

JOURNAL OF SPECIAL COMMISSION WORK SESSION
May 9, 2022

Special City Commission Work Session
Civic Center, Gibson Room 212

Mayor Kelly presiding

CALL TO ORDER: 3:00 PM

CITY COMISSION MEMBERS PRESENT: Bob Kelly, Eric Hinebauch, Joe McKenney, Rick Tryon, and Susan Wolff.

STAFF PRESENT: City Manager Greg Doyon and Deputy City Manager Chuck Anderson, City Attorney Jeff Hindoien, Human Resources Generalist Melissa Guelff, Finance Director Melissa Kinzler, Deputy Finance Director Kirsten Myre and Budget Analyst Andrea McCracken, City Attorney Jeff Hindoien, Municipal Court Judge Steve Bolstad, Library Director Susie McIntyre, Planning and Community Development Director Craig Raymond, Public Works Director Paul Skubinna, Park and Recreation Director Steve Herrig, Police Chief Jeff Newton, Fire Chief Jeremy Jones, and Deputy City Clerk Darcy Dea.



PUBLIC COMMENT

None.

1. 2023 BUDGET PLANNING.

City Manager Greg Doyon reiterated that there was a Department Head Budget Round Table discussion on April 26, 2022 about information from the Department Heads, the things that are needed, and where each department is currently. His primary concern is that the priorities outlined by the Commission at the Commission Retreat are still consistent going into FY 2023.

Manager Doyon and Finance Director Melissa Kinzler reviewed and discussed the following PowerPoint:

<p style="text-align: center;">2023 Budget Planning Work Session</p> <hr/>  <p style="text-align: center;">Monday May 9, 2022</p> <p style="text-align: center;">1</p>	 <p style="text-align: center;">FY2021 Refresher</p> <hr/> <p>General Fund</p> <ul style="list-style-type: none">• Budget modeled for economic recovery (post COVID-19)• No property tax increases<ul style="list-style-type: none">• No Inflationary Factory - (\$176,947)• No Permissive Medical Levy - (\$313,319)<ul style="list-style-type: none">• Total tax increases not utilized - \$490,266• Used Fund Balance to offset tax relief - (\$872,105)<ul style="list-style-type: none">• Maintained policy level fund balance of 22%• Level funded to promote local economic recovery efforts <p style="text-align: center;">2</p>
---	---

JOURNAL OF SPECIAL COMMISSION WORK SESSION

May 9, 2022

FY2022 Refresher

Budget Drivers

- Economic recovery
 - Level fund operations budget
 - Keep CARES/ARPA 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)

3

City Commission Top Priorities February 23, 2022 Retreat

- Promote, educate and take action on the viability, sustainability and efficacy of the Police and Fire Departments
- Explore the option of a Public Safety Levy
- Approve and implement appropriate Crime Task Force recommendations
- Commit to an intentional approach to the housing issue with community partners
- Continue to work with community partners and the City's development review process to ensure Great Falls is a growing, business friendly community
- Focus on City facilities and resources

Are these still the Commission's Priorities?

4

City Manager Comments

- Time of growth and opportunity, despite a difficult two years
- Proactive governing body – desires growth housing and economic development
- Use of the Inflationary factor
- Balance multiple efforts: Operating budget, Capital budget, Crime Task Force, ARPA/CARES use, potential Public Safety Levy
- Workforce will be a significant challenge
 - Citywide unemployment is at 2.8%
 - Recruitment and retaining qualified employees

5

City Manager Comments

- Community Wide
 - New construction and infill development
 - Clear progress in the downtown
 - New housing starts
 - The Concord Group projects demand for +/-450 new housing units per year in the Great Falls MSA (Cascade County) over the next 10 years
 - Significant undersupply of homes projected for ten years
 - Job growth. Moody's projects 2,000 new jobs in the MSA by the end of 2026
 - In-migration
 - GBSD – 2026 – Influx

6

General Fund Revenue Increase Detail

Fiscal Year	General Fund Revenue Increase Detail									
	Total \$ Increase in Mill Levy Due to Newly Taxable Property	Total \$ Increase in Mill Levy Due to Inflationary Factor	% Increase of Inflationary Factor	% of Entitlement Increase	Entitlement Dollar Increase per Year	Entitlement Payment	Permissive Medical Levy Increase per Year	Permissive Medical Levy Total Amount	Total Increases	
2002	\$112,656	\$1,011,770	\$90,165	1.280%	3.00%	New	\$4,977,248	New	\$0	\$202,821
2003	\$151,148	\$1,302,397	\$92,313	1.270%	3.00%	\$144,463	\$4,741,701	\$105,351	\$105,351	\$581,465
2004	\$124,223	\$1,041,336	\$92,154	1.220%	3.38%	\$155,130	\$4,896,831	\$131,284	\$326,645	\$202,801
2005	\$240,121	\$2,030,124	\$75,618	0.960%	3.47%	\$173,569	\$5,070,400	(\$65)	\$326,580	\$488,243
2006	\$355,678	\$2,748,377	\$101,003	1.251%	3.23%	\$165,426	\$5,235,826	\$265,434	\$502,014	\$888,443
2007	\$370,273	\$2,875,541	\$122,878	1.420%	3.40%	\$85,338	\$5,321,164	\$42	\$502,036	\$578,531
2008	\$331,540	\$2,387,436	\$140,415	1.335%	4.23%	\$225,000	\$5,546,164	\$28,162	\$876,318	\$981,117
2009	\$301,276	\$2,138,981	\$161,337	1.627%	4.22%	\$233,836	\$5,780,000	\$208,415	\$1,084,633	\$1,004,864
2010	\$1,026,130	\$6,947,574	\$112,728	1.112%	5.00%	\$289,000	\$6,069,000	\$272	\$1,084,905	\$1,428,130
2011	\$448,370	\$2,931,771	\$0	0.000%	5.14%	\$311,000	\$6,380,047	\$119,523	\$1,204,428	\$878,002
2012	\$869,937	\$5,295,716	\$0	0.000%	0.00%	\$0	\$6,380,864	(\$525)	\$1,203,903	\$697,412
2013	\$216,205	\$1,278,348	\$367,824	3.090%	0.00%	\$0	\$6,580,118	\$179,073	\$1,382,976	\$760,102
2014	\$135,678	\$787,843	\$134,366	1.030%	3.50%	\$230,302	\$6,810,420	\$168,223	\$1,551,190	\$668,569
2015	\$54,048	\$312,611	\$137,147	1.030%	3.50%	\$238,367	\$7,094,237	\$165,263	\$1,716,462	\$595,723
2016	\$82,533	\$5,072,060	\$88,387	0.670%	3.50%	\$247,248	\$7,504,724	\$286,319	\$2,002,781	\$1,444,489
2017	\$876,206	\$5,238,618	\$70,315	0.490%	3.50%	\$277,164	\$7,871,888	\$349,244	\$2,352,025	\$1,378,120
2018	\$437,295	\$2,645,701	\$88,793	0.590%	0.05%	\$40,844	\$7,912,732	\$249,726	\$2,601,751	\$816,658
2019	\$781,414	\$4,606,852	\$127,721	0.817%	1.85%	\$145,813	\$8,058,547	\$300,000	\$2,901,751	\$1,324,650
2020	\$199,839	\$1,203,919	\$168,142	1.020%	3.00%	\$292,005	\$8,370,552	\$460,000	\$3,361,751	\$1,119,866
2021	\$118,488	\$691,320	\$0	0.000%	3.24%	\$284,198	\$8,654,750	\$0	\$3,361,751	\$403,686
2022	\$366,758	\$2,101,822	\$0	0.000%	1.44%	\$130,271	\$8,785,021	\$0	\$3,361,751	\$497,020
2023	\$400,000		\$641,691	3.750%	3.35%	\$294,004	\$9,079,025			\$1,335,695
Total	\$8,750,727	\$2,172,608				\$3,962,968		\$3,361,751		\$17,554,050
21 Year Average	\$307,654	\$103,458				\$174,713		\$160,083		\$855,007



7

General Fund Tax & Entitlement Revenue

Revenue Segment	FY2021 Actual Increases	FY2022 Actual Increases	FY2023 Available Increases
Newly Taxable Property	\$119,488	\$366,758	\$400,000 Amount not known until August
Inflationary Factor	\$0	\$0	\$641,691
Permissive Medical Levy	\$0	\$0	?
Entitlement Share	\$284,198	\$130,271	\$294,004
Total Revenue Increase	\$403,686	\$497,029	\$1,335,695

8

JOURNAL OF SPECIAL COMMISSION WORK SESSION
May 9, 2022

 General Fund Debt <ul style="list-style-type: none">• Public Safety Radios<ul style="list-style-type: none">• Debt issued: 3/27/2020; Final maturity date: 3/01/2030• Total amount of debt issued: \$1,992,461• Amount of debt outstanding as of 6/30/2022: \$1,634,496• Annual payment: \$231,570• Interest rate: 2.87%• Fire Truck Purchases (2)<ul style="list-style-type: none">• Debt issued: 12/15/2015; Final maturity date: 2/15/2026• Total amount of debt issued, \$801,098• Amount of debt outstanding as of 6/30/2022: \$296,461• Annual payment: \$77,046• Interest rate: Variable; FY 2023: 1.550%	 FY2023 Budget Drivers Budget Drivers <ul style="list-style-type: none">• Inflation<ul style="list-style-type: none">• 8.5% Consumer Price Index (CPI), March 2022 – All urban consumers• Inflationary factor in the General Fund is a three year average of the CPI divided in half• Operating increase (supplies, professional services)• Prior years have held the line in operating increases• Labor Market Adjustments<ul style="list-style-type: none">• Union contracts (2.75% to 4%)• Nonunion/ Merit increases (0% to 5%)• Non Union Wage and Classification Study• Health Insurance Adjustment• COPS Grant (hired 1 FTE, 2 to hire)
9	10

Manager Doyon suggested adding court and legal to the Commission’s top priorities with regard to public safety. It was the consensus of the Commission to continue exploring its top priorities.

Manager Doyon mentioned that the Commission had expressed interest in the need for an updated growth management plan to help coordinate services that have been lagging, such as fire, police, legal, court and other services around the City. He added that there is a lot of stress across City Departments and a lack of proper resources for City staff to perform their jobs effectively.

Referring to the General Fund Revenue Increase Detail from the PowerPoint, Commissioner McKenney inquired about the unusually high increase of newly taxable property for 2010, 2016, 2017 and 2019.

Director Kinzler responded that the Downtown Tax Increment was released in 2010 and the evaluation increased because of Calumet for 2017 through 2019.

Commissioner Wolff received clarification that a cap for how much a general obligation debt can be raised changes every year, depending on the amount of incoming revenue.

Mayor Kelly pointed out that determining whether to allocate non-voted general obligation debt is decided by the Commission through a resolution. Mayor Kelly received clarification that savings from cost sharing for insurance and decreased workers compensation rates were used to reduce the amount of the Permissive Medical Levy for the FY2022 budget. He recommended using the available ARPA funds to help mitigate some of the issues facing the City. The City is a company that is subject to inflationary increases, compensation pressures, hiring and retention issues, similar to other businesses in the community.

Commissioner Tryon expressed concern that the 8.5% Consumer Price Index (CPI) increase might give citizens the impression that the City could tax them even more. He received clarification that the City’s operating expenses could potentially utilize the \$1.3 million ARPA money for projects right away. He further received clarification that the City would see the impact of ARPA funds on this year’s budget.

Director Kinzler added that every year the City’s goal is to keep the impact to taxpayers as low as possible and the past two years the enterprise funds have not had rate increases.

JOURNAL OF SPECIAL COMMISSION WORK SESSION
May 9, 2022

Commissioner Wolff commented that what the City spends now on capital improvements would save taxpayers money in the long run because of increasing costs over time.

Mayor Kelly commented that the Commission is aware of the needs and issues facing City departments from the Department Head Budget Roundtable. Two issues that stuck out were capital improvement and material needs. He inquired about the process to mitigate these issues utilizing ARPA money.

Manager Doyon responded that the Department Heads would compile a proposal consistent with the Commission's priorities.

Municipal Court Judge Steve Bolstad explained that he is becoming burnt out from working eight hours a day in addition to 24/7 with warrants. His priorities are to obtain a second judge and clerk, as well as supplies. He commented that printing costs have decreased for court because of COVID-19. He concurred with the Commission about keeping up on these things now before it becomes more of an issue later.

Manager Doyon reported that City Attorney Jeff Hindoien is currently working on a timeline for the second judge position; however, the timeline is a year out.

Mayor Kelly mentioned that there are opportunities for new software that would help reduce utilizing paper and could bring the City into the 21st Century.

Judge Bolstad responded that the Municipal and Eighth Judicial District Courts utilize FullCourt software; however, the Office of the Court Administrator (OCA) is waiting for the right time to implement a web-based software. Municipal court currently accepts electronic filings; however, there is a whole program under the OCA that could be utilized.

Commissioner McKenney explained that burnout in the workforce is nationwide and the Commission's job is to run the City and do what it can to protect City employees from burnout.

Commissioner Tryon concurred with Commissioner McKenney and he added that a part of the Crime Task Force's job was to also address the issues facing Municipal Court and needs to be a top priority. He inquired about the effect to the FY 2023 budget if the timeline for a second judge and clerk is a year out.

Manager Doyon responded that the first step would be to change the charter that allows the City to elect more than one Municipal Court Judge in November. Then a process by which the City works with the Cascade County Elections office to hold a primary for a second judge position.

City Attorney Hindoien added that the City would need to have an election in November 2022 to remove some restrictive language from the Charter and also craft an ordinance change. A second Municipal Court Judge may be able to be appointed in January 2023, until the next general municipal election. He concluded that the second half of this fiscal year's budget would fund for a second judge and clerk.

It was the consensus of the Commission to cancel the May 10, 2022 Special Work Session and present the formal budget transmittal at the June 21, 2022 Work Session.

JOURNAL OF SPECIAL COMMISSION WORK SESSION
May 9, 2022

ADJOURN

There being no further discussion, Mayor Kelly adjourned the informal special work session of May 9, 2022 at 4:15 p.m.