

JOURNAL OF COMMISSION WORK SESSION
June 19, 2012

City Commission Work Session

Mayor Winters presiding

CALL TO ORDER: 5:30 p.m.

ROLL CALL: City Commissioners present: Michael J. Winters, Bill Bronson, Fred Burow, Mary Jolley, and Robert Jones.

STAFF PRESENT: City Manager; Deputy City Manager; City Attorney; Directors of Fiscal Services, Library, Park and Recreation, and Planning and Community Development; City Engineer; Executive Director of the Housing Authority; Human Resources Manager; Fiscal Services Administrative Assistant; Deputy Director of Planning and Community Development; Water Plant Supervisor; Fire Chief; Police Chief; and the City Clerk.

1. REVENUE FORECAST/PRELIMINARY BUDGET DISCUSSION

City Manager Greg Doyon discussed statistics regarding age, education, home ownership and population profiles. He and Fiscal Services Director Melissa Kinzler reviewed and discussed the following PowerPoint slides:

<p style="text-align: center;">Total General Fund Revenue</p> <table border="1"> <caption>FY 2013 Projected General Fund Revenues</caption> <thead> <tr> <th>Category</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Taxes</td> <td>56%</td> </tr> <tr> <td>Intergovernmental</td> <td>28%</td> </tr> <tr> <td>Charges for Services</td> <td>5%</td> </tr> <tr> <td>Fines & Forfeitures</td> <td>5%</td> </tr> <tr> <td>Licenses & Permits</td> <td>3%</td> </tr> <tr> <td>Internal Services</td> <td>4%</td> </tr> <tr> <td>Investment Earnings</td> <td>0%</td> </tr> <tr> <td>Miscellaneous Revenue</td> <td>0%</td> </tr> <tr> <td>Transfers In-from Other Funds</td> <td>0%</td> </tr> </tbody> </table>	Category	Percentage	Taxes	56%	Intergovernmental	28%	Charges for Services	5%	Fines & Forfeitures	5%	Licenses & Permits	3%	Internal Services	4%	Investment Earnings	0%	Miscellaneous Revenue	0%	Transfers In-from Other Funds	0%	<p style="text-align: center;">FY 2013 General Fund Revenue Projections</p> <ul style="list-style-type: none"> • Total Projected Revenue Increase \$666,306 or 2.71% • Taxes Revenue majority of increase <ul style="list-style-type: none"> – Projected base increase in tax revenue \$665,000 <ul style="list-style-type: none"> • \$365,000 in newly taxable property (historical average) • \$300,000 additional newly taxable property from FY 2012 (not previously included in budget) <p style="text-align: right;">8</p>
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<p style="text-align: center;">FY 2013 General Fund Revenue Projections</p> <ul style="list-style-type: none"> • Above average increases occurred in FY 2010 and FY 2012 in newly taxable property <ul style="list-style-type: none"> – FY 2010 - \$1,026,130 (release of Downtown Tax Increment District) – FY 2012 - \$869,937 <p style="text-align: right;">9</p>	<p style="text-align: center;">FY 2013 General Fund Revenue Projections</p> <ul style="list-style-type: none"> • Other Revenue <ul style="list-style-type: none"> – State Entitlement Payments were level funded for FY2012 and FY2013 <ul style="list-style-type: none"> • \$6.8 million in State Entitlement Payments FY 2012 • Receive four quarterly equal payments totaling <ul style="list-style-type: none"> – \$6,386,865 for General Fund – \$426,518 for the Street Fund – On average the City received an increase of \$200,000 a year since entitlement payments started <p style="text-align: right;">10</p>																				

FY 2013 General Fund Revenue Projections

- Other Revenue
 - Local Option Vehicle Tax (.5%)
 - \$1,110,000 estimated, \$1,100,000 budgeted in FY 2013
 - Annually extended by the County
 - Fines & Forfeitures Revenue
 - \$1.3 million estimated in FY 2012
 - Projected slight decrease in FY 2013 (less fines)

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FY 2013 General Fund Revenue Projections

- FY13 Total Projected General Fund Revenue Increases
 - + \$365,000 Newly Taxable Property (5 yr average) for FY 2013
 - + \$300,000 Additional newly taxable property from FY 2012
 - + \$1,306 Net miscellaneous increases and decreases
 - \$666,306 Total Projected Revenue Increase

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Additional Revenue Options

- Inflation allowance (not utilized)
 - Fiscal Year 2011 – 1.142% inflation allowance: \$128,775
 - Fiscal Year 2012 - .72% inflation allowance: \$ 85,345
 - Fiscal Year 2013 – 1.2% inflation allowance: \$153,704

Total Revenue from inflation allowances: \$367,824

 - Commission Action/ Public Hearing required

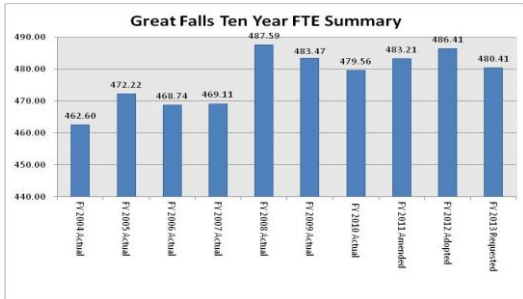
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Additional Revenue Options

- Inflationary allowance total of \$367,824
 - Not utilized in FY '11 or '12
 - Not used in part to pay for COPS Grants
 - Cost of COPS Grant officers for FY 2013 \$318,122
 - Amount needed to cover for FY 2013 \$70,000
 - » \$40,000 for officer expiring 12/31
 - » \$30,000 over and above what is allowed by the grant will need to be paid in FY 2013
 - If the inflationary allowance is used, the estimated impact on a home with a market value of \$100,000 is \$12.84

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City of Great Falls Employees



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City of Great Falls Employees

- Age Profile for City of Great Falls Permanent Employees
 - Under 20 1.2%
 - 20 – 29 9.4%
 - 30 – 39 23.0%
 - 40 – 49 25.1%
 - 50 – 59 32.7%
 - 60 – 69 7.8%
 - 70 or older .8%

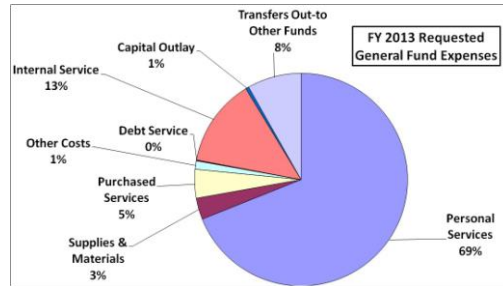
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Additional Revenue Options

- “Permissive Medical Levy”
 - Currently levy \$1,203,903
 - Maximum additional amount that can levy \$366,973 for total of \$1,570,876
- Commission Action/ Public Hearing required
 - Estimated impact on a home with a market value of \$100,000 is \$12.80

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FY 2013 General Fund Expenses



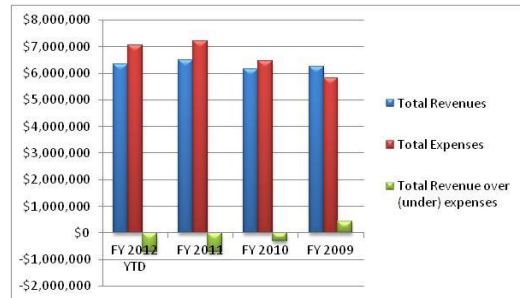
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FY 2013 General Fund Expense Outlook

- Expected Operating Increases
 - Personal Services
 - Salaries (negotiated contracts, 1.75%) with additional upgrades total increase \$480,463 or 4.31%
 - Fire, MPEA, Police, IBEW, and Painter contracts expire 6/30/2013
 - Health insurance 10% (\$179,416)
 - State is evaluating Public Employee Retirement System (PERS) for potential increases to fully fund obligation

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Health Insurance Fund



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Health Insurance Fund

- Health Insurance fund balance, June 30, 2011, \$405,718.
 - Cash balance, \$1,957,044
- YTD Expense over Revenue for FY 2012, (\$728,521)
- Estimated employee contributions for FY 2012, \$490,000
 - City evaluating health care funding options including MMIA or new federal healthcare programs, plan design changes and employee contribution increases.
 - Estimated employer contributions for FY 2012, \$6,010,000

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FY 2013 General Fund Expense Outlook

- Expected Operating Increases (continued)
 - Utilities
 - Electricity – 10% increase (projected \$11,925)
 - Natural Gas – (0%)
 - Water -5% due to capital demands (projected \$14,230)
 - Wastewater -10% due to capital demands (projected \$1,019)
 - Preliminary Insurance
 - Property -stabilized
 - General liability -20% increase (projected \$83,403)

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<h2>FY 2013 Expense Outlook</h2> <ul style="list-style-type: none"> • Capital Needs <ul style="list-style-type: none"> – Repair Maintenance Existing Fire Stations – Enterprise Funds (including \$20 Million Wastewater project) – Evidence storage – Clerk/records storage – Court space – Civic Center Façade Repairs (\$4 million) • Electric City Power, Inc. <p style="text-align: right;">23</p>	<h2>Total General Fund Projected Revenues versus Requested Expenses</h2> <table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">Requested GF Expenses</td> <td style="text-align: right;">\$26,313,576</td> </tr> <tr> <td>Projected GF Revenues</td> <td style="text-align: right;"><u>\$25,288,130</u></td> </tr> <tr> <td>Expenses over Revenues</td> <td style="text-align: right;">(\$1,025,446)</td> </tr> </table> <p style="text-align: right;">24</p>	Requested GF Expenses	\$26,313,576	Projected GF Revenues	<u>\$25,288,130</u>	Expenses over Revenues	(\$1,025,446)
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Projected GF Revenues	<u>\$25,288,130</u>						
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<h2>2013 City Commission Goals</h2> <p>Goal 1: Long Term investment in infrastructure to attract economic developments.</p> <p><u>Utilities</u></p> <ul style="list-style-type: none"> o Water and Sewer rates have been structured to address capital needs and permit requirements. <p><u>Parks and Recreation</u></p> <ul style="list-style-type: none"> o P&R are not funding for capital needs o Using Park Trust for many purchases. <ul style="list-style-type: none"> o Evaluate non-resident fees as appropriate o Little support for adjusting user rates o Evaluate park land that will not be developed for possible sale. <ul style="list-style-type: none"> o Use proceeds for capital projects o Rivers Edge Trail received a Grant to develop a Maintenance plan. <p style="text-align: right;">25</p>	<h2>2013 City Commission Goals</h2> <p>Goal 1 (Con't): Long Term investment in infrastructure to attract economic developments.</p> <p><u>Fire Department</u></p> <ul style="list-style-type: none"> o Renewal for the Fire Districts covers service costs for GFFR response o No plans for additional stations o Fire trucks are not part of the ERS <p><u>Development and Downtown Revitalization</u></p> <ul style="list-style-type: none"> o Use of TIF were appropriate including the Downtown, West Bank, Great Bear, and potentially Agri-Tech Parks. o Support Ag Tech Park and Great Bear <p style="text-align: right;">26</p>
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<h2>2013 City Commission Goals</h2> <p>Goal 2: Promote a positive image in the community</p> <ul style="list-style-type: none"> o Fire Exchange and Police Citizens Academy o Parks and Recreation marketing o Continue to improve P&CD and Engineering and communication with GFDA. <p>Goal 3: Total Commitment to supporting MAFB/MANG</p> <ul style="list-style-type: none"> o Joint Land Use study complete and will be reviewed with the City's overall growth management plan. <p style="text-align: right;">27</p>	<h2>2013 City Commission Goals</h2> <p>Goal 4: Commitment to Public Safety</p> <ul style="list-style-type: none"> o COPS Grant – Additional Officers o Safer Grant – Additional Fire Fighters o Police Department - facility is being reviewed - multiple options being explored. o Fire Station - Future location being explored to maintain response posture. <p>Goal 5: Prepare for the impact of oil and gas development</p> <ul style="list-style-type: none"> o Hazmat calls increases expected (statewide team). <ul style="list-style-type: none"> o Reimbursement is 100% if dispatched by Governor o Planning and CD currently working on the Growth Development policy and will present suggestions to the Planning Board and City Commission. o Police Department monitoring calls to determine links between oil/gas development and call volume. <p style="text-align: right;">28</p>
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<p style="text-align: center;">2013 City Commission Goals</p> <p>Goal 6: Capital improvement Planning</p> <ul style="list-style-type: none"> ○ Equipment Revolving Schedule is meeting most future needs. <ul style="list-style-type: none"> ○ Departments not fully funded include Golf, Fire, Forestry, Police, and Sanitation. ○ Upcoming Future needs: <ul style="list-style-type: none"> ▪ Police Department space concerns, new location ▪ New Fire Station ▪ Civic Center Façade ▪ Records Storage within the Civic Center ▪ Street Replacement not fully funded. <p>Goal 7: ECP</p> <ul style="list-style-type: none"> ○ Monitor balance in General Fund in case it is needed for the ECP deficit. <p style="text-align: right;">29</p>	<p style="text-align: center;">Tentative Budget Calendar</p> <ul style="list-style-type: none"> • May 4 Deadline for Internal Service Funds Budget • May 11 Deadline for all Funds-Departments • May 14 – May 29 Departments presented budget to City Manager • May 31, June 11 City Manager met with Department Heads <p style="text-align: right;">30</p>
<p style="text-align: center;">Tentative Budget Calendar</p> <ul style="list-style-type: none"> • June 19 Budget Meeting with City Commission • July 3 Additional Budget Work Session • July 3 Set Budget Hearing for July 19 • July 10 and 12 Additional Budget Work Sessions • July 19 Budget Hearing • August 21 Deadline for budget and tax levy <p style="text-align: right;">31</p>	

Commissioner Burow announced that he would be out of town July 15-25, 2012.

ADJOURN

There being no further discussion, Mayor Winters adjourned the informal work session of June 19, 2012, at 6:45 p.m.