

**JOURNAL OF SPECIAL COMMISSION WORK SESSION**  
**June 28, 2022**

Special City Commission Work Session  
Civic Center, Gibson Room 212

Mayor Kelly presiding

**CALL TO ORDER: 5:00 PM**

**CITY COMMISSION MEMBERS PRESENT:** Bob Kelly, Joe McKenney, Rick Tryon, and Susan Wolff. Eric Hinebauch was excused.

**STAFF PRESENT:** City Manager Greg Doyon and Deputy City Manager Chuck Anderson; Deputy City Attorney David Dennis and Paralegal Robin Beatty; Finance Director Melissa Kinzler, Deputy Finance Director Kirsten Myre, Grant Administrator Tom Hazen, and Budget Analyst Andrea McCracken; Human Resources Director Gaye McInerney; Municipal Court Judge Steve Bolstad, Court Supervisor Morgan Medvec and Clerk Shana Chapman; Planning and Community Development Director Craig Raymond; Park and Recreation Director Steve Herrig; Public Works Director Paul Skubinna; Youth Services Librarian Rae McFadden; Police Chief Jeff Newton; Fire Chief Jeremy Jones; and Deputy City Clerk Darcy Dea.

Mayor Kelly announced that he would be leaving at approximately 5:45 because of a prior commitment.

**PUBLIC COMMENT**

None.

**1. 2023 BUDGET WORK SESSION-CONTINUATION FROM JUNE 21, 2022.**

City Manager Greg Doyon mentioned that there is no easy way to tackle the City Budget, except to have a robust discussion and for the Commission to ask City staff any specific questions or concerns that it had from the June 21, 2022 Work Session. He reiterated that the FY 23 Budget is different than prior years because of ARPA and CARES funds.

Finance Director Melissa Kinzler referred to pages 11-15 of the Fiscal Year 2023 Proposed Budget Book and noted that Resolution 10460 is the Annual Budget Resolution that the Commission would adopt as required by Montana Code Annotated (MCA). She referred to page 18 of the Fiscal Year 2023 Proposed Budget Book and explained that the total amount for the 2023 proposed budget includes all funds combined. The expenditures exceed the revenues because the fund balance is being utilized to offset capital improvements and the general fund for operations.

Commissioner Wolff pointed out that another reason the expenditures exceed the revenues is because the City did not take increments the last two years due to COVID-19 and being thoughtful of citizens ability to pay those taxes.

Finance Director Melissa Kinzler and Deputy Finance Director Kirsten Myre reviewed and discussed the following PowerPoint:

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# City Commission Budget Work Session

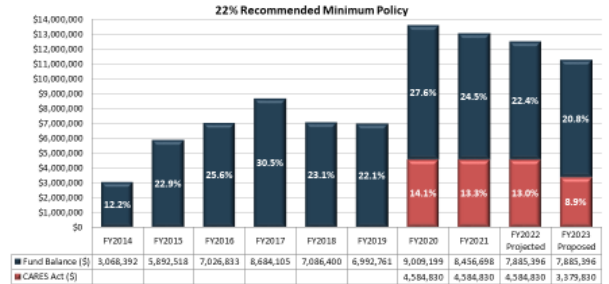
**Fiscal Year 2023**

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## General Fund 10 Year Fund Balance



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## FY24 Outlook

- Undesignated Fund Balance Management
- No new anticipated debt
- Unknown Economic Condition – Recession?
- Operations
  - Probationary Firefighters
  - Police Department COPS Grant
  - Crime Task Force Recommendations
  - Newly negotiated CBAs
  - Recreation Center operations
  - Second Municipal Judge
- Legislative Session
  - Assessments
  - CI-121
- Tax Appeals

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## CARES Request

- 2 requests from Great Falls Development Authority for a total of \$5,400,000 of CARES Act

CARES balance prior to FY2023	\$ 9,018,012
CARES use in Proposed FY2023 Budget	(\$ 1,677,000)
CARES balance after FY2023 Proposed Budget	\$ 7,341,012
GFDA Request – Loan Capital for Milwaukee Station	(\$ 1,400,000)
GFDA Request – Loan Capital for Housing	(\$ 4,000,000)
CARES balance	\$ 1,941,012

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## Other CARES Options

- Pay off General Fund debt to create capacity
  - Public Safety Radios \$1,449,837 frees up \$231,570 annually
  - Fire Truck \$223,727 frees up \$77,000 annually
- Cost overruns from ARPA projects – TBD
  - Court/PCD relocation
  - Police Evidence Building
  - Fire Station deferred maintenance & improvements
  - Mansfield Theater & Convention Center

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## General Fund Revenue Growth

- Tax cap under MCA 15-10-420
  - Inflationary factor – ½ of 3 year average inflation
  - Permissive Medical Levy
- Newly Taxable Property
  - Tax rate depends on type of improvement
  - As of January 1<sup>st</sup>, delays tax base growth
- Tax Abatements
- TIF Districts
- Tax Appeals
- Non-profits
- Legislature
- Entitlement Share
  - Annual increase depends on State revenue and CPI

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### General Fund Tax & Entitlement Revenue

Reference: General Fund Revenue Increase Detail

General Fund Revenue Segment	FY2021 Actual Increases	FY2022 Actual Increases	FY2023 Proposed Increases	Impact to Households
Newly Taxable Property	\$ 119,488	\$ 366,758	\$ 400,000 <small>Amount not known until August</small>	N/A
Inflationary Factor	\$ 0	\$ 0	\$ 641,691	\$100,000: \$8.36 \$200,000: \$16.72
Permissive Medical Levy	\$ 0	\$ 0	\$ 248,305	\$100,000: \$3.23 \$200,000: \$6.47
Entitlement Share	\$ 284,198	\$ 130,271	\$ 294,004	N/A
<b>Total Revenue Increase</b>	<b>\$ 403,686</b>	<b>\$ 497,029</b>	<b>\$ 1,584,000</b>	


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### Proposed Rate, Assessment and Fee Adjustments

Department	Division	FY2023 Adjustment	Prior 2 Years Adjustments	
Utility	Public Works	Water	5%	0%
Utility	Public Works	Sewer	5%	0%
Utility	Public Works	Storm Drain	5%	0%
Utility	Public Works	Sanitation - Commercial	10% (May '22)	0%
Utility	Public Works	Sanitation - Residential	10% (May '22)	0%
Assessment	Park & Rec	Natural Resources – Boulevard	12%	0%
Assessment	Park & Rec	Portage Meadows	5%	0%
Assessment	Park & Rec	Park Maintenance District	0%	0%
Assessment	Public Works	Street Maintenance	0%	0%
Assessment	Special Districts	Street Lighting Districts	4.5%	- 1.0%

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### History of Rate/Assessment Increases

Division	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 Proposed
Water	10%	0%	5%	5%	0%	0%	5%
Sewer	3%	0%	2%	2%	0%	0%	5%
Storm Drain	10%	0%	10%	5%	0%	0%	5%
Sanitation Commercial	0%	5%	0%	7.5%	0%	0%	10% (May '22)
Sanitation Residential	0%	0%	5%	7.5%	0%	0%	10% (May '22)
Boulevard District	0%	7%	3%	5%	0%	0%	12%
Portage Meadows	0%	0%	7%	5%	0%	0%	5%
Park District	-	-	New	0%	0%	0%	0%
Street Maintenance	0%	0%	0%	0%	0%	0%	0%
Street Lighting	- 18%	- 1%	0%	0.5%	- 4%	- 1%	4.5%

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Commissioner McKenney received clarification the majority of the \$1.2 million CARES funds would be utilized for the personnel and operating services for the Police and Fire Department. He further received clarification that if an entity appeals its taxes, the County puts 100 percent of the tax appeal in a special fund until the actual tax appeal is completed.

Director Kinzler commented that taxable valuation of a property depends on the location, whether it has a tax abatement, if it is a nonprofit and timing. She added that the Milwaukee Station was already given a tax abatement and was eligible for CARES funds.

Grant Administrator Tom Hazen explained that the proposals from the Great Falls Development Authority (GFDA) for loan capital was a revolving loan fund for infrastructure expansion and would not be eligible for ARPA funds. The infrastructure element, expanding, and hoping that development will occur is prohibited by ARPA, Clean Water Act and Drinking Water Act. There is more flexibility allocating CARES funds and would be an asset to GFDA, as well as the City.

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Commissioner Tryon received clarification that the City received two requests from GFDA for loan capital for housing and the Milwaukee Station; however, there have been numerous inquiries from City Departments about the implementation.

Commissioner Wolff inquired about where NeighborWorks Great Falls is with regard to the Baatz Building, as well as some of the things it does for housing.

Grant Administrator Hazen responded that Neighborworks has identified a couple of programs that they are submitting applications for under the sub awards with the City; however, the Baatz Building is not a part of that. The Baatz Building is working with Community Development Block Grant (CDBG) and other funding.

Mayor Kelly received clarification that the GFDA request for loan capital for the Milwaukee Station and for housing would both stay within GFDA when it is repaid and the loan capital for housing would include all housing. Referring to the ARPA/CARES Funding proposals Memo, Mayor Kelly commented that there are three opportunities to consider funding whether it is a GFDA project, City project, a utility rate adjustment, or a combination of all three. He explained that the GFDA request is not “all or none” and is a request that is hearty, bold and deserves further conversation.

Commissioner Tryon received clarification that if the Commission chose to allocate funds from CARES to an outside entity, there would have to be an adjustment in this year’s budget.

City Manager Doyon explained that if the City were to utilize all of the allocation, there would not be enough to accomplish projects for Municipal Court, Planning and Community Development and additional office space. He further explained that the utility funds have an unscheduled development section that the City has historically used specifically to have a funding source when there was a new project that was developed, but not planned. He commented that setting the utility rates could bolster that fund in such a manner that the City would have more discretionary use to assist in development infrastructure as it occurs throughout the year.

Planning and Community Development Director Craig Raymond referred to a June 24, 2022 Memo regarding ARPA/CARES Funding proposals that included the following:

- Proposal 1: Reimbursement Fund approximately \$250,000 to \$500,000 would be set aside to serve as a reimbursement/subsidy fund to offset permitting or review expenses for housing or housing subdivision construction within the Great Falls city limits and to prioritize low-income and/or workforce housing.
- Proposal 2: Belleview Palisades Storm Water Improvement Project.
- Proposal 3: North End Storm Water Treatment Expansion.
- Proposal 4: South End Infrastructure Expansion to New NeighborWorks Development.

Mayor Kelly expressed appreciation to City staff for their efforts, as well as GFDA for making a request and noted that the goal is to help with housing issues in the City. He suggested considering the GFDA

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requests, funding proposals from the June 24, 2022 Memo and a utility impact fee to assist with the cost of infrastructure.

Mayor Kelly left at 5:45 p.m. and turned the meeting over to Mayor Pro Tempore Wolff.

Mayor Pro Tempore Wolff commented that even though there may not be a lot of money coming into the General Fund Budget, there is money going into the community as a whole in other ways.

Commissioner Tryon received clarification that the City pays 85 percent for health insurance premiums and the total increase in the General Fund for the City was \$248,305.

Commissioner McKenney received clarification that the City receives approximately 26 percent of residential property tax and the majority goes to state and local schools, Cascade County and the Transit District.

Mayor Pro Tempore Wolff suggested adding the part-time communication position back into the budget proposal. She added that communicating all of the positive things that the City is doing is critical.

Commissioner Tryon commented that the City does a remarkable job with communication and it is important; however, accessing information is available to the public and is their responsibility to obtain it. He expressed opposition with regard to adding new employees or positions because citizens do not want a tax increase.

City Manager Doyon responded that the needs of the prosecutors, Legal Department and Municipal Court need to have the appropriate administrative posture to support those offices to do the job effectively. There has to be a level of mutual understanding in order for the community to understand the budget process.

Commissioner McKenney concurred with Mayor Pro Tempore Wolff's suggestion about considering adding the part-time communication position back into the budget proposal.

Deputy City Manager Chuck Anderson explained that he did not approve the part-time communication position from the above and beyond requests because of public safety and judicial department needs. He further explained that Communication Specialist Lanni Klasner informed him that the number of followers on the City's Facebook page has grown. The City is currently communicating and providing information via Facebook, radio interviews, press releases, as well as other avenues and is receiving responses from the public. He added that he would like to take the summertime, since several Neighborhood Councils are not meeting, to explore how the City can refocus on things that are coming up in the future and to utilize Communication Specialist Klasner more with the strategic piece of major projects.

Mayor Pro Tempore Wolff replied that she is content, for the time being, holding off adding the part-time communication position to the budget proposal after hearing Deputy City Manager Anderson's explanation.

Municipal Court Judge Steve Bolstad commented that with an increase in police, prosecution and another judge, the court could potentially recoup some of the \$4.9 million worth of the 6,800 outstanding warrants. The prosecution office is short-staffed and the two prosecutors often work nights, weekends and take their job very seriously; however, sometimes things fall through the cracks.

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Mayor Pro Tempore Wolff inquired what City staff needs from the Commission prior to the June 29, 2022 Special Work Session.

City Manager Doyon responded that the Commission determine whether it wants to use the Inflationary factor, Permissive Medical Levy, as well as the use of ARPA, CARES and fund balance. If the Commission does not take the Inflationary factor, every above and beyond request would be eliminated and would require significant adjustments in the budget, unless it is offset by fund balance.

Mayor Pro Tempore Wolff received clarification that the manager recommended above and beyond has already been incorporated into the budget.

It was the consensus of the Commission to continue the budget discussion at the June 29, 2022 Special Work Session.

**ADJOURN**

There being no further discussion, Mayor Pro Tempore Wolff adjourned the informal special work session of June 28, 2022 at 6:43 p.m.