

**JOURNAL OF CITY COMMISSION SPECIAL WORK SESSION**  
**June 21, 2021**

City Commission Special Work Session  
Civic Center Gibson Room 212

Mayor Kelly presiding

**CALL TO ORDER:** 4:00 PM

**CITY COMMISSION MEMBERS PRESENT:** Bob Kelly, Mary Sheehy Moe, Rick Tryon, and Owen Robinson. Commissioner Tracy Houck participated telephonically.

**STAFF PRESENT:** City Manager Greg Doyon, Deputy City Manager Chuck Anderson, City Attorney Sara Sexe, Finance Director Melissa Kinzler, Deputy Finance Director Kirsten Myre, Human Resources Director Gaye McInerney, Library Director Susie McIntyre, Park and Recreation Director Steve Herrig, Planning and Community Development Director Craig Raymond, Public Works Director Paul Skubinna, Fire Chief Jeremy Jones, Police Chief Jeff Newton, and City Clerk Lisa Kunz.

Public participation is welcome as follows:

- Attend in person. Please refrain from attending in person if you are not feeling well.
- Provide public comments via email. Comments may be sent via email before 12:00 PM the day of the meeting to: [commission@greatfallsmt.net](mailto:commission@greatfallsmt.net). Include the agenda item or agenda item number in the subject line, and include the name and address of the commenter. Written communication received by that time will be shared with the City Commission and appropriate City staff for consideration; and, will be so noted in the official record of the meeting.
- Call-in. The public may call in during specific public comment periods at 406-761-4786. All callers will be in a queued system and are asked to remain on hold and be patient. Calls will be taken in the order in which they are received. Callers will be restricted to customary time limits.
- The agenda packet material is available on the City's website: <https://greatfallsmt.net/meetings>. The public may view and listen to the meeting on cable channel 190, or online at <https://greatfallsmt.net/livestream>.

**PUBLIC COMMENT**

None.

**1. 2022 BUDGET PLANNING**

City Manager Greg Doyon reported that this is the official transmittal process of his proposed FY 2022 budget to the City Commission. Handouts included the proposed budget, general fund contributions for operations, fund detail worksheet and department requested-manager recommended requests that will be posted on the City's website tomorrow.

Manager Greg Doyon, Finance Director Melissa Kinzler and Deputy Finance Director Kirsten Myre reviewed and discussed the attached PowerPoint presentation, and provided additional information or clarification in response to Commission inquiries.

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Slide 3: The City has appropriate coverages for workers' compensation. MMIA is taking a greater risk tolerance on potential claims and it's not funding it's reserves at the same levels. MMIA reduced the rate structure for members resulting in a savings for the City.

The FY22 Blue Cross Blue Shield rates are the same as the FY21 MMIA rates. The savings is a result of changing from a 90/10 to 85/15 cost sharing split for health insurance.

Slide 4: When agreement is reached on how to use the CARES/ARP allocations, there will be a budget amendment public process to discuss use of the Covid recovery fund. There will be additional adjustments of other funds that will be exercised by the departments, depending on the nature of the project and availability of those funds.

There is not a current timeline for the budget amendment(s) because the federal guidelines are still being established. The Covid recovery funds need to be obligated by December 31, 2024 and spent by December 31, 2026.

The normal operating budgets and processes of the City were kept separate from the additional CARES/ARP funding that has many strings attached.

Slide 6: Even though City staff is not proposing the inflationary factor or the permissive medical levy, the Department of Revenue's property assessment valuations may increase property taxes for some individuals. The City's portion of the total tax bill is about 26%.

Slide 7: The FY 2020 intergovernmental fund is substantially more due to receipt of CARES money in the amount of \$4.5 million dollars.

Slide 8: Seventy-five percent of the work force is under a Collective Bargaining Agreement. Staff is in the process of negotiations with unions. A savings in the general fund is a result of the 85/15 health insurance cost sharing, and lower MMIA workers compensation rates.

"Transfer Out" is the general fund support transferred to other City funds for operations.

The last \$144,000 debt service for the general obligation taxable bonds for the Highwood Generating Station feasibility study is shown on the FY 2022 General Fund Contributions for Operations handout.

Assumption was made in this budget for the debt service payment for the aquatic/recreation center.

A recap of the FY 2021 general fund goal is to maintain a fund balance of 22% or \$7,796,049. The minimum recommended percentage for the general fund is 17% or \$6,024,220.

Slide 9: The HIDTA special revenue fund is a little misleading because it shows the intergovernmental revenue, but not the expenses, until their grant is received and their budget adopted.

At risk means a negative or projected negative balance and the fund is not covering on-going operations.

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Swimming pools, Recreation Center, Multi-Sports, Civic Center events and parking revenues were impacted by Covid.

With the exception of parking, most of those funds receive a subsidy from the general fund. A recommendation from staff to rehabilitate those funds, likely with CARES Act money, will be forthcoming for Commission consideration. If not, those funds will not have appropriate cash flow and require a higher subsidy from the general fund which, in most cases, it can't afford.

The revenue model will be different with a combined recreational and indoor pool facility. In prior years they were separate and distinct facilities. In an effort to have some sort of indoor pool program the City leased a facility and, because of its size, didn't have the same type of capacity to offer the same level and type of programs and generate the same type of numbers that the Natatorium did. The goal is to not exceed the current amount of subsidy from the general fund to those facilities in the future budget. What remains to be seen is how the public responds to utilizing that facility, how well its marketed, and how well the military uses the facility. There will be additional uses of the facility that weren't possible at the prior facility.

The new indoor pool/recreational facility fund may be separated from the outdoor swimming pool fund.

The golf courses are on the "at-risk" list because they still owe the general fund \$1 million dollars, even though the golf courses are doing well. When that gets wrapped up, there will be a proposal for some much needed capital improvements and repairs at the courses.

It is not anticipated the Recreational Center will remain open after the new combined facility is built.

The Animal Shelter is not on the "at-risk" list because it is part of the general fund. It requires general fund support to be able to function.

Slide 12: Installation of LED lights resulted in a cost savings in the Street Lighting District.

Slide 14: BaRSAA fund projects are set forth on page 133 of the Budget document.

Mayor Kelly called a recess at 5:05 pm and called the meeting back to order at 5:12 pm.

Mayor Kelly summarized that the Commission has been presented with information regarding where anticipated additional revenues are coming in, expense increases were cut this proposed budget including the permissive medical levy and the inflationary factor, and no increase in the proprietary funds.

It was the consensus of the Commission to reconvene tomorrow.

**ADJOURN**

There being no further discussion, Mayor Kelly adjourned the informal special work session of June 21, 2021 at 5:22 p.m.



# City Manager's Proposed Budget

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**Fiscal Year 2022**

Presented on June 21, 2021

1



## FY2021 Refresher

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### General Fund

- Budget modeled for economic recovery
- No property tax increases
  - No Inflationary Factory - (\$176,947)
  - No Permissive Medical Levy - (\$313,319)
    - Total tax increases not utilized - \$490,266
- Used Fund Balance to offset tax relief - (\$872,105)
  - Maintained policy level fund balance of 22%
- Budget Message: Level funded budgets may be needed into the future as the local economy recovers

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# City Manager's Approach for FY2022 Budget

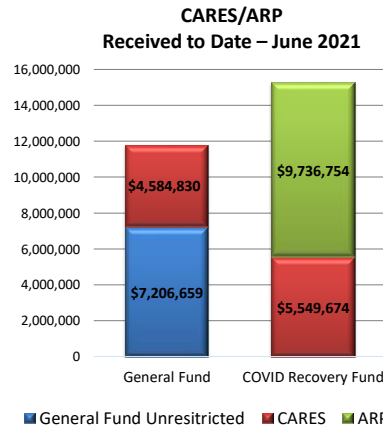
## Budget Drivers

- Budget modeled for economic recovery
  - Level fund operations budget
  - Keep CARES/ARP discussions separate
- No General Fund property tax increases
  - Inflationary Factor - (\$157,843)
  - Permissive Medical Levy - (\$71,281)
    - Total tax increases not utilized - \$229,124
  - Use of fund balance in FY2022 - (\$736,648)
    - General Fund unrestricted balance below policy level at 20.3%
- No special assessment or utility rate increases
- New collective bargaining agreements for all unions
  - Move to 85%/15% cost sharing for insurance (\$576,284 City-wide)
  - Decreased workers compensation rates (\$405,112 City-wide)



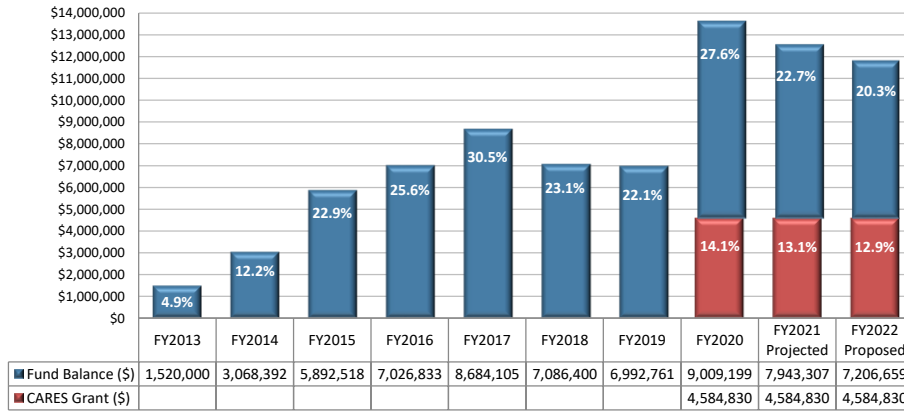
# CARES/ARP Allocations

- CARES and ARP spending will be adopted separately through mid-year budget amendments
- CARES Grant - \$4,584,830 restricted in General Fund (amount received in FY2020)
- Remaining \$5,549,674 of CARES moved to Special Revenue Fund with American Rescue Plan allocation of \$9,736,754
  - Another \$9.7 million will be received May 2022
- Total received to date is \$19,871,258





# General Fund Fund Balance



22% Minimum Policy



# General Fund Tax & Entitlement Revenue

Revenue Segment	FY2021 <i>Actual</i> Increases	FY2022 <i>Available</i> Increases	FY2022 <i>Proposed</i> Increases
Newly Taxable Property	\$119,488	\$400,000	\$400,000 <small>Amount not known until August</small>
Inflationary Factor	\$0	\$334,790	\$0
Permissive Medical Levy	\$0	\$71,281	\$0
Entitlement Share	\$284,198	\$130,271	\$130,271
<b>Total Revenue Increase</b>	<b>\$403,686</b>	<b>\$936,342</b>	<b>\$530,271</b>



# General Fund Revenue

Reference: Budget Book Pages 20-22

	FY 2020 Actual	FY 2021 Amended	FY 2022 Proposed	% Change
Taxes	\$ 22,146,728	\$ 21,139,142	\$ 21,539,142	1.89%
Licenses and Permits	\$ 1,036,689	\$ 1,070,600	\$ 1,070,600	0.00%
Intergovernmental	\$ 13,202,877	\$ 8,997,023	\$ 8,966,766	-0.34%
Charges for Services	\$ 1,158,263	\$ 1,193,354	\$ 1,189,958	-0.28%
Fines and Forfeitures	\$ 627,765	\$ 770,000	\$ 770,000	0.00%
Internal Service	\$ 859,079	\$ 967,525	\$ 1,004,150	3.79%
Investment Income	\$ 85,430	\$ 15,000	\$ 15,000	0.00%
Other	\$ 114,072	\$ 144,322	\$ 144,322	0.00%
Sale of Assets	\$ 2,200	\$ -	\$ -	0
<b>Total Revenue</b>	<b>\$ 39,233,103</b>	<b>\$ 34,296,966</b>	<b>\$ 34,699,938</b>	<b>1.17%</b>



# General Fund Expenses

Reference: Budget Book Pages 23-33

	FY 2020 Actual	FY 2021 Amended	FY 2022 Proposed	% Change
Personal Services	\$23,864,476	\$25,475,659	\$25,776,600	1.18%
Supplies	\$902,227	\$1,041,615	\$960,266	-7.81%
Purchased Services	\$1,241,592	\$1,753,664	\$1,417,138	-19.19%
Debt Services	\$86,635	\$309,773	\$309,182	-0.19%
Contributions & Other	\$250,000	\$250,000	\$250,000	0.00%
Other	\$49,386	\$25,458	\$20,000	-21.44%
Internal Service	\$4,529,357	\$4,777,596	\$5,044,222	5.58%
Capital Outlay	\$45,287	\$0	\$0	0.00%
Transfer Out	\$1,662,877	\$1,659,178	\$1,659,178	0.00%
<b>Total Expense</b>	<b>\$ 32,631,837</b>	<b>\$ 35,292,943</b>	<b>\$ 35,436,586</b>	<b>0.41%</b>



# Fund Review

Reference: Fund Detail Worksheet

- **Stable**
  - 48 out of 59 funds
- **Requires Monitoring**
  - Permits
  - HIDTA Special Revenue
  - Health and Benefits
  - Sanitation
- **At-Risk**
  - Planning & CD
  - Golf Courses
  - Swimming Pools
  - Recreation
  - Multi-Sports
  - Parking
  - Civic Center Events

Future Discussion:  
Rehabilitate funds  
impacted by COVID



# City-Wide Revenue

Reference: Budget Book Page 18

	FY 2020 Actual	FY 2021 Amended	FY 2022 Proposed	% Change
Taxes	\$ 26,143,194	\$ 24,677,547	\$ 26,001,617	5.37%
Licenses and Permits	\$ 2,076,780	\$ 2,185,276	\$ 2,185,276	0.00%
Intergovernmental	\$ 19,627,133	\$ 15,114,717	\$ 24,313,600	60.86%
Charges for Services	\$ 50,441,124	\$ 49,280,746	\$ 49,379,237	0.20%
Fines and Forfeitures	\$ 745,451	\$ 817,000	\$ 817,500	0.06%
Internal Service	\$ 13,487,123	\$ 14,207,407	\$ 15,324,240	7.86%
Special Assessments	\$ 8,868,739	\$ 8,445,618	\$ 8,472,176	0.31%
Investment Income	\$ 1,009,677	\$ 20,650	\$ 20,650	0.00%
Other	\$ 1,918,429	\$ 738,371	\$ 613,808	-16.87%
Transfer In	\$ 2,076,171	\$ 2,055,852	\$ 2,055,852	0.00%
Issuance of Debt	\$ 4,208,605	\$ 6,057,080	\$ -	-100.00%
Sale of Assets	\$ 55,063	\$ -	\$ -	0.00%
<b>Total Revenue</b>	<b>\$ 130,657,489</b>	<b>\$ 123,600,264</b>	<b>\$ 129,183,956</b>	<b>4.52%</b>





# City-Wide Expenses

Reference: Budget Book Page 18

	FY 2020 Actual	FY 2021 Amended	FY 2022 Proposed	% Change
Personal Services	\$44,200,093	\$48,561,521	\$49,595,721	2.13%
Supplies	\$5,485,329	\$6,105,541	\$6,118,089	0.21%
Purchased Services	\$26,013,577	\$30,214,596	\$28,635,371	-5.23%
Debt Services	\$9,173,533	\$6,666,423	\$7,321,282	9.82%
Contributions & Other	\$1,424,946	\$1,681,607	\$2,207,301	31.26%
Other	\$77,659	\$80,908	\$30,450	-62.36%
Internal Service	\$12,224,424	\$12,896,288	\$13,902,078	7.80%
Capital Outlay	\$20,366,096	\$31,447,055	\$21,102,133	-32.90%
Transfer Out	\$2,076,171	\$2,055,852	\$2,055,852	0.00%
<b>Total Expenses</b>	<b>\$ 121,041,828</b>	<b>\$ 139,709,791</b>	<b>\$ 130,968,277</b>	<b>-6.26%</b>



# Proposed Rate, Assessment and Fee Adjustments

Department	Division	FY2022 Adjustment	Prior Year Adjustment
Public Works	Water	0%	0%
Public Works	Sewer	0%	0%
Public Works	Storm Drain	0%	0%
Public Works	Sanitation - Commercial	0%	0%
Public Works	Sanitation - Residential	0%	0%
Park & Recreation	Natural Resources – Boulevard	0%	0%
Park & Recreation	Portage Meadows	0%	0%
Park & Recreation	Park Maintenance District	0%	0%
Public Works	Street Maintenance	0%	0%
Special Districts	Street Lighting Districts	- 1.0%	- 4.0%



# Capital Outlay

Reference: Budget Book Pages 131-135

Department	Capital Outlay
Library	\$260,000
Park Maintenance	\$27,791
East Industrial TID	\$436,900
Planning - CDBG	\$190,176
Finance	\$50,000
Public Works	\$20,137,266
<b>Total Budgeted</b>	<b>\$21,102,133</b>

# Capital Outlay Major Projects

Reference: Budget Book Pages 131-135



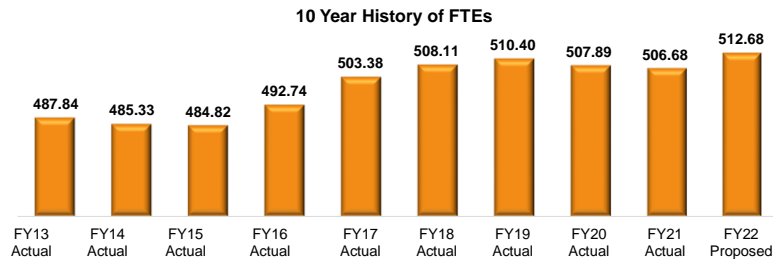
Department	Project	Budget
Street	Overlays & Reconstruction	\$2,405,000
Water	WTP Sludge Processor	\$2,500,000
	Main Replacements	\$2,900,000
Sewer	Misc. Sewer Rehab	\$1,000,000
	WTP Sludge Processor	\$4,000,000
Storm Drain	Valeria Way, Phase 2	\$ 900,000
Central Garage	Vehicle & Equipment	\$1,062,516
Park District	Various Projects	\$ 535,000



# FTE Counts

Reference: Budget Book Pages 125-130

Finance	Grants and Contract Administrator	1.00
Human Resources	HR Generalist	1.00
Engineering	2 Engineers, 2 Inspectors	4.00
<b>Total Proposed Changes in FY2022</b>		<b>6.00</b>



# Next Steps

- Tomorrow, June 22<sup>nd</sup>
  - Special Work Session if needed
- July 6<sup>th</sup>
  - Work Session if needed
  - Scheduling – Budget Hearing
- July 20<sup>th</sup>
  - Budget Hearing
  - Budget Adoption or Continue
- August 17<sup>th</sup>
  - Adopt Mill Levy
- TBD – Potential budget adjustments for CARES/ARPA