

JOURNAL OF COMMISSION WORK SESSION
June 16, 2009

City Commission Work Session

Mayor Stebbins presiding

CALL TO ORDER: 5:30 p.m.

ROLL CALL: City Commissioners present: Dona Stebbins, Bill Bronson, John Rosenbaum, Mary Jolley and Bill Beecher. Also present were the City Manager, Assistant City Manager, Chief Prosecutor, Directors of Planning, Public Works, Fiscal Services, Community Development, Park and Recreation and Library, Police Chief, Assistant Fire Chief and the Acting City Clerk.

1. MANAGER'S PROPOSED BUDGET PRESENTATION

City Manager Greg Doyon provided a PowerPoint presentation of Fiscal Year 2009/2010 Proposed Annual Budget. He explained that the presentation was a broad overview of the budget, and a complete copy of the budget would be available on-line June 17, 2009. Hard copies would also be made available, if requested. Mr. Doyon noted that the City of Great Falls is holding its own; the budget reflects the direction of the Commission to keep it lean and maintain balance for the current programs that are offered to the community.

Mr. Doyon said staff met with the City Commission at budget workshops in March to get priorities and direction, and everyone recognized the tight economic times and agreed to maintain service levels as best as possible and take advantage of opportunities for stimulus funds. Additionally, the SAFER grant has provided opportunity to enhance the current firefighting staff and address some staffing issues in the Police Department. The budget was built as though the August 4, 2009 Public Safety Mil Levy had been approved. However, the budget will be adjusted if the levy doesn't pass.

Mr. Doyon stated that the City is anticipating a list of stimulus projects totaling more than \$3.5 million dollars. He emphasized that the projects are shovel-ready projects, not necessarily priority projects, and that the Department of Transportation has been talking about accountability, making recipients aware of the need to respond with the paperwork and some of the changes and requirements involved with these funds. Though many of these projects are important to the community, staff may have proposed directing the funds elsewhere.

The proposed budget is a status-quo budget from the prior year and efforts were made to keep tax and fee increases to a minimum and meet contractual commitments to employees that are included in collective bargaining agreements. Mr. Doyon reminded everyone that the City has several retirements pending, and must be able to fund buyouts when a department head or senior official leaves.

Going into FY 2010, there will be a reduction of 4.27 full-time employees from FY 2009. If the Public Safety Mil Levy passes, there will be an additional 10 sworn officers and 7 civilians in the

Police Department, and an additional 16 firefighters in the Fire Department. Mr. Doyon said that the Police Chief and the Fire Chief will provide information on the City web site for the public to see the impact on their tax bill if the levy is approved.

Mr. Doyon explained that there are potentially five retirements in the next year. Currently, there is a search underway for a new planning director. The City Attorney and Library Director will be leaving the end of July; Cheryl Patton, Assistant City Manager, is planning on leaving towards the end of 2009, and Mike Rattray, Director of Community Development, has indicated he may consider retirement within the next year.

Mr. Doyon said that staff identified line-by-line expenditure adjustments for each department budget in the General Fund, trimming areas that could not be supported based on historical use. With the exception of certain certification requirements, most out-of-state travel was eliminated. There was an increased subsidy to the golf courses, resulting from a significant cash deficit (\$1.6 million) and debt payment for revenue bonds (\$1.4 million). He said there was no increase in health insurance premium contributions for employees included in this budget, and some equipment requests were reduced or eliminated.

Mr. Doyon provided information on various City programs subsidized by the General Fund, and explained that some programs were designed to be self-supporting. He said it is important to keep in mind where the money is going so that, as a community, priorities can be discussed. The Swimming Pool, Golf Courses and Recreation Programs will receive increased subsidies in this budget. The Swimming Pool fund was supported by the community, but the long-term challenge is the ongoing maintenance, operation and staffing.

Also receiving subsidies are Civic Center Events, Multi-Sports and Planning. Multi-Sports isn't a large subsidy at this point but should be watched. Staff is proposing to finance the Comprehensive Planner through some TIF monies, and some money was saved last year by not hiring a new Planning Director immediately.

Mapping is subsidized because it is a combination for rural addressing, 911, sheriff, county and city contribution. There is a mil for the Library, but the City also provides a subsidy. Natural Resources will receive a reduced subsidy due to some reorganization in the department. And, Engineering will also receive a reduced subsidy.

Mr. Doyon reported that City programs subsidized by the General Fund in this budget total approximately \$2.5 million, or almost 10%.

The City also supports outside agencies including the Great Falls Development Authority, City/County Health Department and the Municipal Band, which total 1.38% of total General Fund expenditures.

Commissioner Mary Jolley asked if the subsidy from the General Fund for the Library included funding from mil levies. Accounting Supervisor, Melissa Kinzler, explained that Library mil levies are not included in General Fund subsidies.

Mr. Doyon gave an overview of total City-wide revenues, including charges for services which reflects an increase in water and sewer fees, taxes (which will be reduced by \$1.8 million if the Public Safety Mil Levy doesn't pass) and intergovernmental revenue which is decreased due to the Federal Under-age Drinking grant and CTEP programs that could not be included because of timing. Special Assessments includes a proposal to increase the street assessment and also the Portage Meadows assessment for maintenance due to some associated expenses. Transfers In includes a decrease because the Urban Tax Increment Fund is dissolving. Fines and Forfeitures, which includes parking fines, has been reduced to reflect the behavior since fees for fines were increased.

Ms. Kinzler explained that the small decrease in Licenses and Permits reflects a decrease that staff is projecting in the different City-wide revenue funds. She said that the decrease in Proceeds from Long Term Debt results from the timing of when the debt is issued.

Mr. Doyon explained that the Various Others category reflects a substantial decrease because of investment earnings.

Mr. Doyon also reported on Total City-Wide Expenses, which includes a substantial personnel increase, reflected again due to the Public Safety Mil Levy. The Operations budget decrease is due to a slight decrease in total supplies and materials. Debt Service budget decrease is due to the payoff of an internal loan for the parking garage in FY 2009. Capital Outlay decrease in 2010 is due to carry-overs (what wasn't completed in FY 2009). Transfers Out reflects the Urban Tax Increment Fund that is dissolving.

Commissioner Jolley asked what is included in the Capital Outlay fund. Ms. Kinzler explained that most of this fund includes water and sewer. It is not included in the original budget for a year and then a carry-over is reflected in the amended budget. Mr. Doyon said that carry-over items are included in the budget resolution.

Mr. Doyon reviewed General Fund revenues. He said that without the Public Safety Mil Levy, the increase in Taxes would have been approximately 6.7%; with the levy it is 21.95%. The Intergovernmental revenue increased due to the SAFER grant. Mr. Doyon said that he asked the Fire Chief to wait to hire any new firefighters until the Public Safety Mil Levy vote has occurred, to allow time to regroup if the levy fails. Fines and Forfeitures decreased due to a decrease in parking fines collected. Charges for Services reflects a slight increase due to the number of deferred prosecution charges and the Emergency Medical Services agreement with the ambulance company in Great Falls. Various Others is a reflection of the significant decline in the interest rate on investments.

Mr. Doyon explained that the proposed real property tax levy will increase from \$9.7 million to \$12.4 million due to new construction and improvements, a statutorily authorized 1.112% increase for inflation, and a potential public safety mil levy of \$1.8 million, scheduled to be voted on August 4, 2009.

General Fund expenditures include a Personnel service increase that is being recommended for a

cost of living adjustment (3.25%). However, approximately 73% of the increased Personnel expenditures would be due to the Public Safety Mil Levy. The Capital Outlay increase also includes equipment that would be funded under the Public Safety Mil Levy. Transfer Out to Other Funds includes the increase in subsidies to golf courses and Planning.

Mr. Doyon stated that he is recommending the Commission approve the proposed water and sewer increases to assist the Public Works Department in meeting their capital improvement plans. As noted, plans include repair and replacement of 32 blocks of water mains and 20 blocks of sewer line. Also included is a proposal to overlay approximately 61 blocks of streets and increased maintenance costs for Portage Meadows.

Commissioner Beecher inquired if the stimulus monies are included in this budget. Mr. Doyon said those funds are not included.

Mr. Doyon reported on ongoing budget challenges and opportunities. He said the community is going to have an opportunity through the Public Safety Mil Levy to communicate to the Commission its desire for those potential services. The golf courses continue to be a challenge, and he expressed concerns about being able to meet bond covenants ongoing the way they are currently being done. He said he is working with Park and Recreation Director, Marty Basta, to provide options to the community and the City Commission.

Mr. Doyon reported that Public Works Director, Jim Rearden, has been promoting the concept of adding an additional \$1 or \$1.50 as a recycling fee to help with the Recycling Program, and people want to participate. There are some challenges involved in providing both sanitation services and recycling services. He said plans are to continue to develop a Capital Improvement Program (CIP) plan for City buildings, rather than just patching them.

Other challenges include utilization of the Multisports Complex. He said the cost to the City to maintain something that is not self-supporting is an ongoing concern.

ECP is projecting to be in the black this year, and plans are to retain a consultant to provide guidance to the Commission.

The Animal Shelter has a new Executive Director with a lot of energy, and Mr. Doyon said he is working with him on ideas to finance a new shelter. The current budget includes funding to run the Shelter for the next year.

Some exciting opportunities for the City include the West Bank Urban Renewal District. Mr. Doyon expressed appreciation to the Public Works Department for meeting the City's commitment to provide a road in that area. There is a lot of infill on Tenth Avenue South as old businesses leave and construction begins for new businesses. He said he believes there will be more opportunity for public/private partnerships that the City will be able to pursue in its effort to revitalize the downtown.

Mr. Doyon requested the City Commission deliberate on the proposed budget. Plans are to set a Public Hearing at the July 7, 2009, Commission meeting and hold the Public Hearing on July 21,

2009. At that meeting, the Commission could adopt the budget or continue it. The State taxable valuation will not be available until September 15, 2009.

Commissioner Bronson asked for clarification on the use of TIF funds. Mr. Doyon said that one of the priorities last year was to hire someone who could provide a big picture perspective to make sure planning and zoning fits with the City's long-term plans. Part of the funding would come from a Tax Increment Industrial Financing district at the park off the Havre Highway. The rest of the funding would be from federal sources.

Mayor Stebbins asked if the later State taxable valuation would impact the City processes. Ms. Kinzler said that their personal property evaluation process is often delayed, and when the budget is adopted, historical trends are used for tax purposes and estimates have been fairly close.

Ms. Kinzler explained that the budget is adopted prior to State evaluation because the City has had use of floating mills since 2001. If the valuation is a lot lower, more mills are levied. However, the amount of money is the same.

Commissioner Beecher asked Mr. Doyon to explain his concern regarding bond covenants. Mr. Doyon said he believes there are performance requirements in the revenue projections associated with the bond for the golf course that haven't been satisfied. He said many recommendations offered by the last consultant have been implemented, with the exception of one. Mr. Basta is looking at that option, and Mr. Doyon said he recommends trying it for a season. However, with any outside activity, bad weather can affect any effort. He said they are continuing to look at options, but will not be able to include a proposal in time for this budget.

Mr. Doyon passed out to the City Commission a list of Energy Conservation Block Grant projects that will be included in the application to the U.S. Department of Energy for the stimulus funding for the City of Great Falls.

Assistant City Manager, Cheryl Patton, reported that the City of Great Falls was approved for \$957,000 of state stimulus funds (H.B. 645) to go toward the Civic Center roof and West Bank roadway. She said that West Bank roadway is no longer eligible because it was completed and the money was expended prior to May 15, 2009. Staff will be coming back to the Commission with some ideas on replacement projects for the West Bank. However, those projects would have to be submitted to the Department of Commerce and be approved.

Commissioner Jolley inquired about the City Lighting budget item as shown on page 128 of the budget. She asked for clarification on FY 2008 \$73,098, FY 2009 \$46,536, and proposed FY 2010 \$0. Ms. Kinzler explained that these construction funds are first issued through a resolution, and then debt is adopted. The budget resolution provides authority to submit the budget once the debt is adopted. During a fiscal year, a request is submitted, the debt is issued and it becomes part of the amended budget.

Ms. Kinzler said that a budget resolution allows the City Manager authority to make certain adjustments without a formal budget amendment. Most of the amended budget column is for

carry-overs and grants received. Additionally a budget is adopted by fund level, i.e., general, street, etc.

Mayor Stebbins noted that the Central Garage, Equipment Revolving fund, page 137 of the budget has been significantly reduced. Ms. Kinzler explained that page is only for the water fund equipment. With governmental enterprise funds such as water, sewer, storm drainage and sanitation, they purchase their own equipment.

Commissioner Jolley also asked for clarification on page 135 of the budget, Reserves and Unreserved Balance. Ms. Kinzler explained that Reserves are reserved for bond covenants and also for equipment revolving schedules. Reserves are not to be used for normal operating expenses. Unreserved Balance can be used for capital projects, or to square the budget for the next year depending on the nature of the fund. Some of it is seasonal, such as the Civic Center Events fund (page 164) where they are using their Unreserved Balance because their requested revenue is less than their requested expenses.

Mr. Doyon noted that the City's debt obligations are relatively low, as reflected on page 197 of the budget.

Commissioner Rosenbaum inquired about an agreement with the Animal Shelter, and said he is aware of a Memorandum of Understanding with the Animal Shelter. He noted that this budget does not include any construction funds. Mr. Doyon explained that they are not asking for money to help construct it, but rather to use the City as a resource to get the financing. He said he has met with the new Executive Director to go over the MOU and the goal is to get long-term financing and then discuss operating and transition.

Commissioner Rosenbaum said that he has talked with a few of the foundation members and they have not been kept informed on progress. Mr. Doyon said he thinks the communication may improve with the new Executive Director. He said there is no ideal offering the City can provide for financing because the financing option recommended would not allow the City be able to take it back if the Foundation defaulted. Both entities, and the public, need to be aware of partnering with an unsuccessful non-profit.

Commissioner Jolley asked if the \$244,000 included in the Golf Fund is to satisfy the bond covenants because operating expenditures are not increasing and revenue isn't decreasing. Ms. Kinzler explained they are trying to reduce the cash deficit.

Mr. Doyon reminded everyone that this is a status-quo budget, but in this economic environment, that is okay.

ADJOURN

There being no further discussion, Mayor Stebbins adjourned the work session of June 16, 2009, at 6:30 p.m.