



The Weekly Update – June 30, 2022

Attachments:

1. Journal of Informal Special Joint Work Session of the City Commission and Cascade County Board of Commissioners and Local/Regional Legislators, June 14, 2022
2. Journal of City Commission Work Session, June 21, 2022
3. City of Great Falls Pooled Investments as of May 31, 2022

**JOURNAL OF INFORMAL SPECIAL JOINT WORK SESSION OF THE GREAT
FALLS CITY COMMISSION AND CASCADE COUNTY BOARD OF
COMMISSIONERS, AND LOCAL/REGIONAL LEGISLATORS
CIVIC CENTER, 2 PARK DRIVE SOUTH
COMMISSION CHAMBERS 204
June 14, 2022**

CALL TO ORDER: 9:00 a.m.

City Commission members present: Bob Kelly, Eric Hinebauch, Joe McKenney, Rick Tryon and Susan Wolff. Also present were City Manager Greg Doyon, Municipal Court Judge Steve Bolstad and Deputy City Clerk Darcy Dea.

Cascade County Commission members present: Jim Larson, Don Ryan and Joe Briggs arrived at 10:00 a.m.

Legislators present: Steve Fitzpatrick, SD 10; Wendy McCamey, SD 12; Casey Schreiner, SD 13; Samantha Rispens, HD 20; Lela Graham, HD 21; Lola Sheldon-Galloway, HD 22; Nick Henry, HD 22; Melissa Smith, HD 23; Scot Kerns, HD 23; Steven Galloway, HD 24; and George Nikolakakos, HD 26.

Also present: Precinct Committeeman Candidate for District 20A: Michael Cooper, Sr.

1. Welcome from Commissioner McKenney and Representative Steve Galloway.

City Commissioner Joe McKenney and Representative Steven Galloway welcomed everyone.

2. Mayor Kelly's host introductions from the City, County, State.

Representative Steven Galloway explained that it is important to come together as a group of different bodies of government to serve the constituencies and have communication between Cascade County, the City and Legislators in order to be more effective. He discussed the lengthy process with regard to passing a bill. He added that properly vetting legislation is important in order to pass good laws that govern the community, self-government is key and public input is important. The State of Montana's website is *leg.mt.gov* and provides informative information about the legislation.

3. Public Comment.

Jolene Schalper, Senior Vice President, Great Falls Development Authority (GFDA), commented that Tax Increment Financing (TIF's) and Tax Abatements are tools GFDA currently utilizes to make projects successful and are vital to economic development. She reported that GFDA collaborated with the Great Falls Association of Realtor and NeighborWorks Great Falls to hire an industry expert that provided a Housing Marketing Study to six development organizations that are considering projects in the City. She commented that there is a need for Accessory Dwelling

Units (ADU's) and she encouraged exploring what other successful communities have done with ADU's.

Sherrie Arey, NeighborWorks Great Falls, commented that the more housing in the community, the more affordable housing would be. She explained that ADU's, TIF Districts and Tax Abatements are very beneficial to the community and encouraged the Legislators to explore ways to bring more housing to the community and keep TIF District. She also requested that the legislators consider a State Low Income Tax Credit at the next Legislative Session.

Jim Wingerter, Great Falls District Administrator, Montana Department of Transportation (DOT), commented that he is available to assist the City and Cascade County with regard to infrastructure needs.

4. Discussion of 2023 Legislative Priorities of the City and County.

City Manager Greg Doyon discussed the following priorities for the City of Great Falls:

- **Tax reform; CI-121.** Currently there is a state-wide property tax cap that limits the ability of local jurisdictions to raise taxes. The Montana League of Cities and Towns (MLCT) supports exploring local option sales tax as a way to address property tax issues, as well as the entitlement share. He encouraged all citizens to understand CI-121 and the potential fall out of it.
- **Protect use of TIF's and Tax Abatements.** The City supports TIF Districts and acknowledges that certain sites would not be developed without it.
- **Land use issues, Accessory Dwelling Units (ADU's).** The state statute will be updated to help the City support housing better and retain local decision-making. There are subdivision areas that need clean up, phasing and sufficiency for review, as well as Accessory Dwelling Units.
- **Local Pre-emption Bills.** The MLCT supports pre-empting local decision-making.

Other:

- Manager Doyon expressed appreciation to the Legislators for their efforts with regard to SB 358, repeal numeric nutrient standards for water quality.
- Every community across the country is struggling with housing issues. The Housing Marketing Study will allow developers to consider projects in the City.
- Cascade County is the entity that would decide whether to tax sales from marijuana businesses. He requested that the legislature consider allowing local jurisdictions to tax sales from marijuana businesses, in the event the marijuana referendum passes. He suggested that the sales from marijuana businesses should be taxed as much as possible

because a community would never be able to recoup the negative impacts of marijuana usage.

- Manager Doyon has attempted to impress upon the Governor's Office and legislature how under-utilized the state apparatus is for advocating for military missions. The impact between the Montana Air National Guard (MANG) and Malmstrom Air Force Base (MAFB) is profound to the City and Montana. The impact will be more profound as it upgrades the Intercontinental Ballistic Missiles (ICBM's) to the Sentinel System. Montana is way behind in how it advocates for its military and the state should not miss an opportunity to develop technologies that could support military installations, which ties to businesses, as well as academic institutions.

Municipal Judicial Issues.

Municipal Court Judge Steve Bolstad discussed the following issues:

- HB 133, 2017 Justice Reinvestment Initiative, was an attempt to reduce future costs to state and local taxpayers and improve outcomes for individuals in the system while maintaining public safety in our communities. Municipal and Justice are Courts of Limited Jurisdiction and Judges were concerned with the Justice Reinvestment Initiative having potential issues that the Legislature did not consider. HB 133 took away a Judge's discretion to impose jail time for misdemeanor disorderly conduct.
- Mandatory jail sentence for misdemeanor crimes takes up jail space and affects a public defenders budget and caseload.
- The Supreme Court ruling with regard to extending sentences to a year in jail for high misdemeanor crimes.

Representative Fitzpatrick requested Judge Bolstad to compile and send a list of concerns to the Legislators for review prior to November 2022.

Mayor Kelly expressed appreciation to the candidates seeking office and current legislators for their efforts with regard to tax reform, land use issues, SB 358 and TIF's.

Representative Fitzpatrick inquired about the City and Great Falls Area Chamber of Commerce opposing a bill for a statewide strategic initiative on military during the 2013 legislative session.

Manager Doyon responded that currently, there is a level of involvement in other states with mission recruitment and retention, as well as a new dynamic where MAFB wants to put additional conditions on host communities. The City does not have the capacity that it needs to advocate at the level needed.

Representative Kerns explained that it is important for the community to be aware of the impacts and local economic opportunities that the Ground Based Strategic Deterrent (GBSD) Sentinel Missile System would have. He stated that the Great Falls Development Authority reported that

there is a need for 400 units every year for the next 10 years, which would exacerbate the influx of people and resources created from the Sentinel Missile System.

Representative Fitzpatrick inquired what the City is doing to review its building regulations of foundations to ensure that it is cost effective to build houses in the City.

Manager Doyon responded that the State requires the City to follow the state-wide building code and there are parameters for conditions to construct foundations. It is important to shift the burden by notifying the permittee and builder up front so that they are aware of the soil conditions prior to building.

Representative Fitzpatrick commented that the City has more stringent building regulations for foundations than the County, is more expensive to build in the City and creates housing issues.

Manager Doyon responded that the County's tolerance is less than the City. To his knowledge, the County has not been sued as the City has in the past. He added that soil conditions and utility connections through the subdivision process creates increased costs for homeowners.

Commissioner Tryon mentioned that the City is making progress with the development review process; however, the City needs to do more to make development within the community more conducive.

Representative McKamey reported that the legislature has been looking at military missions, especially MAFB. Communication between a state head representative with a government head representative is far more powerful than with a local representative.

Mayor Kelly expressed appreciation to the legislature for its efforts with regard to state licensing for military spouses.

County Commissioner Briggs referred to the bill from the 2013 Legislative Session for a statewide strategic initiative on military. He commented that having a liaison to the governor's office is important for mission support and acquisition for MAFB.

Representative Kerns responded that an issue with the vetoed bill from 2013 was that there was an appropriation. He suggested specifically indicating the desired types of relationships for the 2023 legislative session.

Cascade County Commissioner Briggs discussed the following priorities for Cascade County:

- **Local Government Revenue.** Montana Counties have an overreliance on local property taxes that has been exacerbated by increasing federal and state requirements on county operations as well as rising daily operating costs. Counties have for many years had a limit on its ability to raise property taxes that is half the average rate of inflation for the prior three years.

While this creates an incentive for counties to increase the tax base through encouraging

new businesses, most counties are not growing fast enough to maintain the purchasing power of their tax revenues.

The entitlement share was created to provide a mechanism for the state to share revenues with local government from other sources. It was also designed to offset the loss to local government from the transfer of some ad valorem taxes that were originally levied by the counties, but were taken over by the state. It is critical that the legislature utilize the entitlement share as it was intended to share revenue with the counties, rather than it being viewed as a source of funds to fix the State budget in the waning hours of the session.

- **Rising Property valuations.** The current system of comparable valuation assessments being used for property tax valuation is creating significant issues for residents. The artificially high values being created by the influx of out of state interests purchasing property have created significant issues for longtime residents throughout Montana. Not unlike the situation around Flathead Lake in prior reappraisal cycles, a legislative adjustment to the implementation of these new artificial values is in order on a statewide basis. The proposed CI-121 is an unworkable solution to a very real problem that is best examined and dealt with by the legislature by altering the method of property appraisal.
- **Broadband deployment.** Montana lags in broadband deployment, and according to the National Telecommunications and Information Administration, Montana is the worst. There are many reasons for this, but now that the Federal Government is supplying substantial funding to address this issue, one of the primary roadblocks to moving forward are the restrictions on local governments involvement in broadband deployment. Cascade County does not seek the ability to own and operate Internet Services, but it does need to be able to act as conduits for Federal funding to local private providers. Currently, there are billions of federal dollars flowing that Montana cannot tap due to the restriction on County involvement in Broadband deployment. During the last session, Cascade County was granted a very limited ability to be involved, but it only applied to ARPA funds designated through HB 632 and SB 297. The County is seeking broader authority to channel other Federal dollars to the problem of Broadband deployment in Montana. Additionally, the County would like the uses of existing road and utility easements held by local governments to be expanded to include wired broadband equipment.
- **Department of Revenue (DOR) taxable valuation changes.** In addition to the formal public tax protest process that can be used by taxpayers to address what they believe are errors in DOR assessed values, there is a second process that is being used increasingly on high value centrally assessed properties. Unlike the formal tax protest, taxing jurisdictions (city, county, schools, special districts, etc.) have no notice that a potential reduction in valuations is pending. Twice in recent years, these “informal classification and appraisal reviews” have resulted in substantial decreases in property valuations of large industrial taxpayers after the taxing jurisdictions have completed their mill setting processes.

In each instance, this has resulted in School District #1 requesting that the countywide value certification process be redone by the DOR, which in turn triggers a redo of the mill setting process by each of the taxing jurisdictions. This review is entirely a DOR process

over which the taxing jurisdictions have no authority nor knowledge of its occurring until the County receives notification of the value change, yet it is the taxing jurisdictions and the County that are burdened with the cost of redoing the process. Taxpayers need to be able to utilize this method of reappraisal, but the DOR must be responsible for having the process completed prior to the certification of taxable values in each county.

This past tax year the late changes by the DOR not only caused the resetting of mills by some jurisdictions, but also delayed tax bills by 30 days, caused confusion for taxpayers, reduced revenue for the county, city and special districts, as well as caused overtime in the County Treasurer Office.

5. Questions from Legislators.

Representative Fitzpatrick inquired about the obstructions around military installations from a bill at the last legislative session.

Commissioner Briggs explained that MAFB wanted to ban any development over ground level within a certain distance of all structures that the military controlled. MAFB continues to want to ban development for security and flight purposes. The Department of Defense (DOD) had indicated that the county could utilize Readiness and Environmental Protection Integration (REPI) funds to buy development rights throughout the missile field and gave farmers and ranchers the opportunity to forego building windmills on their property in exchange for cash. He requested that the Joint Land Use Study be used to determine whether the property is eligible for those payments and that the DOD funds it.

Representative McKamey received clarification the largest opponents were industry lobbyists from wind farms who were not aware of the Joint Land Use process.

Representative Sheldon-Galloway expressed appreciation to the County Commission for its efforts with regard to repairing the roads in Sun Prairie and noted that it has been a tremendous asset to that community. She inquired if the City, County and Montana Department of Transportation (MDT) correlate on projects, as well as the status of a prior bill passed by legislature with regard to removing trailer homes from dilapidated properties.

Commissioner Briggs responded that the bill is not fully implemented; however, the County has started collecting delinquent taxes on trailer homes, as well as removing trailers from dilapidated properties.

Mayor Kelly reported that the Montana Association of Counties (MACO) and MLCT are great resources to educate legislative candidates about City and County priorities.

Representative Kerns inquired why there are bike route signs on 8th Avenue North when there is not a bike route. He further received clarification that the DOT takes care of roads that are a state maintained route.

Mr. Wingerter explained that the DOT works mutually with the City and County with regard to

planning projects; however, timing, funding and the planning process affects coordinating projects. Mr. Wingerter commented that he is not aware of any issues with regard to the bike route signs on 8th Avenue North; however, he would determine how to either improve or correct the issue.

Commissioner Wolff requested that the legislature consider the following priorities: workforce issues, adequate and affordable childcare, affordable housing across the spectrum, education, including pre-school, and substance abuse prevention.

Commissioner Tryon suggested that the City, County and Legislative Delegation communicate and agree upon a specific plan with regard to which priorities to address, prior to meeting again in September.

Commissioner McKenney expressed appreciation to everyone and commented that communication and cooperation between the City, County and Legislature is vital.

Commissioner Ryan commented that with such a variety of issues facing the County and City, communication is crucial in order to work towards a solution. He added that property tax, public safety and tax revenue are priorities he would like to see the legislature consider.

6. Conclusion by Mayor Kelly and invitation to meet again mid-September.

Mayor Kelly expressed appreciation to the County Commission, Manager Doyon, Judge Bolstad, DOT Administrator Wingerter, Candidate Cooper and the legislators for their efforts and time. The next joint meeting with legislators will be in September 2022.

ADJOURN

There being no further discussion, Mayor Kelly adjourned the informal special joint work session of June 14, 2022, at 11:05 a.m.

JOURNAL OF COMMISSION WORK SESSION
June 21, 2022

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City Commission Work Session
Civic Center, Gibson Room 212

Mayor Kelly presiding

CALL TO ORDER: 5:30 PM

CITY COMMISSION 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; Finance Director Melissa Kinzler and Deputy Finance Director Kirsten Myre; and, City Clerk Lisa Kunz.

PUBLIC COMMENT

Ben Forsyth, 3301 9th Street NE, commented that he has been studying the harms of marijuana for 10 years. He referred to Mont. Code. Ann. § 16-12-101 and expressed concern that the City may not understand some of the laws that apply to marijuana. Based on that statute, he believes the City can do better for the health, safety and welfare of the community. His goal is that the Commission adopt Cannabis Ruderalis in its original form as the best way to meet the dictates of I-190 and the laws of the State of Montana that are covering health, safety and welfare.

1. 2023 BUDGET WORK SESSION

City Manager Greg Doyon reported that this is a formal process by which the Official Charter of the City of Great Falls requires him along with staff to develop an annual budget for the City that is balanced. After tonight's presentation, the budget officially becomes the Commission's budget. This is not the final budget presentation, but rather the formal start of adopting the budget which will occur in July. There are State timeframes that need to be met.

The Commission is going to be hearing a lot of information tonight. Even though he has tried to condense it, there is a lot of information to digest. He encouraged the Commission to take it all in and to ask questions tonight. Additional work sessions are scheduled to resume the conversation once he gets through his proposed budget.

The budget will only be adopted after the City Commission holds a budget hearing which will be scheduled and the public can comment on the proposed budget.

Key documents that piece together the budget and which recommendations are based on are the Fiscal Year 2023 Proposed Budget, General Fund Revenue Worksheet, Taxable Valuation History, General Fund Support for Operations, Fund Detail Worksheet, Department Above & Beyond Requests, Tax Abatement Summary, Administrative Draft of a Capital Improvement Plan, and Internal Service Charges.

06/21/2022

JOURNAL OF COMMISSION WORK SESSION
June 21, 2022

Manager Doyon emphasized that the budget is the Commission’s greatest policy statement. This is where the Commission is able to take the limited resources that it gets through its revenue streams and is able to match that with its priorities to get done in the upcoming year.

The other reality with budgeting is that the annual budget is often dictated by things like prior commitments or external factors beyond your control. The theme of tonight's budget is that there is a lot going on externally that is impacting the City internally. It often comes down to a selection of priorities and process of elimination. But, we have to be real and be able to separate the wants from the needs. Typical increases in the budgets include collective bargaining agreements, health insurance, identified Capital Improvement Projects (CIP) and internal service charges.

All of the documents will be available on-line for everybody to look at. There is also a software program called “Balancing Act” on the Finance Department’s webpage that is a good tool to see the cause and effect of making changes to the budget.

The following PowerPoint slides were reviewed and discussed:

 <h2 style="margin: 0;">City Manager’s Proposed Budget</h2> <p style="margin: 0;">Fiscal Year 2023</p> <p style="margin: 0; font-size: small;">Presented on June 21, 2022</p> <hr style="border: 1px solid orange;"/>  <h3 style="margin: 0;">City Commission Priorities (February 2022)</h3> <ol style="list-style-type: none">1. Promote, educate and take action on the viability, sustainability and efficacy of the Police and Fire Departments2. Explore the option of a Public Safety Levy3. Approve and implement appropriate Crime Task Force recommendations4. Commit to an intentional approach to the housing issue with community partners5. Continue to work with community partners and the City’s development review process to ensure Great Falls is a growing, business friendly community6. Focus on City facilities and resources	 <h3 style="margin: 0;">Budget Background and Development</h3> <hr style="border: 1px solid orange;"/> <ul style="list-style-type: none">• Policy Statement• Budget Methodology• Budget is often dictated by prior commitments and external factors beyond Commission’s control.• Proposed budget attempts to meet Commission priorities and balance operational needs and maintain expected taxpayer service levels.  <h3 style="margin: 0;">Current Budget Environment</h3> <hr style="border: 1px solid orange;"/> <ul style="list-style-type: none">• Lingering COVID Impacts• National Economic Conditions<ul style="list-style-type: none">○ Work Force!○ Supply chain disruption○ Inflation• CARES/ARPA <p style="margin: 0; font-size: small;">As with other private and public entities, the City of Great Falls is not immune from impacts of these environmental factors.</p>
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JOURNAL OF COMMISSION WORK SESSION

June 21, 2022



Impacts of Inflation

Product	2020/2021 Cost	2022 Cost	% Increase
Oil Filter	\$ 8.13	\$ 9.76	20%
Air Filter	\$ 34.03	\$ 40.61	19%
Engine Oil	\$ 1.60	\$ 3.38	111%
Tire	\$ 235.00	\$ 265.00	13%
Fire Hydrant	\$ 2,150.00	\$ 2,685.00	25%
Gate Valve	\$ 585.00	\$ 805.00	38%
Chlorine	\$ 710.00	\$ 2,178.00	207%
Liquid Asphalt	\$ 428.00	\$ 899.00	110%
96 Gallon Refuse Containers	\$ 43.00	\$ 56.12	31%
8 Yard Commercial Refuse Container	\$ 1,550.00	\$ 2,189.00	41%



Impacts of Inflation (Cont'd)

Product	2020/2021 Cost	2022 Cost	% Increase
Fertilizer	\$ 392.72	\$ 954.10	143%
Athletic Field Turf Mix	\$ 1.80	\$ 4.50	150%
Wood Chips for Playgrounds	\$ 17.00	\$ 20.00	18%
Freight for Wood Chips	\$ 550.00	\$ 750.00	36%
Landfill Annual CPI Adjustment	\$ 27.98	\$ 29.89	6.85%
6" & 8" Water Main per foot	\$ 56.00	\$ 149.80	168%
12" Water Main per foot	\$ 87.00	\$ 171.40	97%
Gasoline	\$ 1.91	\$ 4.78	150%
Diesel Fuel	\$ 1.44	\$ 5.10	254%



Specific Impacts FY23

- Challenging Combination:
 - COVID "Recovery"
 - No Tax Increase or User Fees
 - Inflation
- Other Key Elements
 - Training
 - Fire Department Turnover
 - Police Department Retirements/Turnover/Promotions
- External Labor costs
- Capital Projects

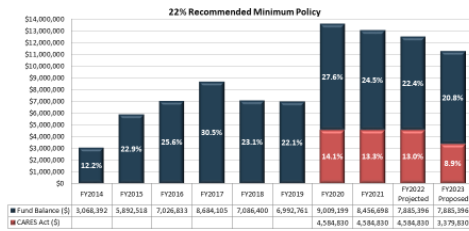


Specific Impacts FY23

- Undesignated Fund Balance Management
 - FY21 - \$552,501 used
 - FY22 - \$571,301 used
 - FY23 Projected: \$7,885,396 or 20.83%



General Fund 10 Year Fund Balance



FY24 Look Ahead

- 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



FY 23 Approach

To meet Commission Priorities and basic service expectations, utilize the following:

- Inflationary Factor
- Permissive Medical Levy
- Fund Balance
- CARES
 - \$1,205,000 for General Fund
 - \$472,000 for other funds
- ARPA
 - \$163,410 - Department budget requests for one-time purchases



Options

1. NO Inflationary Factor or Permissive Medical Levy	(\$2,094,996)	a) Reduce GF by \$2,094,996 b) Use Fund Balance, \$5,790,400 15.29%
2. Use Inflationary Factor and Permissive Medical Levy	(\$1,205,000)	a) Reduce GF by \$1,205,000 b) Use Fund Balance, \$6,680,396 17.64%
3. Use Inflationary Factor, Permissive Medical Levy and Fund Balance	\$0	Use Fund Balance \$1,205,000 17.64%
4. Use Inflationary Factor, Permissive Medical Levy and Fund Balance and CARES	\$0	CARES Balance \$3,379,830 Fund Balance \$7,885,396 20.83%

JOURNAL OF COMMISSION WORK SESSION

June 21, 2022



General Fund Tax & Entitlement Revenue

General Fund Revenue Segment	FY2021 Actual	FY2022 Actual	FY2023 Proposed	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
Total Revenue Increase	\$ 403,686	\$ 497,029	\$ 1,584,000	



American Rescue Plan Use

ARPA Use	FY2023 Budget	Source
Community Grants	\$3,000,000	
IT Network Security	\$140,270	Tier 1 Project
Civic Center AV Upgrades	\$171,331	Tier 1 Project
Fire Station Doors	\$425,000	Tier 1 Project
Fire Truck Refurbishment	\$1,299,337	Tier 1 Project
HR Office Renodel	\$500,000	Tier 1 Project
Parking Garage Security Improvements	\$52,786	Tier 1 Project
Miscellaneous Fire Department Equipment	\$88,410	FY2023 Above & Beyond Request
Park & Rec Admin Building ADA Restroom	\$75,000	FY2023 Above & Beyond Request
Total ARPA Usage in FY2023	\$5,752,134	
Remaining ARPA Balance	\$13,720,603	



CARES Act Use

CARES Act Use	Amount
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
Total CARES Act Usage	\$2,818,151
Remaining CARES Act Balance	\$7,341,012



General Fund Revenue

Reference: Budget Book Pages 20-22

	FY 2021 Actual	FY 2022 Amended	FY 2023 Proposed	Increase (Decrease)	% Change
Taxes	\$ 20,960,760	\$ 21,539,142	\$ 22,978,679	\$ 1,439,537	6.68%
Licenses and Permits	\$ 991,160	\$ 1,070,600	\$ 1,011,200	\$ (99,400)	-5.55%
Intergovernmental	\$ 9,014,619	\$ 9,012,215	\$ 9,464,998	\$ 452,783	5.02%
Charges for Services	\$ 1,194,149	\$ 1,189,958	\$ 1,200,461	\$ 10,503	0.88%
Fines and Forfeitures	\$ 753,720	\$ 770,000	\$ 770,000	\$ -	0.00%
Internal Service	\$ 961,965	\$ 1,004,150	\$ 1,060,044	\$ 55,894	5.57%
Investment Income	\$ 30,810	\$ 15,000	\$ 15,000	\$ -	0.00%
Other	\$ 106,531	\$ 144,322	\$ 156,364	\$ 12,042	8.34%
Total Revenue	\$ 33,973,714	\$ 34,745,387	\$ 36,656,746	\$ 1,911,359	5.50%



General Fund Expenses

Reference: Budget Book Pages 23-33

	FY 2021 Actual	FY 2022 Amended	FY 2023 Proposed	Increase (Decrease)	% Change
Personal Services	\$24,799,481	\$25,776,600	\$27,433,367	\$ 1,656,767	6.43%
Supplies	\$983,724	\$1,062,116	\$1,223,712	\$ 161,596	15.21%
Purchased Services	\$1,682,768	\$1,422,388	\$1,567,366	\$ 144,978	10.19%
Debt Services	\$309,773	\$309,182	\$308,616	\$ (566)	-0.18%
Contributions & Other	\$250,000	\$250,000	\$250,000	\$ -	0.00%
Other	\$39,174	\$21,160	\$20,000	\$ (1,160)	-5.48%
Internal Service	\$4,770,463	\$5,044,222	\$5,439,353	\$ 395,131	7.83%
Capital Outlay	\$31,655	\$0	\$0	\$ -	0.00%
Transfer Out	\$1,659,178	\$1,659,178	\$1,619,332	\$ (39,846)	-2.40%
Total Expense	\$ 34,526,216	\$ 35,544,845	\$ 37,861,746	\$ 2,316,901	6.52%



City-Wide Revenue

Reference: Budget Book Page 18

	FY 2021 Actual	FY 2022 Amended	FY 2023 Proposed	Increase (Decrease)	% Change
Taxes	\$ 25,474,917	\$ 26,001,617	\$ 27,280,154	\$ 1,278,537	4.92%
Licenses and Permits	\$ 2,116,652	\$ 2,185,276	\$ 2,451,128	\$ 265,852	12.19%
Intergovernmental	\$ 28,158,870	\$ 24,896,097	\$ 15,573,147	\$ (9,320,950)	-37.44%
Charges for Services	\$ 50,309,799	\$ 49,379,237	\$ 52,176,709	\$ 2,797,472	5.67%
Fines and Forfeitures	\$ 857,643	\$ 817,500	\$ 831,500	\$ 14,000	1.71%
Internal Service	\$ 14,328,381	\$ 15,324,240	\$ 16,359,901	\$ 1,035,661	6.76%
Special Assessments	\$ 8,622,693	\$ 8,472,176	\$ 8,584,811	\$ 112,635	1.33%
Investment Income	\$ 115,826	\$ 20,650	\$ 20,650	\$ -	0.00%
Other	\$ 1,932,478	\$ 800,376	\$ 605,535	\$ (195,041)	-24.36%
Transfer In	\$ 2,892,679	\$ 5,589,121	\$ 2,498,405	\$ (3,090,716)	-55.30%
Issuance of Debt	\$ 6,423,758	\$ 9,940,000	\$ -	\$ (9,940,000)	-100.00%
Sale of Assets	\$ (41,528)	\$ -	\$ -	\$ -	0.00%
Total Revenue	\$ 141,192,169	\$ 143,426,490	\$ 126,383,940	\$ (17,042,550)	-11.88%



City-Wide Expenses

Reference: Budget Book Page 18

	FY 2021 Actual	FY 2022 Amended	FY 2023 Proposed	Increase (Decrease)	% Change
Personal Services	\$46,026,184	\$49,595,721	\$52,150,775	\$ 2,555,054	5.15%
Supplies	\$5,341,426	\$6,537,444	\$6,963,791	\$ 426,347	6.52%
Purchased Services	\$27,012,264	\$30,286,621	\$28,808,733	\$ (1,477,888)	-4.88%
Debt Services	\$6,851,385	\$7,321,282	\$6,564,098	\$ (757,184)	-10.34%
Contributions & Other	\$1,406,733	\$2,296,872	\$2,343,463	\$ (53,409)	-2.33%
Other	\$333,998	\$31,610	\$20,450	\$ (11,160)	-35.31%
Internal Service	\$13,063,616	\$13,902,078	\$15,338,263	\$ 1,436,185	10.33%
Capital Outlay	\$15,114,623	\$39,030,310	\$34,181,948	\$ (4,848,362)	-12.42%
Transfer Out	\$2,905,963	\$3,197,003	\$2,498,405	\$ (698,598)	-21.85%
Total Expense	\$ 118,056,792	\$ 152,198,949	\$ 148,769,926	\$ (3,429,024)	-2.25%



Fund Review

Reference: Fund Detail Worksheet

- 58 Budgeted Funds
- Fund balance % requirement for each fund
 - Meets requirements
 - Does not meet requirements

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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%



Capital Outlay Major Projects

Reference: Budget Book Pages 131-135

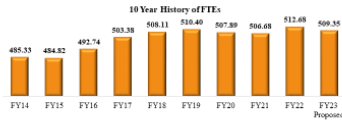
Major Project	Project Budget
Street/BarSAA East Fiesta & Giant Springs Rd	\$1,268,369
Water Plant Filter Replacements Phases 2 & 3	\$6,000,000
Water Main Replacements	\$2,900,000
Sewer Lift Station #1	\$5,000,000
Sewer Plant Clarifier Repair	\$2,000,000
Central Ave & 3 rd St Storm Drain	\$1,200,000
Year 5 Park District Projects	\$494,220
6 Patrol Cars	\$239,760
Street Equipment (Sweeper, roller, dump truck)	\$666,160
Sanitation Sideloader	\$362,310
Various ARPA Projects	\$5,663,724
Total Capital Outlay Budget in FY2023	\$34,181,948



FTE Counts

Reference: Budget Book Pages 125-130

General Fund – Police	COPS Grant – Added 3 positions	3.00
Planning & CD	Removed 1 Development Engineer	(1.00)
Library	Part-time clerk/custodian to full-time	0.38
Park & Recreation	Recreation Pool hours moved to temporary/seasonal	(5.84)
Civic Center Facilities	Reorganization from PCD to Administration	(0.10)
Engineering	Re-instated Summer interns position	0.25
Total Increase (Decrease) in FY2023		(3.33)



Making Progress

- Civic Center façade
- Park Maintenance District
- Recreation & Aquatics Center
- ARPA/CARES Projects
- **Crime Task Force**
 - COPS Grant added 3 new officers
 - Patrol Sergeants
 - Addressing some needs for both Fire/Police
- ECP Debt Paid!



Next Steps

- Today
 - City Manager's Budget Transmittal
- June 28th & June 29th – (Tentative)
 - Special Commission Budget Work Sessions
- July 5th
 - Work Session & Set Public Hearing
- July 19th
 - Public Hearing & Adopt or Continue Budget
- August 16th
 - Adopt Mill Levy

The State of Montana adopted a statewide property tax cap that is one-half of a three-year rate of inflation that was applied as part of the budget process.

Manager Doyon mentioned that there is a Citizens Initiative 121 that is being proposed. Essentially, it is a version of California's Proposition 13. The Montana Taxpayers Association is opposed to CI-121. There is a concern about the inequity that it may cause on the ability of local government to deliver on services under the current formula and that it does not really address the reliance on property taxes in Montana to begin with. He encouraged everybody to get schooled on that initiative to get a better understanding of what the impact is going to be on municipalities.

The proposed budget really attempts to meet the Commission's priorities, balance operational needs, and maintain expected taxpayer service levels, which sometimes is hard to gauge. He and staff rely on the feedback from the Commission in terms of its priorities. At the retreat in February, the Commission identified six priorities:

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Priorities 1-3 pertain to public safety: The budget reflects an emphasis on public safety.

Priority 4 is a commitment to housing: Housing has been talked about a lot in this community. The City has CDBG and ARPA resources availability through a public application process. He noted that sometimes people's expectations about what the City can and cannot do in terms of housing development is not necessarily understood. We want to make sure the City has the infrastructure to support it, but we also want to make sure that we have fire and police to serve it. Also, the City is not a developer. The City can help with development by virtue of its capital improvement planning and funding.

Priority 5 is continuing to work with partners on the development review process. This is a work in progress. With the Public Works Director leaving and not having a City Engineer in place, he is going to leave the development review process with the Planning and Community Development Department until those positions are full. Then, he wants to make sure that the processes that are set in place have been looked at with fresh eyes and go from there.

Priority 6 is a combined focus on City facilities and resources. In the Tier 1 ARPA administration, the Commission discussed utilizing those funds for the Civic Center, Fire, Police, Animal Shelter, Court, Commission Chambers, and parking structures.

He considers City employees to be a primary resource. In this budget, he reduced the increase of the health insurance from 5.7% to 3% to help offset the impact of inflation on employees.

He had contemplated doing a citywide cost of living adjustment (cola) but could not make that happen. A professional consultant performed a wage and classification study of 109 non-union City positions. Eighty of those positions were benchmarked. The study concluded that, in order to get the schedule where it needed to be, it would cost \$1 million dollars. The City spent \$485,000 to get employees within competitive ranges that were not in a collective bargaining agreement. The City has not conducted a study like that for 20 years. The Commission previously authorized about \$600,000 in adjustments for the collective bargaining agreements. As an organization, the City is not immune from the impacts of what is happening with inflation and wages. The adjustments were needed for recruitment and retention purposes, for morale to make sure that the City's pay equity was sufficient, and it is more critical now than ever and the right thing to do for the employees.

The City is still lingering over Covid impacts in the current environment. Many of the impacts are related to supply chain disruption, and obtaining materials from sources and countries that we rely on for the production of those. He is looking at national economic conditions, and this "great resignation." He cannot stress the importance of recruitment and retention right now. The City's adage of, well, we have got good benefits just is not cutting it anymore in this market. It is just not enough.

The City is also dealing with the inflation element that has touched across all of the budgets this year, including fuel, parts, equipment, and labor. He provided specific examples of the impact of inflation on the day-to-day operations within the City. There is a real concern about just being able to maintain the basic services that people come to expect in this current economic environment.

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For Fiscal Year 2023, he asked the Commission and community to keep in mind the ongoing Covid recovery and the impacts of it around the world. In the last couple of years, the City has not adjusted fees and has not raised taxes using the inflationary factor, but instead tapped into the undesignated fund balance, which is used for the City's cash flow and for emergency type situations.

Certain employees need to maintain their certifications. Training is starting to be reintroduced in person rather than virtual.

With regard to public safety, both the Fire and Police Departments have seen a lot of turnover in terms of people retiring. New hires go through an academy and need to be equipped and trained. Once the current batch of probationary firefighters complete the academy this year, there will be an adjustment in their pay and additional rank promotions for others. Unique to the Police Department is the High Risk Unit (HRU), and five members will be rotated out and replaced.

Externally, the City is seeing increases from contractor bids and professional services. The increases are significant with capital improvement projects.

In 2021, about \$552,000 of the undesignated fund balance in the general fund was used, about \$571,000 in 2022, and he is projecting with this proposed budget the undesignated fund balance to be at 20.83%. The City's policy is 22%. In this proposed budget, he is recommending using about \$1.2 million of CARES funds to offset the general fund deficit.

Things to be mindful of for next year's budget in this year's budget is the unknown with the economic situation. We are currently dealing with inflation and now are starting to hear things about a potential recession. There will be an impact on the 2024 budget as the probationary firefighters are transitioned, the commitment with the COPS grant absorbed, Crime Task Force recommendations implemented, and collective bargaining agreements with the unions negotiated. Hopefully, there will be a second Municipal Court Judge. The Big Sky Aim High Recreation Center will be nearing completion, getting up and operating. There will also be a legislative session with its unknowns. If the Citizens Initiative 121 is adopted it will profoundly change the way budgeting is done. Another unknown is tax appeals. He has had a few situations with unknowns that he has had to make some decisions and absorb a loss of revenue based on tax appeals.

Manager Doyon recommended that the Commission exercise taking the inflationary factor and the permissive medical levy. He is also recommending use of fund balance to offset some of the expenses. He also incorporated into the budget the use of CARES funds for the general fund and \$472,000 for some other needs. A couple of projects in the above and beyond requests meet the tenants of ARPA that he would like to see funded because it's related to public safety.

He explained that, if the Commission does not take the inflationary factor and permissive medical levy, the proposed budget would be short over \$2 million dollars. An option is the Commission could direct him to use fund balance to offset that amount. If fund balance was used it would reduce fund balance to about 15% (the policy recommends 22%), or the Commission could go back into the budget to find \$2 million dollars from the general fund support or the above and beyond sheets. Personnel would need to be cut to meet that \$2 million dollar threshold.

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Even by taking the inflationary factor and permissive medical levy, the budget is still \$1.2 million dollars short. The shortage could be reduced by using the general fund. If fund balance were used, it would bring fund balance down to about 17%. Another option, that basically balances the proposed budget, is to use the inflationary factor, permissive medical levy, and fund balance. In that case, fund balance would come down to 17.64%.

Because of the situation the City is in now, and the situation he is concerned the City will be in next year, Manager Doyon recommended the Commission use the inflationary factor, permissive medical levy, fund balance, and CARES money to appropriate and meet the needs of this budget.

Finance Director Melissa Kinzler referred to page 19 of the proposed budget that reflects Manager Doyon's recommendations.

Manager Doyon added that he is planning for the next couple of years in this proposed budget in order to address the primary objectives and goals of the Commission with regard to public safety, but also to put the City in a better position for fiscal year 2024.

Newly taxable property is driven by the amount of new development that occurs in the community during the prior calendar year. The City will not know that full amount until August. The inflationary factor being recommended to be taken is about \$641,000. On a residential property valued at \$100,000 the increase will be \$8.36, and on a residential property valued at \$200,000 the increase will be \$16.72. The permissive medical levy recommended to be utilized will be \$248,000. That will increase residential property taxes \$3.23 for \$100,000 or \$6.47 for \$200,000. He is projecting that the City's entitlement share will be about \$294,000 from the State.

Finance Director Kinzler explained that the inflationary factor takes the Urban Consumer Price Index (CPI) three year average and divides that number in half. It will take a long time to get the inflationary factor to where we are at right now.

Commissioner Tryon inquired if the Commission has ever not taken the top-level amount of the inflationary factor.

Director Kinzler responded no, but the Commission did not take the inflationary increase in 2011 and 2012 because the City was going to use that additional revenue for the COPS grant.

Manager Doyon reviewed the American Rescue Plan Act (ARPA) allocations in terms of potential community grants, Tier 1 projects, and the two items included in this year's budget - Fire Department equipment and Park and Recreation bathroom renovation. The remaining ARPA balance is about \$13 million dollars.

In fiscal year 22/23 Manager Doyon recommended using CARES Act allocations to shore up the general fund (preserve the undesignated fund balance), and subsidies to the Planning and Community Development Department, Recreation and Multi-Sports for a total amount of \$1.6 million dollars. The CARES balance is about \$7.3 million dollars.

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Director Kinzler reviewed page 20-22 of the proposed budget – General Fund Revenue, pages 23-33 – General Fund Expenditures by Department/Division, and page 19 that shows the \$1.6 million dollar transfer out of the general fund for subsidizing the above and beyond requests.

Commissioner Hinebauch inquired about the Commission budget.

Director Kinzler explained the Commission's budget includes the Commission's stipends, salaries, elections, travel, and supplies. The election expense is the biggest part of the Commission's budget.

Deputy Finance Director Kirsten Myre reviewed slides of the citywide revenue and citywide expenses. There are 58 budgeted funds. The combined funds are set forth on page 18 in the proposed budget book.

Director Kinzler reviewed the Fund Detail Worksheet that is a snapshot the 58 funds and highlights the purpose of what the fund is being used for and the targeted fund balance. The funds that did not meet the fund balance requirements included: General Fund, Planning and Community Development, Parking, Golf Courses, Recreation, Health & Benefits, and Human Resources.

Director Kinzler also reviewed proposed fee/rate adjustments for water, sewer and storm drain – 5%, natural resources boulevard assessments – 12%, Portage Meadows – 5%, and street lighting districts – average of 4.5%. Animal Shelter fees and Planning and Community Development Department fees will be looked at.

Commissioner Tryon noted that increases were not proposed the previous two years for water, sewer and storm drain or natural resources. He inquired what the typical increase was on a yearly basis.

Director Kinzler responded that it was 5% for water and sewer, and about 2.5% for storm drain yearly, per the recommendations from the rate study. She will provide the history to the Commission.

Deputy Finance Director Myre reviewed the Proposed Capital Expenditures set forth on page 131 of the budget book. A capital project or outlay is anything greater than \$25,000 with a useful life more than one year. The proposed projects will be paid with cash on hand. There will be no debt issuances involved.

Deputy Finance Director Myre also reviewed the City's FTEs – full and part time positions on page 125-126 of the budget book. Over the past 10 years, the FTE average is 510.

Manager Doyon commented that, because a Planning Advisory Board/Zoning Commission meeting is scheduled for June 28, 2022, that the Special Budget Work Session will be set later that day, and another Special Budget Work Session is scheduled for June 29, 2022. The adoption date for the budget is July 19, 2022. He encouraged the Commission to call the finance director or him or come in to the office if needed in between meetings to be able to make a well-informed decision on the budget.

There is a lot of anxiety about the national economy and the impact on how municipal budgeting is done and how services are provided. He pointed out that the Civic Center façade, Park Maintenance District, Aquatic/Recreation Center projects are underway. There is flexibility with ARPA and CARES for some

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strategic projects. Some of the items the Crime Task Force recommended have been addressed. The best thing of all – there is no more Electric City Power debt.

He expressed appreciation to the Finance staff and Department Head team, and noted that Judge Bolstad will be given the opportunity to visit with the Commission at a future work session.

Mayor Kelly concluded that the Commission members could look forward to meeting with staff in person, if needed, and can utilize the Balancing Act tool on the City's website.

DISCUSSION OF POTENTIAL UPCOMING WORK SESSION TOPICS

Due to a lack of time, upcoming potential work session topics was not discussed.

ADJOURN

There being no further discussion, Mayor Kelly adjourned the informal work session of June 21, 2022 at 6:52 p.m.



Finance Department Memorandum

To: Greg Doyon, City Manager; City Commission; Members of the Investment Committee

From: Kirsten Myre, Deputy Finance Director

Date: June 21, 2022

Re: Total Cash and Investments as of May 31, 2022

The City of Great Falls' total cash and investments at the end of May 2022 was \$106,199,066.95. This included cash in bank accounts totaling \$11,886,125.77. Total cash and investments decreased from \$109.1 million in April to \$106.2 million at the end of May. Likewise, the General Fund cash balance decreased from \$5.9 million in April to \$3.9 million in May. This is a normal trend of the General Fund cash balance until second-half property tax payments are received in June. The graphs for the City's total cash and investments as well as the General Fund specifically are on the next pages. Cash balances in all funds are monitored on a monthly basis.

Also on the next page is the summary of the City's total cash and investments. The maturity dates of the City's investments run through December 31, 2022, which falls within the 5-year statutory limitation. The City's investment policy specifies the percentage the City of Great Falls must have of the different types of instruments allowed by state statute. The chart below lists those percentages compared to the City's investments as of May 31st. The investments in the Montana Board of Investments (STIP) and US Bank Insured Cash Sweep (ICS) are liquid and may be called at any time.

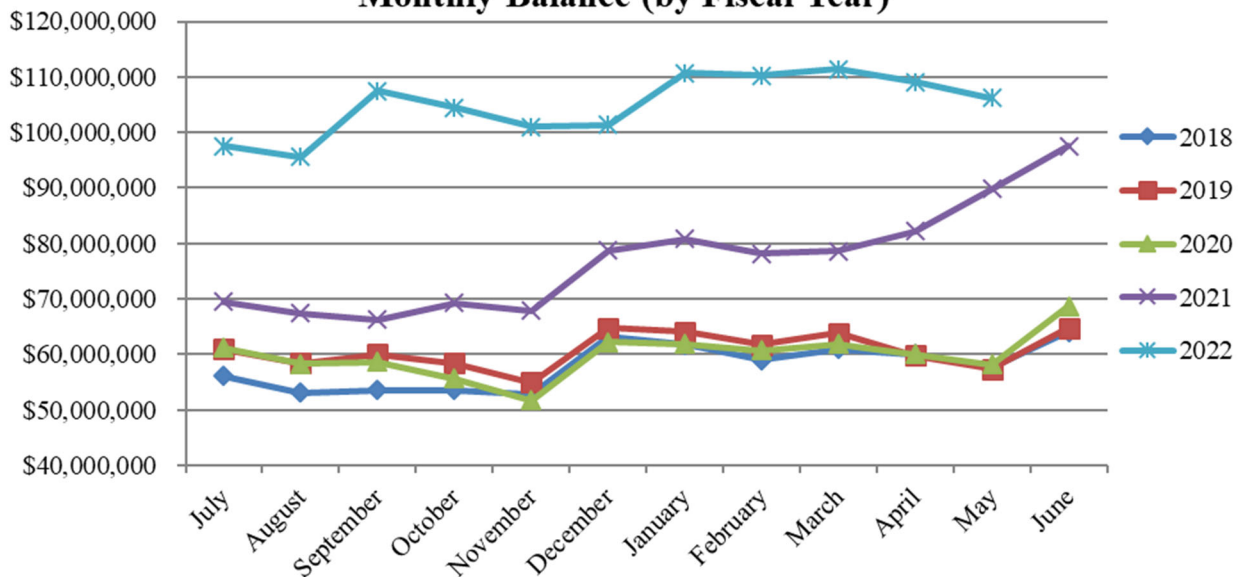
Issuer category	Minimum %	Maximum %	City's Investments % as of May 31, 2022
Master, savings, and ICS accounts	20% combined	100%	99.31%
Montana Board of Investments STIP		100%	
Money Market/Repurchase Agreements		100%	
Direct Obligations of the U.S. which includes Treasury Notes and Bills	0%	80%	0.69%
Obligations of agencies of the U.S.	0%	30%	0.00%

Compared to previous years, total cash and investments is at a higher level. The higher levels can be attributed to receipt of American Rescue Plan funding and bond funding from the Park Maintenance District and Downtown Tax Improvement District. These monies originally accounted for over \$27 million included in our total cash and investments and are being spent down as the Civic Center façade and new recreation center construction is completed. The 2nd payment to the City of ARPA funds was received at the beginning of June 2022 and will be reflected in next month’s report as well as second-half tax payments for FY2022.

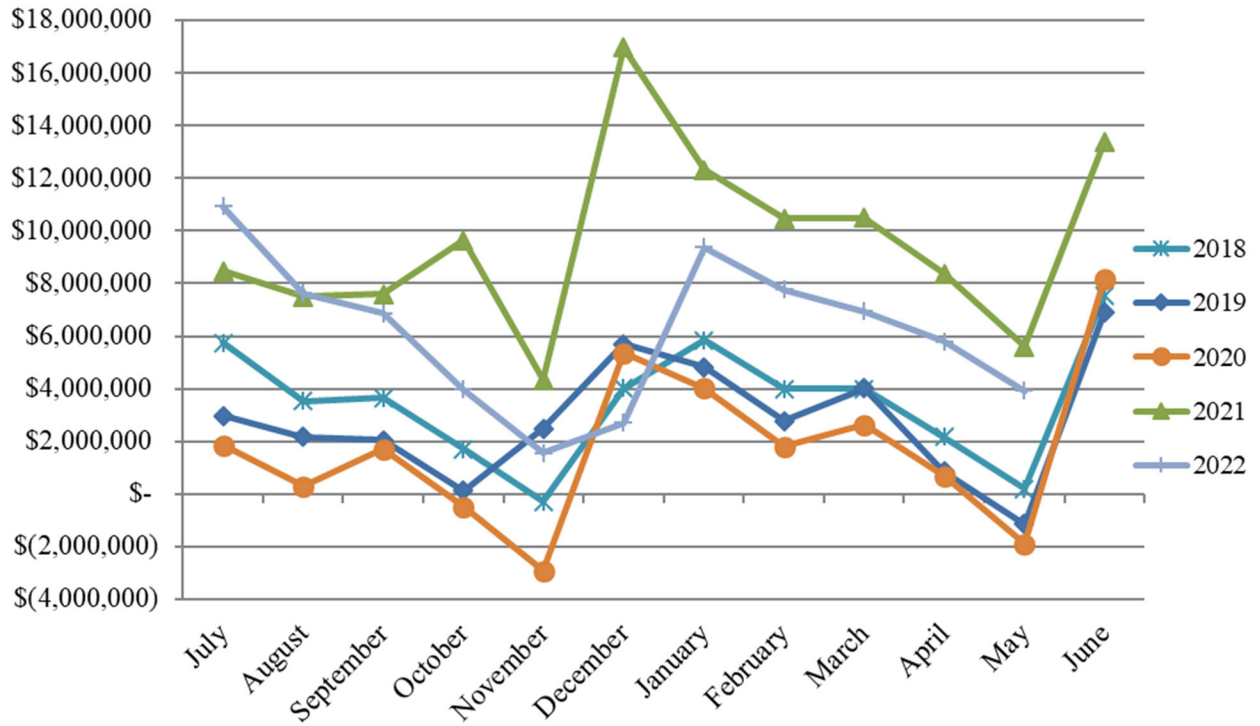
**City of Great Falls
Total Cash & Investment Summary
May 31, 2022**

Description	Rate	Due Date	Principal Cost	Market Value
US Bank Investments				
US Treasury Note	2.125%	6/30/2022	244,457.50	250,252.75
US Treasury Note	1.625%	8/31/2022	240,742.19	250,312.00
US Treasury Note	2.125%	12/31/2022	245,390.63	250,605.50
Insured Cash Sweep	Variable		66,605,278.35	66,605,278.35
Total US Bank Investments			67,335,868.67	67,356,448.60
State of Montana Short Term Investment Pool (STIP)				
	0.830%		26,977,072.51	26,977,072.51
Total Investments			94,312,941.18	94,333,521.11
Cash on Hand, Deposits in Bank			11,886,125.77	11,886,125.77
Total Cash and Investments			\$ 106,199,066.95	\$ 106,219,646.88

**Total Cash & Investments
Monthly Balance (by Fiscal Year)**



General Fund Monthly Cash Balance (by Fiscal Year)



If you have any questions, please feel free to contact me at (406) 455-8423 or kmyre@greatfallsmt.net.