

**JOURNAL OF COMMISSION WORK SESSION**  
**May 2, 2023**

City Commission Work Session  
Civic Center, Gibson Room 212

Mayor Kelly presiding

**CALL TO ORDER: 5:30 PM**

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

**STAFF PRESENT:** City Manager Greg Doyon and Deputy City Manager Chuck Anderson; City Attorney David Dennis; Finance Director Melissa Kinzler, Deputy Director Kirsten Wavra, Grant Administrator Tom Hazen, ARPA Project Manager Sylvia Tarman and Financial/Tax/Budget Analyst Levi Johnson; Public Works Director Chris Gaub; Municipal Court Judge Steve Bolstad and Court Supervisor Morgan Medvec; Fire Chief Jeremy Jones; Police Chief Jeff Newton; and, Deputy City Clerk Darcy Dea.

**PUBLIC COMMENT**

**Gerry Jennings**, 317 Fox Drive, reported that there is a homeless encampment below the Sun River Bridge and 21 large bags of trash was removed from the area. The area is horrendously filthy and it does not make her proud of a City that she admires and wants to see clean. Ms. Jennings inquired what the City could do to clean up large areas of filth.

Mayor Kelly responded that City staff is aware of the homeless encampment that exists under the Sun River Bridge and will address the issue.

**Mike Smith**, City resident, commented that it is important to find out what homeless individuals need to make their environment better. He suggested that a good first step would be to clean up the trash under the Sun River Bridge.

**1. FISCAL YEAR 2024 BUDGET INTRODUCTION**

City Manager Greg Doyon explained that this is an initial overview for the Commission and community with regard to the outlook of the FY24 Budget.

Finance Director Melissa Kinzler, Deputy Director Kirsten Wavra, Grant Administrator Tom Hazen and ARPA Project Manager Sylvia Tarman reviewed and discussed the following PowerPoint:

**JOURNAL OF COMMISSION WORK SESSION**  
**May 2, 2023**



# Fiscal Year 2024 Budget Introduction

May 2, 2023 Work Session

## FY2024 Look Ahead Presented During FY2023 Budget Process

- 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

1

2



## FY2024 Budget Drivers

- Undesignated Fund Balance Management
  - General Fund below 22% recommended minimum policy
- Covid Recovery
- Legislative Session?
- Electricity Costs
  - 200% increase City-wide
- Union Negotiations
  - Currently happening, may need to estimate for budget
- Health Insurance
  - Preliminary 8% increase to City
- Cops Grant
  - \$74,000 additional to be covered by General Fund in FY2024
- Additional support staff in Legal Department

## General Fund 3-Year History

General Fund	FY2021 Actual	FY2022 Actual	FY2023 Adopted Budget
Total Revenues	\$ 33,973,714	\$ 33,934,611	\$ 36,656,746
Total Expenses	\$ 34,526,216	\$ 35,235,057	\$ 37,861,746
Revenues Over (Under) Expenses	\$ (552,502)	\$ (1,300,446)	\$ (1,205,000)
		Projected Revenue Increases in FY2024	\$ 1,462,575
		Projected Net Revenue Increases Available for FY2024	\$ 257,575

3

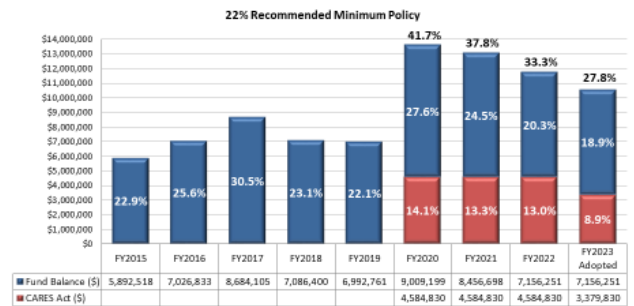
4



## General Fund Revenue Increases

General Fund Revenue Segment	FY2021 Actual Increases	FY2022 Actual Increases	FY2023 Actual Increases	FY2024 Available Increases
Newly Taxable Property	\$ 119,488	\$ 366,758	\$ 352,303	\$ 400,000 <i>Amount not known until August</i>
Inflationary Factor	\$ 0	\$ 0	\$ 641,691 <i>Used carry-over milfs from prior 2 years</i>	\$ 451,129
Permissive Medical Levy	\$ 0	\$ 0	\$ 247,551	\$ 300,000 <i>Estimate</i>
Entitlement Share	\$ 284,198	\$ 130,271	\$ 294,004	\$ 311,446
<b>Total Revenue Increase</b>	<b>\$ 403,686</b>	<b>\$ 497,029</b>	<b>\$ 1,535,549</b>	<b>\$1,462,575</b>

## General Fund Fund Balance



5

6

# JOURNAL OF COMMISSION WORK SESSION

## May 2, 2023



### Legislative Impacts

- Passed
- SB 262 – Prohibits cities from requiring additional licensing when the state has issued a professional license
    - Loss of General Fund revenue - \$79,000 beer & wine and liquor licenses
    - Loss of Planning Fund revenue - \$85,000 professional licenses
  - HB 465 – Allows cities to reserve three years building permit fees and removes the duplicative building code audit
    - Larger reserve can be held in the Permits Fund
- Pending
- HB 226 – PERS retirement contributions annual increase from 0.1% to 0.5%. \$70k increase in FY2024, \$500k increase by FY2028.
  - HB 925 – TIF

### GFOA Budget Award

- Requirements for award changed starting in FY2022, with a one-year grace period
- New requirements
  - **Strategic Goals & Strategies**
    - “Provide a coherent statement of organization-wide, strategic goals and strategies that address long-term concerns and issues.”
  - **Performance Measures**
    - “Provide objective measures of progress toward accomplishing the government’s mission as well as goals and objectives for specific departments and programs.”
- Proposing a pilot program for FY2024

7

8

### ARPA Balance Update Reference Handout

ARPA	\$19,472,737	
Committed Funds	\$5,355,667.33	
Ongoing Projects	Budget Cap	Current Cost
Civic Center AV Upgrades	\$75,000.00	\$75,000.00
HR Office Remodel	\$829,310.06	\$829,310.06
Park & Rec Admin Building ADA Restroom	\$75,000.00	\$75,000.00
Court Remodel	\$3,500,000.00	\$3,500,000.00
Fire Station Infrastructure	\$2,800,000.00	\$2,980,000.00
PD Evidence Building & Front Entry Area	\$4,500,000.00	\$4,500,000.00
Civic Center HVAC	\$1,800,000.00	\$1,306,667.00
Civic Center Transformer/Boiler	\$500,000.00	\$1,407,300.00
Civic Center Elevator	\$115,000.00	\$115,000.00
<b>Total</b>	<b>\$14,194,310.06</b>	<b>\$14,788,277.06</b>
<b>ARPA Balance</b>	<b>- \$77,240.39</b>	<b>- \$671,207.39</b>

### CARES Balance Update Reference Handout

CARES	\$10,159,163
FY22 Replenish Funds Impacted by COVID	\$1,141,151
Balance General Fund Budget in FY2023	\$1,205,000
Replenish Planning Fund in FY2023	\$297,500
Replenish Recreation Fund in FY2023	\$140,000
Replenish Multi-Sports Fund in FY2023	\$34,500
GFDA Revolving Loan Fund Contribution	\$1,400,000
<b>Remaining CARES Balance</b>	<b>\$5,941,012</b>

9

10

### Upcoming Budget Process

- **Week of June 12<sup>th</sup>**
  - Departments present requested budgets to City Manager
- **Week of June 26<sup>th</sup>**
  - City Manager transmits Proposed Budget to Commission
- **July 5<sup>th</sup> – Commission Action**
  - Commission sets public hearing for July 18<sup>th</sup>
- **July 18<sup>th</sup> – Commission Action**
  - Public Hearing and Adopt or Continue Budget
- **August 15<sup>th</sup> – Commission Action**
  - Adopt Annual Tax Levy

11

Finance Deputy Director Wavra commented that a second Municipal Court Judge and full-time Clerk associated with that would be another FY2024 budget driver.

City Manager Doyon clarified that Covid recovery means that the City is trying to recover financially from a revenue standpoint. The City did not raise taxes for two years and used fund balance to offset lost

## JOURNAL OF COMMISSION WORK SESSION

May 2, 2023

revenues. The Northwestern Energy proposed rate increase of 200% is not for taxpayers. The increase is for City functions, City-owned lights and buildings, as well as equipment run by electricity that the City purchases on the open market.

Mayor Kelly added that the Northwestern Energy proposed rate increase is 25% to 30% of a much higher rate because the City was not a customer of Northwestern Energy. He requested that the Northwestern Energy proposed rate increase of 200% be formulated in numbers and not percentages.

Deputy Finance Director Wavra provided and discussed a General Fund Monthly Cash Balances handout.

Finance Director Kinzler explained that although it is not a recommended practice and should not be done long term, the City could use its savings account or reserves to balance the budget. The City could borrow from other funds to offset a negative fund balance. Criteria for the Government Finance Officers Association (GFOA) Budget Award includes organization-wide goals, strategies and performance measures.

ARPA Project Manager Tarman explained that City staff is working on cost mitigating measures including scaling back on the scope of the project, additional funding such as an energy grant, and other resources in order to complete the projects. If the City is unable to mitigate the costs, it would not do the project.

City Manager Doyon added that CARES funds might be needed for the City's operating budget and to complete some of the ARPA Projects.

Commissioner Hinebauch commented that the City could consider tying in some of the ARPA projects and balances with the General Obligation (GO) Bond for the Public Safety Levy.

Grant Administrator Hazen responded that the government mandates the needs and timelines of ARPA Funds. Funds, projects and costs need to be obligated by a certain time and with the nature of the Public Safety Levy and GO Bonds, the City would not want make that something to rely upon due to the uncertain nature of it going forward.

Commissioner Hinebauch suggested adding \$1 million to \$2 million into a GO Bond for a Public Safety Levy to ensure completion of all projects.

ARPA Project Manager Tarman responded that several of the projects that have not been completed are larger construction projects, and subject to design. It behooves the City to do these projects as quickly as possible because the funds have to be obligated by December 2024. She discussed the American Rescue Plan, Cares Act and House Bill 632 document that was included in the agenda packet.

Mayor Kelly expressed concern about the public being asked to provide more funds for a Public Safety Levy when there is a \$5.9 million CARES balance. Mayor Kelly inquired what the goals are for the remaining CARES funds.

City Manager Doyon explained that the general fund three year history is what the City has seen over the last several budget cycles. The general fund for FY2024 remains to be seen because of union negotiations and other budget drivers. City staff has been advised to level fund their budgets for FY2024. The tier one

**JOURNAL OF COMMISSION WORK SESSION**  
**May 2, 2023**

ARPA projects were allowed to figure out what the cost was going to be for completion. Unfortunately, because of delays and supply issues, the balance was capped for the remaining projects based on the information at that time. The remaining ARPA projects need to be prioritized; however, some projects may not be completed. The Court remodel is a priority because of a second Judge coming.

Finance Department Director Kinzler added that it would not be best practice to use CARES funds to balance the general fund. This is a one-time revenue and the City does not want to have ongoing revenues increased to such an extent. Once this money is gone, there will not be a cushion to be able to mitigate some of the revenue increases that the City needs. The only alternative would be to cut things in the general fund and the City is using CARES money as a savings account to maintain operations in the general fund.

Commissioner McKenney received clarification that there more than likely would not be any additional grant money through HB 632. The Civic Center Transformer/Boiler project is approximately \$400,000 over budget and City staff is working with Cushing Terrell to mitigate costs and revise the scope. The Civic Center Elevator and Court Remodel projects are in limbo and currently do not have real costs.

City Manager Doyon added that the architect will provide a better-detailed plan and cost with regard to remodeling the Missouri Room for Court.

Commissioner Tryon requested that departments provide specific reasons why it is requesting increases in their budget and what service it would sacrifice in order to get the increase.

City Manager Doyon responded that the departments requested increases would be provided to the Commission and public.

Mayor Kelly reiterated that the Budget Process is open to the public.

Finance Director Kinzler added that all fees are reviewed as part of the budget process and unions were invited to attend this budget work session.

**DISCUSSION OF POTENTIAL UPCOMING WORK SESSION TOPICS**

City Manager Greg Doyon reported that a lead and copper rule and semi-annual litigation update will be topics for the May 16, 2023 work session.

Commissioner Hinebauch requested that a GO Bond Infrastructure be a topic for an upcoming work session prior to August 1, 2023.

**ADJOURN**

There being no further discussion, Mayor Kelly adjourned the informal special work session of May 2, 2023 at 6:30 p.m.