

JOURNAL OF COMMISSION WORK SESSION
December 3, 2024

City Commission Special Work Session
Civic Center, Gibson Room 212

Mayor Reeves presiding

CALL TO ORDER: 4:00 PM

CITY COMMISSION MEMBERS PRESENT: Cory Reeves, Rick Tryon, Joe McKenney and Susan Wolff. Shannon Wilson arrived at 4:17 p.m.

STAFF PRESENT: Acting City Manager David Dennis; Deputy City Attorney Rachel Taylor; Finance Director Melissa Kinzler; Park and Recreation Director Steve Herrig; Planning and Community Development Director Brock Cherry; Fire Chief Jeremy Jones; and, Deputy City Clerk Darcy Dea.

PUBLIC COMMENT

None.

1. INTRODUCTION AND 2025 LEGISLATIVE DISCUSSION WITH CHUCK DENOWH FROM THE MONTANA GROUP

Chuck Denowh with the Montana Group reported that his firm represents the City with regard to the upcoming legislative session. One of the biggest issues would be property tax. A Legislative Review Interim Committee and Property Tax Advisory Group were formed to look at options for reforming property tax to relieve the burden on residential tax payers. Those groups proposed a homestead and comstead exemption to attempt to shift some of the property tax burden away from most homeowners and put it on wealthier homeowners or owners of second homes. It would reduce the tax rate for most homeowners to 1.1% and 1.9% for owners of second homes.

A Land Classification Working Group looked at options to stop large landowners from taking their land out of production and still receiving the agriculture tax rate. The group proposed taking away the agriculture classification and requiring every agriculture producer to submit information to the Department of Revenue (DOR) to prove they are in agriculture production in order to qualify for the agriculture classification. If the agriculture classification was not met, it would be shifted over to class four property. There was also discussion about controlling local government spending as well as putting more restrictions on Tax Increment Financing (TIFs) and levies because the legislature believes those are being abused. Everything in the governors property tax working group was presented to the Revenue Interim Committee to adopt as committee bills and are usually seen by the legislature as having more importance to them. The Revenue Interim Committee adopted five of the proposals.

Mayor Reeves received clarification that the five adopted committee bills were related to TIFs, levy elections and levies.

Commissioner Wolff received clarification that Mr. Denowh would send updates to the City Commission with regard to the bills that he is watching.

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Commissioner McKenney mentioned that increases on property tax statements include insurance increases.

Mr. Denowh responded that there needs to be a way to underscore that information so homeowners have a better understand of their mortgage statement.

Commissioner Tryon commented that there does not seem to be a lot of awareness from the local delegation that Great Falls has different issues from its sister cities.

Mr. Denowh responded that he coordinates with other city lobbyist and the Montana League of Cities and Towns (MLCT) with regard to the concerns and priorities of local municipalities. Mr. Denowh would track a list of bills that are priorities to the City and share it with City Manager Greg Doyon. Establishing lines of communication early on with members that serve on the most important committees is important.

Commissioner Wolff received clarification from Mr. Denowh that the City Commission should connect with the local legislative delegation, have communications with members that serve on important committees and pass on any useful information to him. She suggested not only reaching out to our local legislative delegation, but also North Central Montana because the City's needs and views are similar to those smaller communities.

Referring to the perception that the legislature believes municipalities are overspending, Acting City Manager David Dennis explained that our community spending is less than the sister cities. He received clarification that Mr. Denowh believes the legislature would target the proposed bills it perceives as abuse of TIFs.

Commissioner McKenney mentioned that having a lobbyist to represent the City could help with the "one size fits all bills" and ZOOM meetings with local delegation could be beneficial.

Mr. Denowh concluded that he expects to see legislation on adjusting the inflationary factor, newly taxable property, building/fire code, Artificial Intelligence (AI) and potentially affordable housing, marijuana revenue and local option tax.

Commissioner Wolff and Mayor Reeves commented that their legislative topics/concerns include public safety, water rights and law enforcement police academy.

Planning and Community Development Director Brock Cherry explained that his legislative issues/concerns included the significant changes to the Montana Land Use Planning Act and that the definition of Accessory Dwelling Unit (ADUs) should be clarified to require that detached ADUs are placed on a permanent foundation and specifically include RVs, campers, and trailers. He expressed concern with regard to communities overgrowing with primarily residential development and not having the accompanying industrial and commercial development to ensure a continued tax base.

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It was the consensus of the Commission that Mr. Denowh email City Manager Doyon and he would email the Commission to update them on important legislative developments. The Commission and Mr. Denowh would exchange contact information, copy City Manager Doyon on all communications and potentially meet with local delegation via Zoom weekly or bi-weekly.

2. FOLLOW UP ON FUNDS NEEDING ATTENTION FROM THE 11/6/24 QUARTERLY BUDGET WORK SESSION

Finance Director Melissa Kinzler reviewed and discussed a budget discussion preparation document from City Manager Greg Doyon with regard to funds that are not performing including the following:

- Is this service/program/fund considered essential to the community's core needs/values, or does it simply enhance quality of life.
- Is it the City's responsibility to provide this service, or could it be effectively delivered by another entity.
- To what extent should this service generate its own funding to sustain operations with fees/services charges.
- Can the service feasibly operate without heavy reliance on General Fund appropriations.
 - What criteria should the Commission use to determine the percentage of General Fund support allocated to this service.
- Is the Commission open to revising, restructuring, or discontinuing the service if necessary.
 - Which stakeholders, if any, should be engaged in the evaluation and decision-making process regarding this service.

Commissioner Wolff commented that not only should expenses be looked at but also revenues.

Commissioner Tryon inquired about qualifying and quantifying the answers to the questions on the budget discussion preparation document.

Finance Director Melissa Kinzler responded that the City could do a Request for Proposals (RFP) to help the Commission set priorities or a rate analysis, internally or externally, on Park and Recreation fees.

Commissioner Wolff mentioned that the neighborhood swimming pools might be serving a demographic that do not have transportation to get to the Electric City Water Park.

Mayor Reeves explained that Commission priorities for funds needing attention would be a topic at the City Commission Retreat on January 3, 2025.

Park and Recreation Director Steve Herrig reviewed and discussed the following PowerPoint slides:

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Natural Resources

- Management, care, planting and removal of all City owned trees
 - 34,000 public trees
 - Boulevard trees, parks, golf courses, and other public property
 - Pruning
 - Trimming of all parks and Boulevard trees
 - Treatment of disease – Mountain Pine Beetle, Dutch Elm Disease
- Planting and care of flower beds
- Leaf pick up in Boulevard District
- Compost Site

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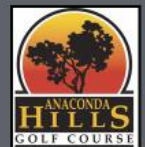


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Golf

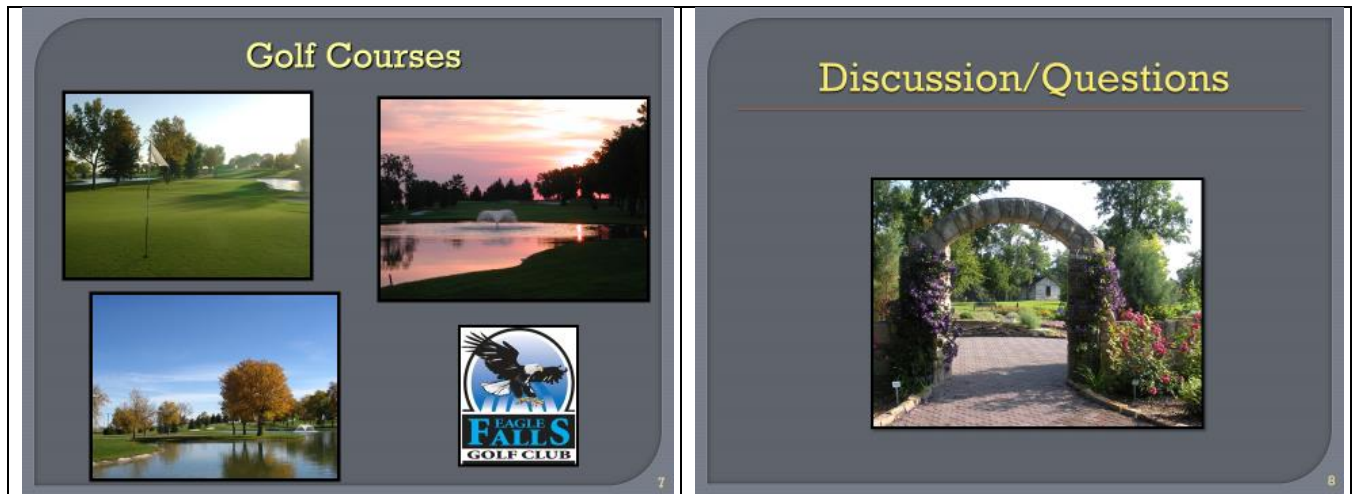
- Management Company – CourseCo
- Anaconda Hills & Eagle Falls
 - 36 Holes with 47,483 rounds in 2023
- Men's' and women's' leagues at both courses
- Junior Golf Programs
- Special Promotions
- Tournaments, group outings and special events

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Park and Recreation Director Herrig reported that the Natural Resources Department has been working on the same subsidy since 2011 and expenses have increased 52% over that time.

Finance Director Kinzler added that 57% of the Natural Resources budget was funded by a boulevard assessment. The assessments have been increased in the Boulevard District; however, could only be used on the area that was assessed. The General Fund subsidy has not been increased and places a strain on the Natural Resources Department.

Commissioner Tryon inquired if the Natural Resources fund would not be sustainable unless the Boulevard or Park Maintenance District assessments were raised again, or additional funding from the General Fund.

Finance Director Kinzler reiterated that the boulevard assessment can only be used for work in the Boulevard District and is not a funding source for parks, trees and outside sources. The Park Maintenance District could only be used for maintenance and there is limited amount of money for the actual use of the park maintenance. She concluded that bad trees are an additional liability that affects the City's liability premiums and it is the City's responsibility to take care of them.

Mayor Reeves received clarification that the City Commission sets the boundaries of the Boulevard District. Expanding the boundaries would create additional work without providing additional funding.

Commissioner Tryon commented that the General Fund is intended for public safety. He inquired if the language in the CourseCo agreement states that the City is bound to keep two golf courses open.

Park and Recreation Director Herrig explained that approximately \$1.2 million went towards the golf debt. CourseCo indicated that there are shared resources between the two golf courses and closing one would not significantly reduce the expenses or fall to the remaining course. The revenue was enhanced by two courses between membership sales, tournaments and overall play. There is no revenue for Anaconda Hills during the winter because it is closed and all resources are shifted to Eagle Falls. The two golf course model works, is profitable and affordable for golfers in the community. If a golf course were to be closed,

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it would have to be Eagle Falls because the City cannot do anything with the Anaconda property. The language is not in the contract; however, it is an understood process between the City and CourseCo that if it is not sustainable to operate two courses, one could be closed.

Commissioner Tryon requested that the new contract with CourseCo include language that a golf course could be closed if keeping two open would not be sustainable.

Mayor Reeves inquired which fiscal year the golf course would be debt free and when golf fees are adjusted.

Finance Director Kinzer responded that it depends on how the 10-year agreement goes with CourseCo and how the money from the Pasta Montana sale is applied. When the City sold the property, the Pasta Montana land was in the golf course fund. The \$1.2 million is the profit that CourseCo has made running the golf courses; however, that money belongs to the City. The current agreement indicates that CourseCo looks at rolling a 6 month cash flow and any extra money would be released back to the City. The current debt is approximately \$678,000. CourseCo is a management company and the City still owns the golf courses. Fees for the golf courses would be adjusted in February 2025.

DISCUSSION OF POTENTIAL UPCOMING WORK SESSION TOPICS

Acting City Manager David Dennis reported that the December 17, 2024 work session will consist of a review of funds requiring attention and growth policy updates.

Commissioner Tryon suggested opening public comment up again since this meeting began early.

PUBLIC COMMENT

None.

ADJOURN

There being no further discussion, Mayor Reeves adjourned the informal special work session of December 3, 2024 at 5.36 p.m.