



Special Work Session
City Commission Special Minutes
Gibson Room, Civic Center
June 27, 2018

1. Call to Order - 8:30 A.M.

City Commission members present: Bob Kelly, Bill Bronson, Tracy Houck, Owen Robinson, and Mary Sheehy Moe.

Staff Present: City Manager Greg Doyon, Deputy City Manager Chuck Anderson, City Attorney Sara Sexe, Finance Director Melissa Kinzler, Budget Analyst Kirsten Myre, Housing Authority Executive Director Kevin Hager, Planning and Community Development Director Craig Raymond, Park and Recreation Director Steve Herrig, Public Works Director Jim Rearden, Human Resources Director Gaye McInerney, Fire Chief Steve Hester, Police Chief Dave Bowen, and City Clerk Lisa Kunz.

2. Public Comment

Brett Doney, Great Falls Development Authority (GFDA), 300 Central Avenue, commented that over the past six years the City Commission had determined that the active work of economic development was not a priority. GFDA thinks it should be, noting that great achievements have been made by working together. Mr. Doney provided several handouts highlighting economic development in the recent past.

Shyla Patera, North Central Independent Living Services, 1120 25th Avenue NE, on behalf of the disabled community, commended City staff for the work that has been undertaken for people with disabilities in the community. She requested that the Commission take notice of all areas of accessibility including transportation.

3. Budget Presentation for Fiscal Year 2019

City Manager Greg Doyon reported that it's his legal duty to prepare and transmit the budget to the Commission. The budget then becomes the Commission's budget. He tries to make sure that the transmitted budget is in alignment with the Commission's goals.

Documents made available for the Commission and the public included: Fund Detail Worksheet, General Fund Contributions for Operations, FY19 Above and Beyond Department Requested - Manager Recommended, General Fund Revenue Increase Detail, Internal Service Charges for Fiscal Year 2019, Capital Improvement Plan Administrative Draft for Fiscal Year 2019, and transmittal of the City Manager's Proposed Budget for Fiscal Year 2019. He pointed out that page 17 of the proposed budget contains the budget resolution that gives the Commission certain authority and the City Manager certain authority to manage the budget. The budget is developed with projected revenues for the ensuing year and limits the amount of expenditure, but the budget can be amended throughout the course of the

year. To be very clear and transparent with the budget, quarterly budget reviews were instituted with the Commission to point out areas of the budget that are performing well or better than projected or areas of concern.

Manager Doyon and Finance Director Melissa Kinzler reviewed and discussed the attached PowerPoint presentation that included the budget process and timeline, FY18 and FY19 Commission priorities, City Manager's approach for the FY19 budget to work towards financial stability that included: prepare to request new general obligation debt for the Civic Center façade, slow closure of the Natatorium, request proposals for golf course management, and address deferred capital maintenance. Manager Doyon and Finance Director Kinzler continued their review of golf fund performance, last year's peak ahead to FY 19, peak ahead to FY 20, FY 19 budget highlights, fund review, general fund unreserved fund balance, capital improvement planning, capital improvements completed in FY 17 and FY 18, capital improvements proposed in FY 19, McKinstry Investment Grade Energy Audit, Park Maintenance District, City-wide budget overview, proposed rate and fee adjustments, proposed assessment adjustments, City-wide revenue by fund type, City-wide revenue by source, City-wide expenses by fund type, City-wide expenses by source, capital outlay by category, City-wide expenses by type, general fund revenue, general fund tax and entitlement revenue, general fund newly taxable property, general fund expenses, general fund public safety budget, department requested-manager recommended, total budget, FTE counts, debt capacity, City Manager budget recap and next steps.

Additional discussion followed some of the slides that included: this being an unusual tax appeal year due to the Calumet expansion; the Natatorium being at the end of its useful life and now a public safety element to be mindful of, and the City Manager's recommendation of closure by January 1, 2019; ramifications of the Commission ratifying collective bargaining agreements; the significant amount of money allocated to the sewer collapse projects at Fire Stations 1 and 4; nine mills committed to the Library to help fund operations; the need to resolve the golf debt via a Request for Proposals (RFP) to run the golf courses or closure of one of the courses; the increased personnel costs in the budget are inclusive of all benefits; and the delay for the proposed assistive listening devices due to technical upgrades needed in the whole system.

In closing, Manager Doyon requested that if the Commission has any concerns about what is being proposed and would like to make changes that the Commission schedule an additional work session between July 9th and July 17th.

Mayor Kelly asked if there were any comments from the public or from the department heads. Hearing none, the Commission discussed the amount of information to digest, and next steps including scheduling an additional work session. Mayor Kelly encouraged the public's attendance and participation at the next proposed budget work session scheduled for July 3, 2018.

4. Adjourn

There being no further business to come before the Commission, Mayor Kelly adjourned the Special Work Session of June 27, 2018, at 11:35 a.m.



City Manager's Proposed Budget

Fiscal Year 2019
Presented on June 27, 2018

Budget Process

- Quarterly Commission / Staff Budget Reviews
- Ongoing Fund Review
- Revenue / Fee Reviews
- Internal Service Charge Review and Adjustments
- Capital Planning – Equipment / Facility
- Operating Budgets
 - Baseline Budget
 - Commission Priorities
 - Adjustments based on need, priority, and prior deferrals
- Development of Commission Priorities

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Budget Process

*FY19
Commission and Public Involvement*

- State of the City – February 9, 2018
- Commission Initiatives – March 27, 2018
- Commission Budget Prelim – April 13, 2018
- Commission Budget, Policy, Initiatives – May 1, 2018

Commission Priorities

FY18

- Implement Park Master Plan
- Chart a course on the Civic Center Façade/Roof
- Maintain focus on Public Safety
- Evaluate engagement with Boards and Commissions
- Appoint a FT Historic Preservation Officer
- Monitor Golf Fund and explore options
- Improve Animal Shelter

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Commission Priorities

FY19

Infrastructure

- Civic Center Façade
- Civic Center Office Space
- ADA accessible public facilities
- Health and Safety infrastructure

Operations

- Right resource Police and Fire
- Resolve Golf Course Debt
- Affordable access to culture and recreation

Community

- Committed to our downtown
- The health of our community - mental, drug use, abuse, crime
- Economic diversification and growth;
- Better engagement with Neighborhood Councils

City Manager's Approach for FY19 Budget

1. Continue to monitor city-wide financial stabilization and performance
2. Tackle deferred operational/capital needs
3. Service/cost effectiveness
4. Work toward budget flexibility

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City Manager's Approach for FY19 Budget



Specific Impacts / Budget Areas of Concern

External Drivers

- Tax Appeals (Pending \$2,125,254; impact on budget revenues)
- State Legislative Activity (library funding, entitlement share reduction)

Internal Drivers

- Park Maintenance District
- Natatorium End of Useful Life
- Collective Bargaining Agreements/Refreshed Exempts
- Golf Debt
- Fire Station #1 & #4 Sewer Collapse
- Library Capital
- Fire Fighter Physicals
- Paramedic Program

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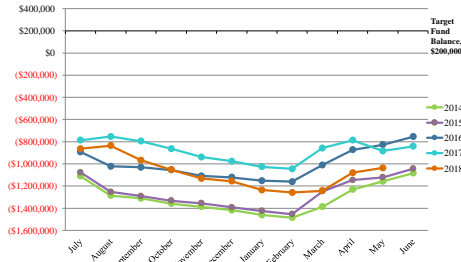
Working Towards Financially Stability



1. Prepare to request new general obligation debt (Civic Center Façade)
2. Slow closure of the Natatorium
3. Request proposals for golf course management
4. Address deferred capital maintenance

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Golf Fund Performance



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Last Year's Peek Ahead to FY19



- ✓ Office Space
 - Legal, Court (recommending Children's Museum – 5 years out)
- ✓ New Public Safety Software Implementation
 - Pending – 911 Center Interlocal Agreement
- ✓ Civic Center Façade
 - \$6 to \$8 million
 - Preliminary engineering
 - Requires a public vote to bond improvements
- ✓ Capital Planning – Equipment & Deferred Facilities
- ✓ Public Safety
 - Staffing pressure (Court, Prosecution, Fire, Police)
 - Facilities
- ✓ Park District Outcome
- ✓ Golf Fund

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Peek Ahead FY20



- Public Safety Radio Network
- Police/Fire Service Levels
- Civic Center Façade Bond Request
- Unknown Deferred Maintenance
- Legislative Session 2019
- Health Insurance Costs

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FY19 Budget Highlights



- Revenues up 3.64%
- Solid Undesignated Fund Balance (22%)
 - Golf and 2 Other "At-Risk" Funds
- Facility Capital Improvements – Reserves, Contingency
 - Library, Animal Shelter, Fire Stations, Public Works Complex
 - Park Maintenance District
- Operational Improvements
 - Police and Fire
- Personnel
 - Proposed Personnel
 - Collective Bargaining
 - Wage Adjustments
 - Benefits

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Fund Review

Reference: Fund Detail Worksheet

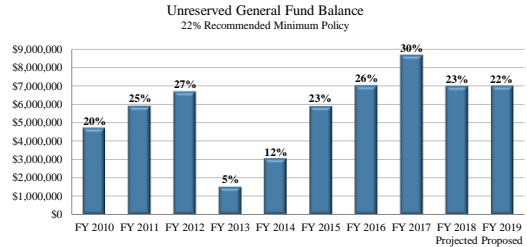
- **Stable**
 - 48 out of 55 funds
- **Requires Monitoring**
 - HIDTA Special Revenue
 - Swimming Pools
 - Health and Benefits
 - Engineering
- **At-Risk**
 - Golf Courses
 - Parking
 - Civic Center Events



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General Fund Unreserved Fund Balance



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Capital Improvement Planning

Capital expenses are for equipment, infrastructure, or facilities with a useful life greater than one year and cost greater than \$5,000.

- Funded by bonds, reserves, or one time expenses
- Deferred projects may cost more in the long run
- 5-Year Capital Improvement Plan (CIP)
 - Project Ranking
 - Criteria (work in progress)
 - Commission/Committee Adoption

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Capital Improvements

- ✓ **Completed in FY17**
 - Ambulance/Squad Response – (\$180,000)
 - Fire Facility Improvements – (\$50,000)
 - Natural Resource (\$45,000) - ERS
 - Civic Center Parking (\$40,000 crack sealing)
 - Civic Center Facility
 - IT Server Room A/C (\$25,000)
 - P&CD A/C (\$45,000)
 - Back-Up Server (\$30,000)
 - P&R Irrigation (\$50,000 CRF)
 - Fire Station #3 Generator – (\$25,000)
 - Replaced Fire Engine #6 (\$411,000)

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Capital Improvements

- ✓ **Budgeted in FY18**
 - Civic Center Façade – Architectural Services (\$281,638, need \$488,060)
 - Animal Shelter – Incinerator (\$85,000) – In Progress
 - IT – Air Conditioner IT Room (balance of \$20,000 needed)
 - Police
 - Various Improvements at Police Department (\$110,772)
 - Finger Print Scanner (\$11,000)
 - Replacement of Detective Cars (\$55,000)
 - Fire
 - New Fire Truck (purchased FY17 (\$411,000))
 - Training Center Lights (\$10,000)
 - Various Public Works Projects
 - Water, Sewer, Storm Drain, and Street

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Capital Improvements

- ✓ **Proposed in FY19**
 - Library Boiler and Basement HVAC (\$450,000)
 - Fire Stations 1 and 4 Sewer Lines (\$230,000)
 - Animal Shelter Cattery/Addition (\$374,370)
 - Public Works Complex Roof Repairs (\$200,000)
 - Public Works Complex Building Repairs (\$200,000)
 - Various Park Maintenance District Projects (\$1,500,000) – see later slide
 - Various Public Works Projects
 - Water, Sewer, Storm Drain, and Street

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McKinstry Investment Grade Energy Audit



- Total Identified Projects Presented \$3,786,878
- Amount Funded (\$701,269)
 - Library: Boiler and Basement HVAC
 - Separate Quote Estimate: \$450,000
- Amount Addressed Through Other Solutions (\$301,112)
 - Fire: Catalytic Converter System on Trucks and Turn-Out Rooms
- Amount Addressed Through Other Projects (\$237,112)
 - Parking: Comprehensive Parking Plan
- Amount Left to Address \$2,547,385

Park Maintenance District



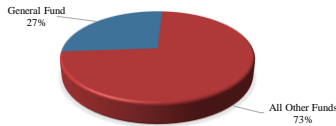
	Budget
ADA Sidewalks to Play Structures	\$30,000
ECWP Bath House Improvements	\$300,000
Gibson Park Trail Overlay – Asphalt	\$100,000
Irrigation Upgrades Manual to Auto	\$220,000
ADA Park Restrooms	\$200,000
Multi-Sports Dugouts/Backstops	\$35,000
Jaycee Picnic Pavilion and Tables	\$64,000
Rivers Edge Trail Matching Funds	\$10,000
Jaycee Sports Courts Resurface	\$120,000
Turf Maint. (fertilizer/herbicide, 2 seasonal laborers)	\$80,000
Park Laborer (full-time)	\$63,000
Contingency/Operations/Professional Services	\$278,000
Total Projects Identified for Year One	\$1,500,000

City-Wide Budget Overview



Reference: Budget Book Page 23

	FY19 Proposed	FY18 Adopted
Total Proposed Budget	\$117,926,186	\$116,026,696
General Fund	\$31,868,518	\$30,725,975
All Other Funds	\$86,057,668	\$85,300,721



Proposed Rate and Fee Adjustments



Department	Division	FY19 Adjustment	Prior Year Adjustment
Planning & CD	Permits	- 5%	0%
Public Works	Water	5% *	10%
Public Works	Sewer	2% *	3%
Public Works	Storm Drain	10%	10%
Public Works	Sanitation - Commercial	5%	0%
Public Works	Sanitation - Residential	0%	5%

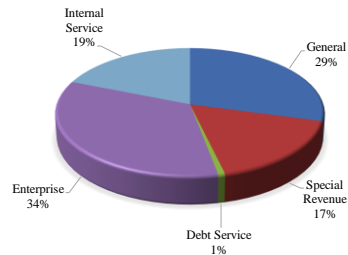
*Results from 2018 Water and Sewer Rate Study

Proposed Assessment Adjustments



Department	Division	FY19 Adjustment	Prior Year Adjustment
Park & Recreation	Natural Resources – Boulevard	3%	7%
Park & Recreation	Portage Meadows	7%	0%
Public Works	Street	0%	0%

City-Wide Revenue by Fund Type



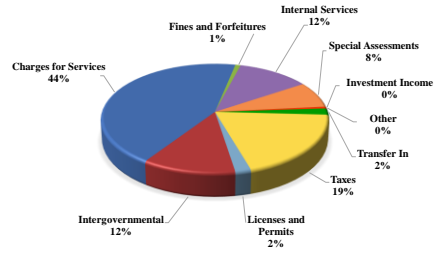
City-Wide Revenue by Source



	FY 2017 Actual	FY 2018 Amended	FY 2019 Proposed	% Change
Taxes	\$ 19,665,473	\$ 20,304,961	\$ 21,375,738	5.27%
Licenses and Permits	\$ 2,525,776	\$ 2,341,933	\$ 2,228,815	-4.83%
Intergovernmental	\$ 13,392,173	\$ 13,525,535	\$ 13,125,880	-2.95%
Charges for Services	\$ 44,789,812	\$ 44,832,993	\$ 47,850,382	6.73%
Fines and Forfeitures	\$ 1,056,478	\$ 921,900	\$ 910,000	-1.29%
Internal Service	\$ 11,797,153	\$ 12,706,135	\$ 12,702,974	-0.02%
Special Assessments	\$ 6,862,848	\$ 6,919,398	\$ 8,430,312	21.84%
Investment Income	\$ 120,896	\$ 36,345	\$ 53,250	46.51%
Other	\$ 1,849,602	\$ 671,248	\$ 528,815	-21.22%
Transfer In	\$ 2,113,939	\$ 2,768,908	\$ 2,054,322	-25.81%
Issuance of Debt	\$ 14,659,423	\$ 22,673,139	\$ -	-100.00%
Sale of Assets	\$ 210,794	\$ -	\$ -	NA
Total Revenue	\$ 119,044,367	\$ 127,702,495	\$ 109,260,488	-14.44%

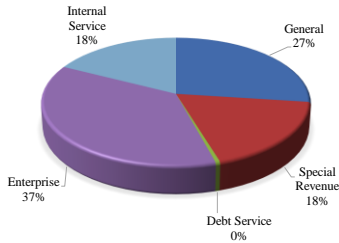
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City-Wide Revenue by Source



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City-Wide Expenses by Fund Type



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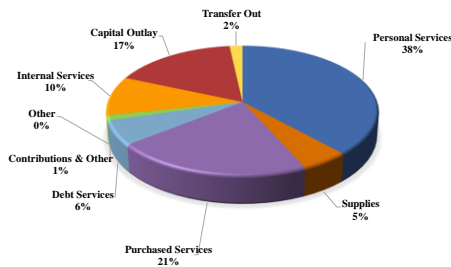
City-Wide Expenses by Source



	FY 2017 Actual	FY 2018 Amended	FY 2019 Proposed	% Change
Personal Services	\$39,259,889	\$42,291,359	\$44,993,161	6.39%
Supplies	\$5,152,517	\$6,307,019	\$6,013,196	-4.66%
Purchased Services	\$21,141,820	\$23,837,919	\$24,884,153	4.39%
Debt Services	\$6,293,743	\$6,622,765	\$7,193,767	8.62%
Contributions & Other	\$1,910,315	\$1,377,315	\$1,511,195	9.72%
Other	\$579,986	\$167,717	\$30,500	-81.81%
Internal Service	\$10,808,238	\$11,591,526	\$11,518,739	-0.63%
Capital Outlay	\$25,613,204	\$56,069,967	\$19,727,153	-64.82%
Transfer Out	\$2,113,939	\$2,768,908	\$2,054,322	-25.81%
Total Expenses	\$ 112,873,651	\$ 151,034,495	\$ 117,926,186	-21.92%

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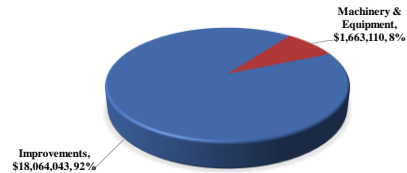
City-Wide Expenses by Source



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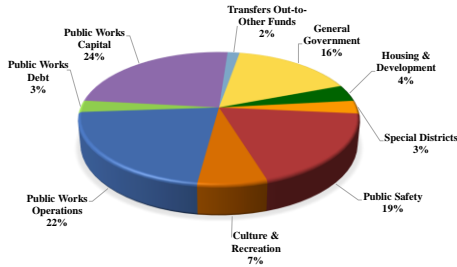
Capital Outlay by Category

Reference: Budget Book Pages 135-139



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City-Wide Expenses by Type



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General Fund Revenue

Reference: Budget Book Pages 26-28



	FY 2017 Actual	FY 2018 Amended	FY 2019 Proposed	% Change
Taxes	\$ 17,614,862	\$ 18,683,278	\$ 19,511,000	4.43%
Licenses and Permits	\$ 859,806	\$ 879,664	\$ 1,070,600	21.71%
Intergovernmental	\$ 8,410,026	\$ 8,112,232	\$ 8,258,048	1.80%
Charges for Services	\$ 1,138,584	\$ 1,114,150	\$ 1,161,644	4.26%
Fines and Forfeitures	\$ 894,261	\$ 820,000	\$ 820,000	0.00%
Internal Service	\$ 979,663	\$ 944,503	\$ 832,291	-11.88%
Investment Income	\$ (11,018)	\$ 25,000	\$ 40,000	60.00%
Other	\$ 246,628	\$ 147,148	\$ 193,135	31.25%
Transfer In	\$ -	\$ 40,365	\$ -	-100.00%
Total Revenue	\$ 30,132,812	\$ 30,766,340	\$ 31,886,718	3.64%

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General Fund Tax & Entitlement Revenue

Reference: General Fund Revenue Detail

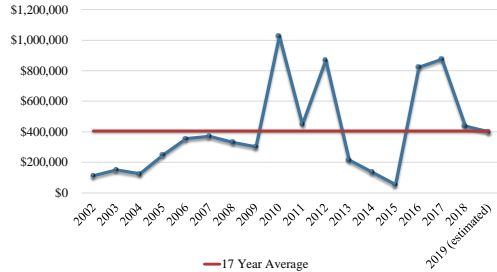


Revenue Segment	FY 2019 Proposed Increase	17-Year Average
Newly Taxable Property	\$400,000 est.	\$404,896
Inflationary Factor	\$127,254 *	\$110,397
Permissive Medical Levy	\$300,000 *	\$162,609
Entitlement Share	\$145,815	\$176,042
Total Revenue Increase	\$973,069	\$853,944

*Taxpayer Impact on House with \$100,000 Market Value
 Inflationary Factor (0.82% increase) = \$1.84
 Permissive Health Mill (1.92% increase) = \$4.30
 Total Impact = \$6.14

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General Fund Newly Taxable Property



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General Fund Expenses

Reference: Budget Book Pages 29-39



	FY 2017 Actual	FY 2018 Amended	FY 2019 Proposed	% Change
Personal Services	\$20,213,501	\$21,482,934	\$22,949,220	6.83%
Supplies	\$902,013	\$1,017,151	\$971,740	-4.46%
Purchased Services	\$1,112,054	\$1,625,091	\$1,265,981	-22.10%
Debt Services	\$88,090	\$159,910	\$119,727	-25.13%
Contributions & Other	\$250,000	\$250,000	\$250,000	0.00%
Other	\$20,391	\$37,217	\$20,000	-46.26%
Internal Service	\$3,771,103	\$4,387,321	\$4,178,334	-4.76%
Capital Outlay	\$429,571	\$413,088	\$451,909	9.40%
Transfer Out	\$1,688,817	\$1,767,840	\$1,661,607	-6.01%
Total Expense	\$ 28,475,540	\$ 31,140,552	\$ 31,868,518	2.34%

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General Fund Public Safety Budget



Police Budget	\$13,533,061
Fire Budget	\$8,981,238
Total Public Safety Budget	\$22,514,299
Tax Revenue	(\$19,511,000)
Public Safety Shortfall	\$3,003,299

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Above and Beyond

Reference: Department Requested – Manager Recommended

	FY2019	FY2018
Total Requested	\$2,435,672	\$5,261,588
Total Recommended	\$842,268	\$2,199,196
% Recommended	35%	42%



Total Budget: Revenue Over (Under) Expenses

FY19 Proposed	
Total Revenue	\$109,260,488
Total Expense	\$117,926,186
Over (Under)	(\$8,665,698)

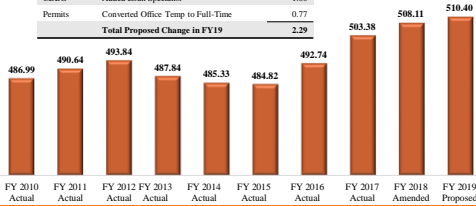
Funds Using Fund Balance for Operations		Funds Using Fund Balance for Capital	
Library	\$ 41,235	Street	\$ 3,098,296
Permits	\$ 351,112	Water	\$ 5,048,123
Street Lighting	\$ 247,104	Storm Drain	\$ 562,496
Swimming Pools	\$ 46,847	Sanitation	\$ 259,968
Parking	\$ 101,120	Insurance & Safety	\$ 43,943
Recreation	\$ 80,378	Fire Special Revenue	\$ 43,400
Engineering	\$ 37,467	Total	\$ 9,056,226
Total	\$ 905,263		



FTE Counts

Reference: Budget Book Pages 11-16

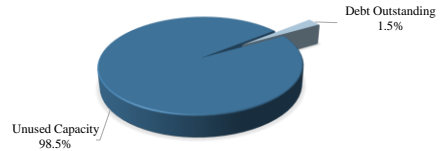
Fire	Removed Emergency Manager	-1.00
Legal	Added Pari-Time Intern	0.29
Court	Converted Pari-Time Clerk to Full-Time	0.50
Rec Center	Added Hours for DeMolay Café	0.73
CDBG	Added Loan Specialist	1.00
Permits	Converted Office Temp to Full-Time	0.77
Total Proposed Change in FY19		2.29



Debt Capacity

Reference: Budget Book Pages 140-143

- Unused General Obligation Debt Capacity \$138,424,098



- Unused Non-Voted GO Debt Capacity – 2 Criteria
 - Maximum Principal Amount \$2,764,306
 - Annual Debt Service Capacity \$ 310,530
- Stable Bond Rating



City Manager Budget Recap

- Overall proposed budget is 1.6% increase
 - 21.9% decrease from FY 2018 amended budget
 - Major difference \$28.6 million dollars for the Water Treatment Plant
- Budget addresses operational and some capital needs
 - Contends with Legislative changes
 - Places resources toward known, identified needs
 - \$6.14 impact per \$100,000 taxable value
- Major Allocation to fire station capital projects and other General Fund capital needs
- Reduced Personnel Request
- Additional support for equipment and training



Next Steps

- July 3rd
 - Scheduling – Budget Hearing
 - Scheduling – Increase Property Tax Hearing (if taken)
 - Proposed Budget will be available online at www.greatfallsmt.net
- Commission can meet as needed during the week of July 9-13th
- July 17th
 - Budget Hearing
 - Increase Property Tax Hearing (if taken)
- August 21st
 - Mill Levy Hearing