor Collins' comment that as soon as Phase 2 starts, there will be some changes once people are able to get out more and come downtown, and especially when the State gets to

Phase 3. The department is aware that Parking's revenues could be further reduced simply as an effect of COVID-19 in a few months. This will be monitored accordingly, and they'll coordinate with Mr. Couey and Ms. Reed to be able to bring forward any concerns in a memo or administrative meeting.

Commissioner O'Loughlin asked if it would be possible for staff to pull data on what the larger municipalities in Montana are doing about downtown parking and Mr. Knoepke indicated that wouldn't be a problem.

Mr. Couey next introduced the discussion on the Bill Roberts Golf Course, fund number 563. The Civic Center, the Golf Course and parks generally are seeing revenue constraints because of COVID-19. There is a push out there for some additional legislation to provide revenue reimbursements through the League of Cities and Towns, so there may be potential for reimbursement for lost revenue down the road. This fund is similar to Parking in that debt service is a big part of the problem facing the fund's financial viability. It's a business fund that needs to be able to stand on its own.

Mr. Couey provided an overview of the revenues; going forward there's an increase in charges for services due to the increase in the rate structure that Director Kristi Ponozzo put in place. Personnel services realized some savings in part because that area was temporarily reduced and also due to the upcoming retirement of Larry Kurokawa, the Golf Course Superintendent next year. With maintenance and operating expenditures, the big change is the re-sale supply for the restaurant, which had significantly reduced but was bumped up again in order for the restaurant to operate profitably. Internal charges increased a bit and for debt services there was an updated debt schedule. One big capital outlay item was the beverage carts. Overall cash flow for the year is about negative $100,000 given the additional personnel expenses and the increase in the restaurant costs. The cash balance is the biggest concern for the Golf fund; FY20 will end with a projected negative cash balance due to closures and limited operations as a result of COVID-19. Revenue projects are therefore less than they should have been, and the cash balance is greatly reduced. Similar to the situation with Parking, in the short term it's not a huge problem to have that negative balance at the end of the year although it's not ideal. It's not uncommon for this to happen with this type of fund as long as there's a plan to demonstrate it's not a permanent situation. Without a City contribution from the general fund as was done with the Civic Center, the Golf Course negative cash balance will be a longer-term situation as opposed to Parking. There just needs to be a plan in place to show auditors and the State as far as the cash flow for each year. There aren't necessarily negative consequences for having that negative balance, unless it goes on for too long.

Mr. Couey then turned over the discussion to Director Ponozzo and to Conlan Burk for their comments before taking comments and questions from the Commission. Director Ponozzo added that the Golf fund has not had a General Fund infusion for at least 6-7 years and possibly as far back as 2009, since it's mostly able to operate as an Enterprise fund. The struggle is when there are large capital outlays, such as when the new restaurant was built a few years ago. There are significant debt services with no commensurate revenue to cover that. After struggling with the new restaurant and new restaurant manager, they're now on a good path forward to realizing increased revenues although COVID-19 hasn't helped given the closures in March-April which historically is this fund's biggest month for revenue. Mr. Burk concurred that the Golf fund took a hit because of the timing of the shutdown and the decreased capacity at the golf course with the increased safety precautions. Ms. Ponozzo stated that the simulators are still closed and will remain closed through Phase 1 and those are also revenue generators.

Mayor Collins asked what revenues were generated last year by the simulators and Mr. Burk said for FY19 they generated $112,000 in addition with indirect revenue along with that, such as food and beverage sales. At the time of the shutdown the golf course was still finishing the Winter League playoffs over four weeks.

Commissioner Haladay asked Mr. Couey about the higher level view of the funds showing negative balances which he had talked about doing short term loans from the General Fund, and if that shows anywhere in the budget as far as the General Fund assuming that has to be carried for a longer period of time. His understanding is that when the Commission approves a general fund budget showing greater expenses than revenues, ultimately those short-term loans would be shown somewhere. Mr. Couey clarified that these wouldn't be included in the budget since it's an administrative task for purposes of the capper. That money doesn't really go anywhere, rather it's more of an offset situation. Since the Golf fund has such a large negative balance Mr. Coue commented that this probably wouldn't be the strategy applied here; with this fund it's more about looking at a 2-3 year recovery plan to get it back on track and profitable. Parking is probably the only fund that will end up in that short-term loan scenario and none of that money really goes anywhere; it's more a matter of the paperwork.

Commissioner Dean asked about the 2-3 year recovery that was mentioned for helping the restaurant get going again and if projections have been done for the scenario when COVID-19 is more contained and things are getting back to normal, as far as how many covers will be needed per day at the restaurant to cover expenses and including the debt service. Mr. Burk answered that they've worked on a five-year plan with preliminary numbers but nothing's concrete yet. Commissioner Dean commented that local restaurants are considering how long they can last in this situation and when they can start ramping things up again and get back to full capacity; what does the long-term plan actually look like?

Mr. Burk said that the restaurant is going to be a big point of interest and a major driver going forward as the golf course becomes more popular and more programs are implemented. Building the clubhouse was expensive and it's not yet paying for itself. Commissioner Dean asked if any marketing had been done and Interim Manager Reed confirmed that there had been, but it's barely scratched the surface of the potential for generating revenue. A TV commercial was done, and sales skyrocketed. Putting more work into marketing will be part of the long-term plan for generating revenue but there just hasn't been a chance to do that yet. Mr. Burk said there have been significant discussions about the long-term advertising strategy; what was in place was fine but too broad, so the scope has been narrowed in order to provide more results over the next few years. Everyone also agrees that the simulators have an immense potential for generating revenue.

Commissioner Logan asked how long the simulators have been in place and in use. Mr. Burk explained one of them dates back to 2010, and the three totals have been operating since FY19. Commissioner Logan then asked the same question about Muni's and Mr. Burk said it was also operational by FY19.

Commissioner Haladay asked Mr. Couey a follow-up question about the negative fund balances for expenses over revenues leading to essentially no cash reserves. Where does the money come during the year after hitting zero? Mr. Couey answered that the City has 75 different funds, all of which have a revenue source, expenditures and ending cash balance. The money is mostly pooled in the short-term investment pool (STIP) with the State of Montana. Having a negative cash flow is different than having a negative fund balance so as long as the paperwork shows the fund has money to spend money that year, it's not really an issue. If there's a negative fund balance, that means in order to pay bills, the fund will have to borrow money from the general pot to pay those, since the fund itself doesn't have any money in the pot.

Commissioner O'Loughlin asked about the projected increase in revenue from the golf fees. Is the difference between FY20 and what's projected for FY21 related to those increased golf fees or is that also projecting a higher level of golf course use by people? Mr. Couey said it's a combination of all that and includes the reduced revenue projection of what was lost between April and May of people golfing those months. He can look up what the adopted budget was for that particular account for FY20 and see how it compares to the projection for FY21.

Commissioner O'Loughlin asked about the increase in revenue from the golf simulator and if those simulator fees had also been increased. Mr. Couey confirmed that yes those were increased. The actual jump here isn't quite as big as it looks because of the shutdown.

Commissioner O'Loughlin asked about the food and beverage line items where the numbers seem to increase significantly for FY21. She asked if that level of increase is anticipated even if these numbers include the decline from the shutdown. Mr. Couey confirmed that's correct. The City's general strategy is to budget as normal for the next fiscal year and to course correct as needed going through the year. The FY21 projections show the reduced expectations due to COVID-19 closures. The jump in the numbers for the golf course really have to do with the new restaurant manager's plans for the restaurant and counting on that really ramping up to be more profitable.

Commissioner Dean asked if the restaurant has a beer and wine license or a full liquor license and Mr. Burk said it was just a beer and wine license.

Commissioner O'Loughlin commented about the revenue numbers and expressed an interest in having a more in-depth conversation at some point, in order to have a better idea of what the plans are for the golf course. She expressed having more concerns about the viability of this particular fund as opposed to the other two being discussed but appreciated all the work that's been done and the plans that have been set forth. Getting an idea over the next few months about potential decisions that may need to be made down the road would be helpful. The budget numbers are counting on some significant assumptions regarding revenue projections for each account. Speaking for the Commission this is a fund that merits further discussion in the next few months.

Mr. Couey presented the details of the numbers for the various food and beverage accounts and explained how projections for FY21 mirror what they'd expected to have for FY20. Commissioner O'Loughlin commented about the beverage number projected for FY20 and how that is below what was originally adopted. Factoring in two months of the twelve-month fiscal year, it's hard to imagine that $100,000 has been lost in the last 1.5 months. That's something else that warrants another conversation in the future about these specific numbers and the plan to reach this amount for food in FY21 since any adjustments made to this revenue stream will make the cash balance go further into the negative.

Mr. Couey introduced the next fund up for discussion, which is the Civic Center, fund number 211. The big area of concern here is that the Civic Center is essentially shut down with all events in the last 1.5 months cancelled, rescheduled or postponed. One event is still scheduled for June so the hope is that will still take place for this fiscal year; therefore, that is included in the budget numbers.

Director Kristi Ponozzo stated that because of COVID-19 35 events at the Civic Center have been cancelled with revenue losses to date of $115,000. There are discussions happening with the Lewis & Clark County Health Department about possibly re-opening during the Phase 2 of the State's re-opening plan and how to handle social distancing with limiting the number of people at events.

Mr. Couey explained that revenues are down a little from the original adopted budget because of charges for services; the reduction in that portion of the revenue is based on the number of shows booked now for the next year. For background, the Civic Center fluctuates a lot as far as both revenues and expenditures, depending on the number of shows added or cancelled. As shows are added throughout the year, associated expenses such as paying the artist also increase. For this year, the Civic Center had reached the original show revenue budgeted goal. Expenses related to those shows were higher just because of the number of shows that generated revenue. Before the shutdown, this fund was on track to being more profitable this year because the types of shows that were held were more popular with people than they had been in the past.

Looking at expenditures, for personnel services there was some increase because of staff step increases and COLA. The maintenance & operating budget stayed the same. Internal charges went down a bit. For this year, in an effort to reduce expenses, there's a staff person being switched over and used to fill a vacancy at the City-County Building so this building can take some of that personnel cost for this fiscal year.

Under Capital Outlay, there will be a little more to the capital projects that might be under the Civic Center when the Capital Outlay budget work session happens and discussions get to the Capital Fund, number 440. Looking at fund balances, this is a relatively healthy fund at this point since it has enough to cover both its operating and equipment reserves. The fund balance is not an immediate concern for the future but it will be a concern going forward and that's the starting point for a conversation about the contribution that the Civic Center generally gets from the General Fund, which has usually around $450,000-500,000 in the past. For this fiscal year that amount was reduced and also for FY21 since the General Fund was a little light; for the purposes of the work session that amount was left at what was previously adopted. The issue needs to be addressed in today's work session because unlike Parking and Golf, the Civic Center is not an Enterprise Fund or Business Fund – it's a Special Revenue fund so it generates most of its revenue in charges for shows, but it also relies on General Fund contributions as considered for the public good. That contribution being reduced results in the negative cash flow going into next year. With a typical contribution, that would bring it to a zero cash balance for the year.

Director Ponozzo commented that they're doing everything possible to minimize expenses during COVID-19 related closures including furloughing temporary employees and re-assigning one employee to the City-County Building's maintenance department for the duration.

Mayor Collins asked how many employees the Civic Center has. Bridget Johnston answered besides herself, there are three other employees, for a total of four. Mayor Collins asked since one employee was transferred what the other three were doing and Director Ponozzo explained Ms. Johnston was handling show cancellation and rescheduling; the other three handle maintenance for the facility, which is mostly during July/August when the Center is closed due to lack of air conditioning.

Commissioner Dean asked about the temporary employees who were furloughed and what they'd been doing. Ms. Ponozzo said one was an administrative assistant working at the box office part-time, and the other was the interim Civic Center manager. Commissioner Dean asked about the marketing budget of $7,000 and if that was the normal amount; Ms. Johnston said that was an increase. Commissioner Dean wondered if at some point later it might be possible to look at a significant marketing budget and what that might do as far as revenue production, since $7,000 is not much for an organization of this size. Mr. Couey asked if the shows themselves advertise on their end and Ms. Johnston explained it depends on the show. That particular type of advertising is under the promoter payment account; the general marketing budget is not show-specific.

Commissioner Haladay asked about the FY20 projected expenditures of $1.25 million and if that number was correct. Mr. Couey confirmed that was correct. Commissioner Haladay asked Commissioner Dean about the comment on the budget being in the black with the normal subsidy. Commissioner O'Loughlin asked if the Civic Center is $300,000 in the red with the General Fund subsidy so that without those funds it would be over $500,000 negative. Commissioner O'Loughlin asked about the difference in how the Civic Center is handled compared to Golf and how the Civic Center is not an enterprise fund. What is the difference – for the Civic Center a general fund subsidy is provided via a transfer in, and that's the only way to have an ending cash balance. But with Golf the City doesn't do that and so their funds will stay negative. She asked for an explanation of why these two funds are treated differently.

Mr. Couey provided background information about why the Civic Center has always gotten a contribution and why Golf typically doesn't. It's due to the different fund classes: Enterprise Funds are designed to stand independently as their own contained business. Special Revenue funds typically are funded from specific places. The Civic Center was probably set up as a special revenue fund because of an assumption it's not able to stand and function on its own. It's also a matter of public good will and the broad range of uses there as compared to the golf course which is focused on a specific activity.

Interim City Clerk Clayborn noted that City Controller Liz Hirst has asked to be admitted to the work session.

Controller Hirst explained that in the past the Civic Center was part of facilities and it was rolled into their funds for capital reporting purposes; that's why it's a special revenue fund instead of an enterprise fund. She has discussed with accounting staff going forward with the Civic Center being part of the Parks Department; it might need to be reclassified as an Enterprise Fund. Not being self-supporting is not the sole reason for this being a special revenue fund. An enterprise fund is defined as being one that receives most of its revenue from charges for services.

Commissioner Haladay commented that what's helpful about how the Civic Center fund is budgeted is because of the general fund transfer in, it's clearer than having to do any backend calculations about how everything works out. It's helpful to see how the general fund is being impacted because of this subsidy. The Civic Center, Golf and

Parking have all been on a watch list for problems since Commissioner Haladay was elected and it's been an ongoing question of what to do with these funds. It's less clear with Golf and Parking about the long-term effects of their drag on the general fund. The necessary conversation is whether or not it should keep having the starting fund balance or whether the general fund should revert any surplus in the long run.

Commissioner Dean asked about the Helena-area hospitality industry which has had increasing traffic over the last decade as Helena becomes more of a destination for events like weddings and if there's been any marketing done to tap into that. Ms. Johnston answered that some marketing has been done via there newspaper ads, social media, and a booth at the bridal fair for the last couple of years, but there hasn't been lots done because weddings are hard to fit into the Civic Center's schedule. Nothing is booked during July and August and most people want outdoor weddings and looking at the rest of the year normally every weekend is booked so most people are turned away.

Interim City Manager Reed noted that the Zoom meeting has 1 hour, and 10 minutes left to go with one fund left to discuss.

Mr. Couey introduced the next fund for discussion, which is Parks and Recreation, fund number 017. This is broken out from the discussion about the General Fund because of the impact that can be expected from the Memorial Pool; this fund is where the pool's revenue goes. The Parks and Rec fund doesn't generate enough income to cover its expenses, but the pool is a big source of revenue for this area. This is another area where at this point it's not clear where things are going and when things can re-open.

Looking at the summary, revenues are down because there was a switch between Parks and Recreation, and the Open Lands end of things. There used to be a transfer of funds between the two funds to cover a staff position that worked in both areas. It's become more of a model to payroll that person directly from Open Lands so that's the reduction that's shown here. Looking at expenses, personnel is down a bit because of the transfer out of the payroll to the other fund. Maintenance & Operating budget is down about $2,000 and there's some shift between the categories. Overall, there's a reduction of about $50,000 from the adopted expenditure budget. It shows how much this fund needs overall for the department.

Mr. Couey turned over the discussion to Director Ponozzo and Craig Marr, Parks Superintendent, for background information and further comments.

Director Ponozzo remarked that as far as Memorial Pool, there's uncertainty about if it can be operated at all this year. It cannot be open during Phase 1 of the State's phased re-opening. There's upcoming discussion planned about what limited operation during Phase 2 might look like. Staffing is being looked at for recruitment. Other recreation programs are also reflected here that don't have a big impact on the Department's budget, but they'll be run differently this year and there won't be an in-person program.

Mr. Marr added that the fee package was approved so the Department has increased some of its fees. There's still a chance for having some revenue generated by the pool in July and August. They're working on how to arrange swimming lessons but how the pool will operate is still an unknown.

Director Ponozzo added that some expenditures will be reduced since there won't be staff operating costs, but they have to make decisions about that soon.

Commissioner Logan asked how soon that decision would need to be made. Ms. Ponozzo stated that for budgeting purposes they'll need to know by the end of May if the pool will be able to open. Mr. Marr added that they're moving forward but one issue is training new staff; they're trying to rely on previous staff from last year who've already been trained. The Department is reaching out to former staff and planning to at least be somewhat operational.

Commissioner Dean asked about the temporary salaries shown in the budget which seem to have increased by $40,000 in the Department overall from FY20 to FY21, and inquired as to why that was. Mr. Marr stated that he wasn't sure about that specifically in the park maintenance account and asked Mr. Couey for more insight. Mr. Couey stated he doesn't have an answer on that at the moment. Mr. Marr commented that any increases like that have to be approved by HR so one possibility is that the Department had a weed code enforcement budget including some seasonal employees, but that area went over to the Streets Department. The seasonal employees might have put into Park's budget so that's something he can look into. Mr. Couey said it seems like a similar situation with concessions and food at the golf course, where what is shown here is the projected spending for FY20, versus the adopted FY20 budget which was higher; costs for those temp employees won't be realized this year but the original number was higher. Director Ponozzo indicated these numbers are accurate if things stay closed for the next couple of months. If things do open up in June then things might be higher because of more temp employees back to work. Mr. Marr added that there won't be too much savings since temp employees do lots of the groundskeeping work.

Commissioner Dean asked about the urban trails account, what's the difference between that and other contracted services. Mr. Marr answered that Urban Trails was set up for things like Centennial Trail and paved trails in town. Mr. Marr further stated this used to be in the Streets Department but moved over to the Parks department, so a budget was created for it to cover asphalt work.

Commissioner O'Loughlin asked about the Park Use fees under Revenue which shows an increase of $200,000 on adopted versus projected, and what was the change there. Mr. Couey answered that was a typo in the spreadsheet and it's been corrected in the new file; that number should have stayed at $45,000. That doesn't have a huge affect on the overall General Fund.

Commissioner O'Loughlin asked about the general government revenues needed of $2 million and if that's how it was structured and formatted for the police and fire budgets that ultimately rely on the general fund. Mr. Couey confirmed that all of the General Fund's sub-funds will have that same number at the bottom. Commissioner O'Loughlin then asked Director Ponozzo about the LWCF Grant that was received for the bathroom at Beattie Street and if that's reflected in the budget or if it was in a prior fiscal year. Director Ponozzo stated that would be included in the Open Lands budget which is not part of this particular fund.

Mayor Collins asked for public comment. Interim City Clerk Clayborn reported there was one comment received from Dr. Gregory Thomas thanking City staff for their work on the budget.

Interim City Manager Reed reported she received information related to the peak revenue for the Golf fund. This will be further discussed at the next work session along with the other issues that were brought up today. She will make sure this is distributed to everyone for review.

Adjournment There being no further business to come before the City Commission, the meeting adjourned at 6:00 p.m.

MAYOR

ATTEST:

CLERK OF THE CITY COMMISSION