

# PRELIMINARY BUDGET

FISCAL YEAR 2022



City of  
**Helena**

# Table of Contents

	<u>Page</u>
<b>SECTION 1. BUDGET MESSAGES</b>	
Commission Transmittal Letter .....	TBD
Budget Certification .....	TBD
Message from the City Manager .....	4
HCC Report .....	7
<b>SECTION 2. BUDGET AT A GLANCE</b>	
Budget At A Glance .....	22
<b>SECTION 3. COMMUNITY PROFILE</b>	
Community Profile .....	27
<b>SECTION 4. INTRODUCTION AND OVERVIEW</b>	
Budget Cycle Overview .....	33
Budget Balance Explained .....	34
Budget and Reserve Policies .....	35
City Organization Chart .....	44
FY22 Staffing Plan .....	45
Authorized Staff Positions By Division .....	50
Property Taxes and Assessments Overview .....	53
City-wide Revenues Overview .....	54
City-wide Expenses Overview .....	63
At-A-Glance Summary of Expenses in FY22 Beyond Adopted in FY21 .....	67
City-wide Debt Service Overview .....	69
Long-term Debt Schedule .....	72
<b>SECTION 5. ORGANIZATION / DEPARTMENT OVERVIEWS</b>	
Department Overviews (+ Org Charts, Goals, Work Plans and Summary of Changes)	
Departments	
City Commission Office .....	75
City Manager's Office .....	79
City Attorney's Office .....	83
Human Resources Department .....	87
Police Department .....	91
Municipal Court .....	96
Fire Department .....	100
Community Development Department .....	105
Finance Department .....	110
Parks & Recreation Department .....	116
Community Facilities .....	120
Public Works Department .....	125
Transportation Services Department .....	131
<b>SECTION 6. SCHEDULE OF CAPITAL OUTLAYS</b>	
Police Department .....	136
Fire Department .....	137
Community Development Department .....	138
Finance Department .....	139
Parks and Recreation Department .....	140
Community Facilities .....	141
Public Works Department .....	142
Transportations Services Department .....	144

# Table of Contents

	<u>Page</u>
<b>SECTION 7. FUND DETAILS</b>	
<b>GENERAL FUND</b>	
<b>100</b> General Fund.....	147
Cash Flow & Expenditures per Sub-Fund:	
<b>011</b> General Government.....	155
<b>012</b> Police & Court.....	169
<b>013</b> Fire Department.....	183
<b>014</b> Community Development.....	190
<b>015</b> Finance.....	194
<b>016</b> Public Works.....	202
<b>017</b> Park & Recreation.....	208
<b>SPECIAL REVENUE FUNDS</b>	
<b>029</b> Lighting Districts - All.....	220
<b>201</b> Street & Traffic.....	225
<b>204</b> Civic Center Board.....	236
<b>211</b> Civic Center.....	238
<b>212</b> Facilities Management.....	243
<b>213</b> Facilities Managemnt-HVCC.....	253
<b>214</b> Neighborhood Center.....	254
<b>215</b> Police Projects & Reimb.....	255
<b>217</b> Law Enforcement Block Grant.....	256
<b>218</b> 9-1-1 Emergency Program.....	257
<b>219</b> Support Services Division.....	261
<b>226</b> CDBG.....	265
<b>229</b> Affordable Housing Trust.....	266
<b>233</b> Public Art Projects.....	267
<b>235</b> Open Space District Maint.....	269
<b>237</b> Urban Forestry.....	273
<b>238</b> Loan Repayment.....	277
<b>240</b> Gas Tax.....	278
<b>241</b> Gas Tax HB473.....	280
<b>245</b> Storm Water Utility.....	281
<b>246</b> Watershed Projects.....	285
<b>260</b> Fire Safety Levy.....	288
<b>290</b> COVID-19.....	290
<b>DEBT SERVICE FUNDS</b>	
<b>308</b> 2017 GO Bond-08 Park Ref.....	292
<b>340</b> S I D Revolving.....	293



# Table of Contents

	<u>Page</u>
<b>CAPITAL PROJECTS FUNDS</b>	
<b>406</b> TIF Railroad District.....	295
<b>407</b> TIF Downtown District.....	297
<b>440</b> Capital Improvements Fund.....	298
<b>441</b> Parks Improvement.....	304
<b>450</b> Sidewalk Improve/Constrct.....	306
<b>ENTERPRISE FUNDS</b>	
<b>503</b> Building.....	307
<b>521</b> Water.....	311
Water Service Line Replacement.....	321
<b>531</b> Wastewater.....	322
Waste Water Service Line Replacement.....	334
<b>541</b> Solid Waste-Residential.....	335
<b>542</b> Solid Waste-Commercial.....	339
<b>543</b> Landfill Monitoring District.....	343
<b>546</b> Transfer Station.....	345
<b>547</b> Recycling.....	350
<b>551</b> Parking.....	355
<b>561</b> Special Charters.....	361
<b>563</b> Golf Course.....	365
<b>570</b> City-County Building Fund.....	375
<b>571</b> City/Cnty Bldg Mail.....	379
<b>572</b> City/Cnty Bldg Telephone.....	383
<b>573</b> CC Law & Justice Building.....	385
<b>580</b> Capital Transit.....	389
<b>581</b> CT - East Valley.....	394
<b>INTERNAL SERVICE FUNDS</b>	
<b>610</b> Fleet Services.....	397
<b>643</b> Copier Revolving.....	402
<b>645</b> Property & Liab Insurance.....	404
<b>650</b> Health & Safety Program.....	406
<b>651</b> Dental Program.....	408
<b>652</b> Vision Program.....	409
<b>SECTION 8. ADOPTING RESOLUTIONS</b>	
BUDGET RESOLUTION .....	411
<b>SECTION 9. GLOSSARY</b>	
BUDGET GLOSSARY .....	414

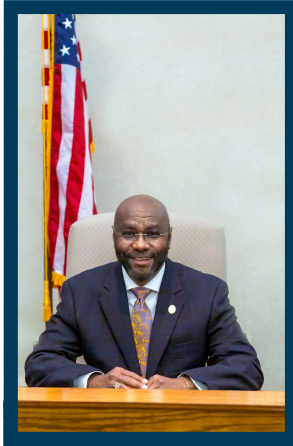
# BUDGET MESSAGES



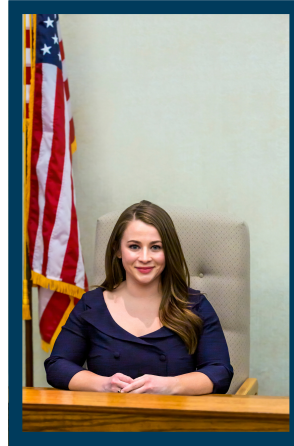
**SEAN LOGAN**  
COMMISSIONER



**HEATHER O'LOUGHLIN**  
COMMISSIONER



**WILMOT COLLINS**  
MAYOR



**EMILY DEAN**  
COMMISSIONER



**ANDRES HALADAY**  
COMMISSIONER



City of  
**Helena**

PRELIMINARY  
BUDGET

FISCAL YEAR 2022



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## **City Manager's Budget Message**

### **Preliminary Fiscal Year 2022 Budget**

Honorable Mayor Collins and Helena City Commissioners:

It is my pleasure to present the Preliminary Fiscal Year 2022 (FY2022) City of Helena Annual Budget. As a reminder, the Montana Code Annotated (MCA) 7-6-4020 requires that Helena's Preliminary Annual Budget include:

- All Revenues & Expenditures for prior, current and proposed year
- Expenditures classified as: Salaries/Wages; M&O; Capital Outlay; Debt Service; or Transfers
- Change of Balance by Fund (Beg + Rev – Exp = End)
- Detailed list of Capital
- Financial Data on Current and Future Debt Obligations
- Personnel Position Counts (FTE's) for prior, current and proposed years
- Estimated Tax for any fund levying an Ad Valorem Tax
- Any other estimates that fall under the purview of the budget.

Thank you for your support in transitioning this document to one that not only meets state law, but also documents the City Manager's budget and a final City Commission budget in alignment with City Charter and State Statute. The budget now incorporates strategic planning, establishes citywide budgeting policies to improve consistency, and is used as an executive work plan. The first step in this transition was your work to establish Strategic Outcomes. By knowing the direction of the Commission, the City of Helena team can align work and the budget recommendations toward achievement.

Within this submittal you will find policies that include establishment of appropriate reserves within funds and effective management mechanisms like the cost-of-living adjustment to maintain City resources over time. Implementing these policies supports establishment of consistency across the City and improves the City's fiscal stability. This work is only the beginning of fiscal stability work needed in Helena.

Of greatest importance during the budget working sessions has been the critical conversation around the difference between meeting the Montana state budget law definition of a balanced budget versus the best practice of a structurally balanced budget. The city has been working toward a structurally balanced budget but has not achieved this outcome. It is my belief that historic efforts to cut the budget to achieve a structural balance only achieved the perception of structural balance and not actual structural balance. Helena lacks the financial management

policies, operations and planning needed to be stable. **This Preliminary Budget meets the expectations of a balanced budget and sets the City of Helena on the path to long-term fiscal stability.**

This budget reflects no increases in assessments or fees, and yet achieves a balanced budget. As shared during the working sessions, the roughly \$1.6 million increase in the General Fund represents only \$900,000 in year over year increases that result in establishing operations missing in the City. Without these operations, the expectations of the Commission can not be met. This \$900,000 gap will be met with an anticipated \$600,000 in charge backs that have not been applied to other funds and \$400,000 in anticipated revenue to be captured by Final Budget adoption in September of 2020.

### **Public Engagement**

This budget process represents the culmination of more public involvement and greater transparency to the public than has been available in the past. Be Heard Helena was implemented early in this process offering the community the ability to view the budget development process, step by step.

### **Budget Process FY2022**

#### Preliminary Budget

The City Commission has the responsibility of adopting a City budget. The City Charter requires the City Manager to prepare and present the budget to the City Commission for approval and execute the budget adopted. The Budget is prepared by the Finance Department under the direction of the City Manager. Although Finance coordinates budget development and creates the budget document, it represents a major effort by all City departments. State statute, MCA 7-6-4021, requires that the City Adopt a Preliminary Budget which is represented in this process as the charter directed City Manager's budget. The Commission can make amendments to the budget via motion following public hearing as part of the adoption of the Preliminary Budget. Once the Preliminary Budget is adopted, and in accordance with state statute, the City may begin spending on July 1, the official first day of the fiscal year.

#### City Commission Budget

State statutes, MCA 7-6-4024 and 7-6-4036, require the City Commission adopt the final budget, and fix the tax levy by the later of the first Thursday after the first Tuesday in September or within 30 calendar days after receiving certified taxable values from the Montana Department of Revenue. The reason for this late legal finalization of the budget/tax levy is the timing of tax valuation information. Budget revenue estimates and tax levies are dependent upon tax valuation information. The budget is subject to revision, and not considered legally finalized until the tax levy is fixed by City Commission resolution.

### Preliminary and City Commission Final Budgets Amendments

The City Commission can make amendments to the budget via motion following public hearing as part of the adoption of the Preliminary Budget. After adopting the Preliminary Budget, the Budget may be amended as authorized by budget resolution. The budget is subject to revision, and not considered legally finalized until the tax levy is fixed by City Commission resolution by September of every year.

### **FY2022 Budget Documents**

There are two documents prepared by the Finance Department each year.

1. Manager's Proposed Budget

The Manager's proposed budget is presented to the City Commission and made available to the public in June or July. This document is the basis for the public hearing on the budget. Various resources are created to aid in preparation, which include:

- Department Requested Budgets
- Fund Budgeting
- Capital Improvement Planning
- Budget Policies

2. Final Budget

This document is the City Commission's adopted budget document and is completed by September of every year.

### **FY2022 Budget Work**

1. November 2020

- Department work plan creation begins (Wildly Important Goals)

2. December 2020

- Book of Fees Review

3. January 2021

- City Commission Strategic Outcomes for the FY2022 Budget Established
- Continued work with Departments on work plans to align with Commission Strategic Outcomes

4. March 2021

- Fiscal Stability analysis completed
- Departments work with Finance to create budget submittals

5. April 2021

- Budget elements shared to the Commission
- Departments continue work with Finance to submit requests

6. May-June 2021

- Working Sessions held with Commission on two drafts of the City Manager's Preliminary Budget  
(1) May 10, 2022 Special Session Sidewalks;



- (2) May 12, 2022 Administrative Meeting Presentation of the DRAFT Preliminary Budget included overview by Finance Director supporting a Legally Balanced Budget;
- (3) May 17, 2022 City Commission meeting included a review of the Departments of Parks, Recreation and Open Lands including Golf and the Civic Center along with Transportation including Transit corresponding with all on-demand services that require a General Fund transfer along with the City Manager's recommendation to achieve a Structurally Balanced Budget;
- (4) May 19, 2022 Administrative meeting included a presentation on the Housing Trust Fund, and from the Departments of Community Development and Public Works; and
- (5) May 26, 2022 to make final edits/revisions needed to reflect an appropriate Preliminary FY2022 Budget Submittal on June 7 along with presentations from the Municipal Court, Police and Fire Departments.
- (6) June 2, 2022 to make final edits/revisions needed to reflect an appropriate Preliminary FY2022 Budget Submittal on June 7
  - Finalization of manager's proposed budget
  - Helena Citizens Council submits review of Drafted City Manager's Preliminary budget.

**7. June 2021**

- Manager's proposed budget presented to the City Commission.
- Public hearing scheduling and advertisement.
- Proposed budget available for public inspection.
- Formal public hearing on the proposed budget.
- Annual budget resolution - City Commission adoption.

**8. July 1, 2021 - start of new fiscal year.**

**9. August-September 2021**

- Certified taxable values received from the Department of Revenue.
- Annual tax levies fixed by City Commission action by the later of the first Thursday after the first Tuesday in September or within 30 calendar days after receiving taxable valuation from the Montana Department of Revenue
- Preparation of the final budget document