



# City Manager's Proposed Budget

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**Fiscal Year 2020**

**Presented on June 27, 2019**

# Budget Process

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- Quarterly Commission / Staff Budget Reviews
- Ongoing Fund Review
- Revenue / Fee Reviews
- Internal Service Charge Review and Adjustments
- Capital Planning – Equipment / Facility
- Operating Budgets
  - Baseline Budget
    - Adjustments based on need, priority, and prior deferments
- Development of Commission Priorities



# Budget Process

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## **Commission and Public Involvement**

- Commission Work Sessions –December 3, 2018, February 5, 2019
- Online Budget Tool Presentation – March 19, 2019
- Commission Budget Work Session – June 4, 2019
- Commission Budget Work Session – June 18, 2019
- City Manager Budget Proposal – June 27, 2019
- Commission Budget Work Session – July 2, 2019

# Department Identified Community Priorities

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## Public Safety Continuum

- Service levels, staffing, response times
- Public Safety Communications System

## Infrastructure

- City-wide building & facility maintenance, technology infrastructure, Park District projects, CC façade

## Human Resources

- Recruitment, retention, employment process of City
- Generational attitude about public service

## Workforce

- Lack of quality workforce
- Low unemployment rate

## Economic Development

- Quality and cost of bids, negative attitude about slow economic growth, lack of focused development

## Crime and Social Welfare

- Substance abuse and addiction problems, mental health, high poverty, homelessness, city codes



# City Manager's Approach for FY20 Budget

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1. Continue to monitor city-wide financial stabilization and performance
2. Tackle deferred operational/capital needs
3. Service/cost effectiveness
4. Build General Fund Operational Capacity



# City Manager's Approach for FY20 Budget

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## Specific Impacts / Budget Areas of Concern

### External Drivers

- Tax Appeals (Pending \$3.2 million; impact on General Fund capacity)
- Entitlement Share increase up from 1.85% to 3.00%
- W/C rate impact of ruling on firefighter presumption

### Internal Drivers

- Collective bargaining agreements/refreshed exempts
- Golf debt
- Library capital maintenance needs
- Comprehensive costs of part-time judge for Municipal Court



# Working Towards Financial Stability

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1. Address Deferred Capital Maintenance
  - Demolish the Natatorium (CDBG)
  - Address Civic Center Façade and option of general obligation debt
  
1. Monitor New Golf Course Management
  
2. Monitoring of Public Safety Communications System

# Long-Term Budget Strategy

## Fund Management

- Ongoing evaluation of purpose, revenues, expenditures
- Fund Balance Levels, Annual Rating

## Utilities

- Measured rate increases, capital improvements, development expansion capacity, regulatory compliance

## Capital

- Immediate life safety needs first – strategic use of unspent \$
- Facilities & Equipment

## General Fund

- Property taxes capped, slow but steady growth
- Subsidy reduction, maintaining strong undesignated fund balance

## Debt Service

- Asset Preservation
- Building non-voted GO debt capacity, paying off debt early

## Economic Development

- TIF Districts, invest in infrastructure and preventative maintenance to support growth, water right preservation, CDBG support

## Park & Recreation

- Park Maintenance District
- Operational changes and cost recovery model

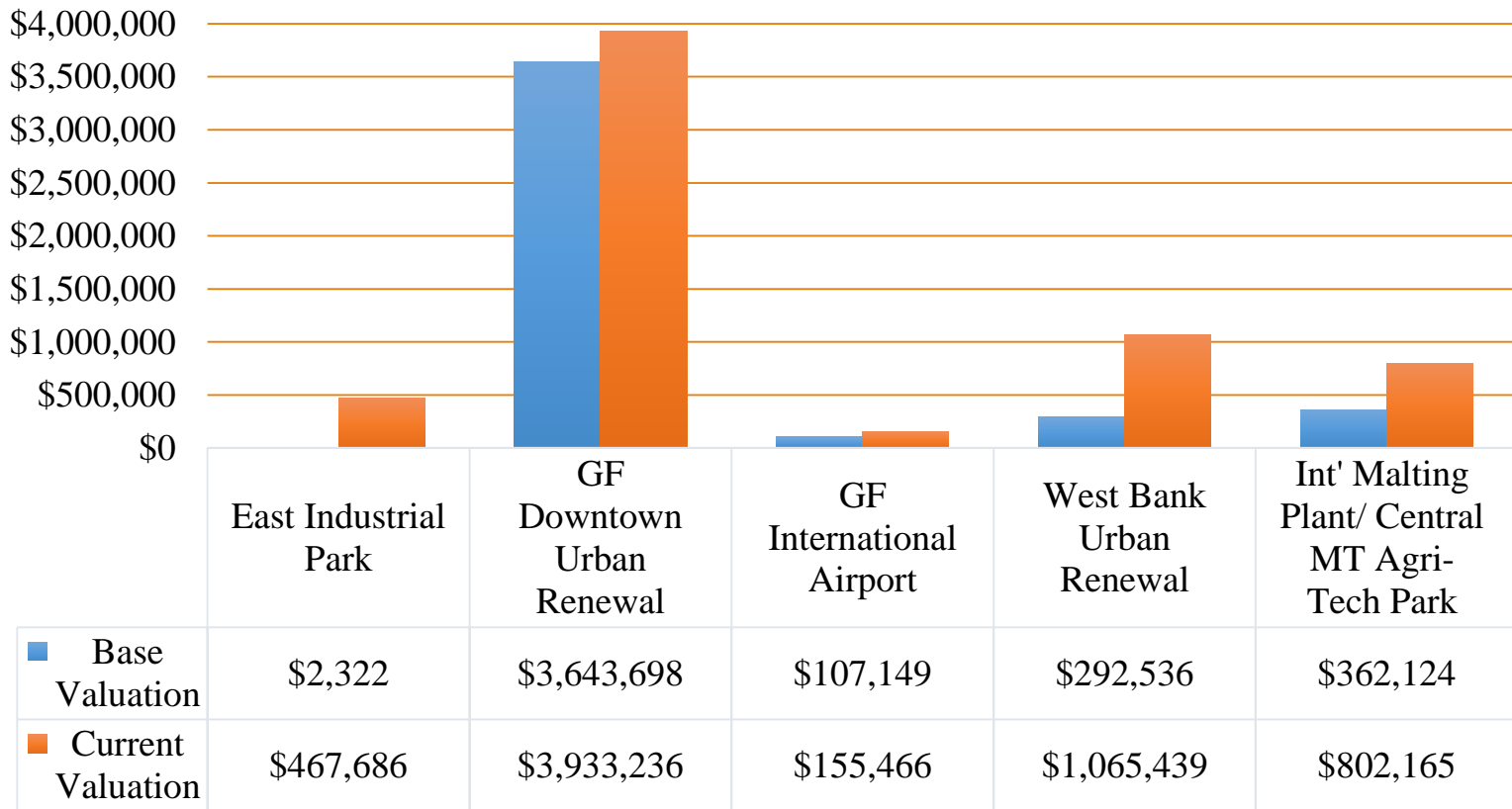
## Partnerships

- Housing, Military, Mental Health, Cascade County, Economic Development, Recreational, NGOs, Transportation

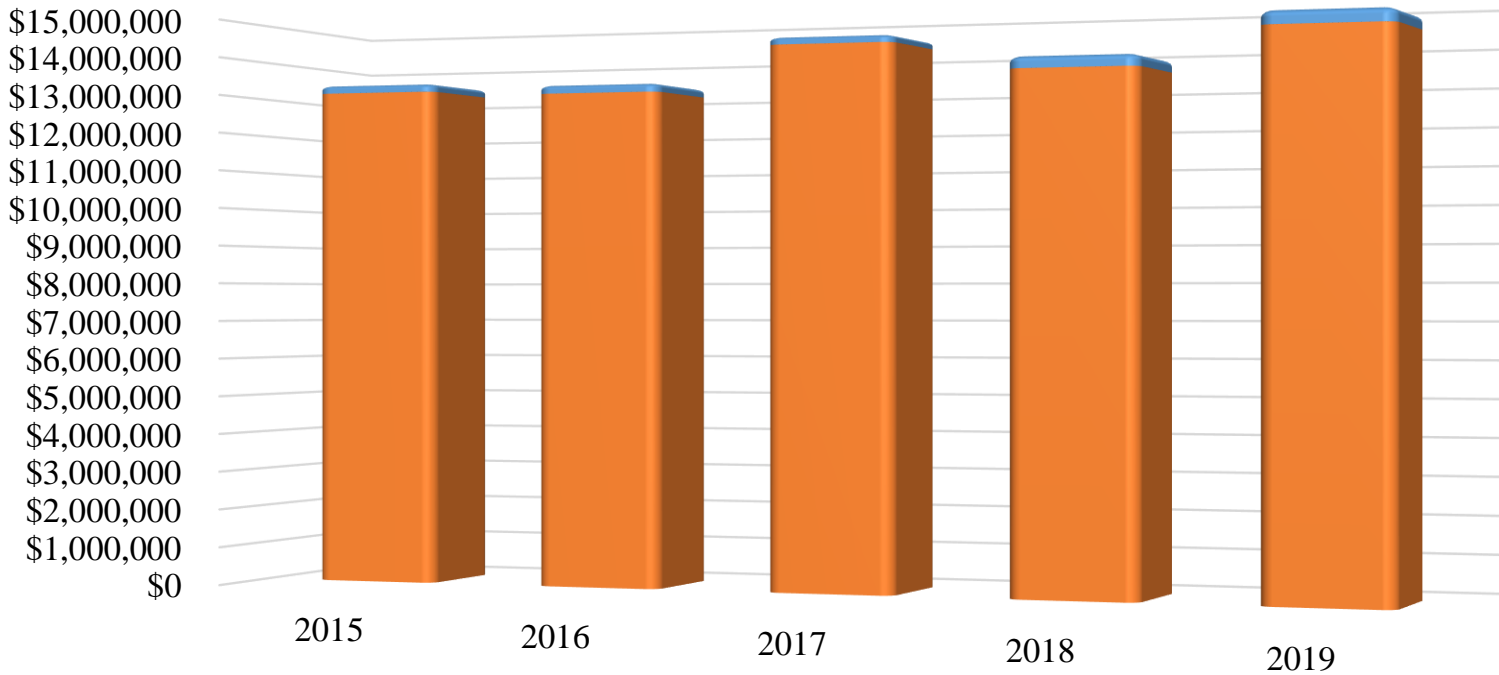


# TIF Districts

## Growth in Taxable Valuation of District



# TIF Districts



	2015	2016	2017	2018	2019
■ Tax Revenue Diverted to TID	\$211,399	\$223,701	\$195,327	\$317,355	\$368,873
■ General Fund Tax Revenue *	\$13,131,097	\$13,008,253	\$14,154,979	\$13,406,231	\$14,350,036

\*Does not include Permissive Medical Levy or Local Option Tax



# 2019 Legislative Impacts

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See Handout



# FY20 General Fund Budget Drivers

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- Salaries / Union Contracts - \$663,789
- Health Insurance (Covered by Permissive Levy) - \$466,688
- Presumption and Other Work Comp Rate Increases - \$123,904 + \$31,032
- Central Insurance Internal Service Charges - \$168,569
- Police Department Overtime - \$44,850
- Municipal Elections - \$45,000
- Fire Department Clothing Allowance - \$41,600
- Part-Time Municipal Judge - \$109,677



# FY20 All Other Funds Budget Drivers

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- Library Air Handler and HVAC Leak
  - Library Reserves
  - Additional Support from Insurance & Safety Fund
- Personnel Increases
  - Health Insurance 10.6% City-Wide
- Reserves for New Software
  - Finance - \$200,000
  - Human Resources - \$150,000
  - Information Technology - \$35,000
- Public Works Capital Projects
  - Water Treatment Plant Filter Upgrades - \$4.0M
  - South River Crossing Construction - \$6.5M



# FY20 Budget Highlights

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- General Fund Revenues up 4.09%
- Tax protests leaving Fund Balance at 18% FY19, projecting 17% FY20
  - 22% recommended policy
- After baseline services funded, minimal availability left
- Three areas of focus
  - Part-Time Municipal Judge
  - Municipal Elections
  - Library capital needs

# Part-Time Municipal Judge Costs

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- Part-Time Judge Funded as of January 1, 2020
- Police Department receives .5 FTE from bailiff position and .5 FTE for other Police purposes

Part-Time Judge (16 hrs/week)	\$ 23,187
Full-Time Courtroom Clerk	\$ 30,399
Part-Time Bailiff	\$ 46,538
Civic Center Facility	\$ 3,953
One-Time Start-Up Costs	\$ 5,600
<b>Total</b>	<b>\$ 109,677</b>

# Library Capital Needs

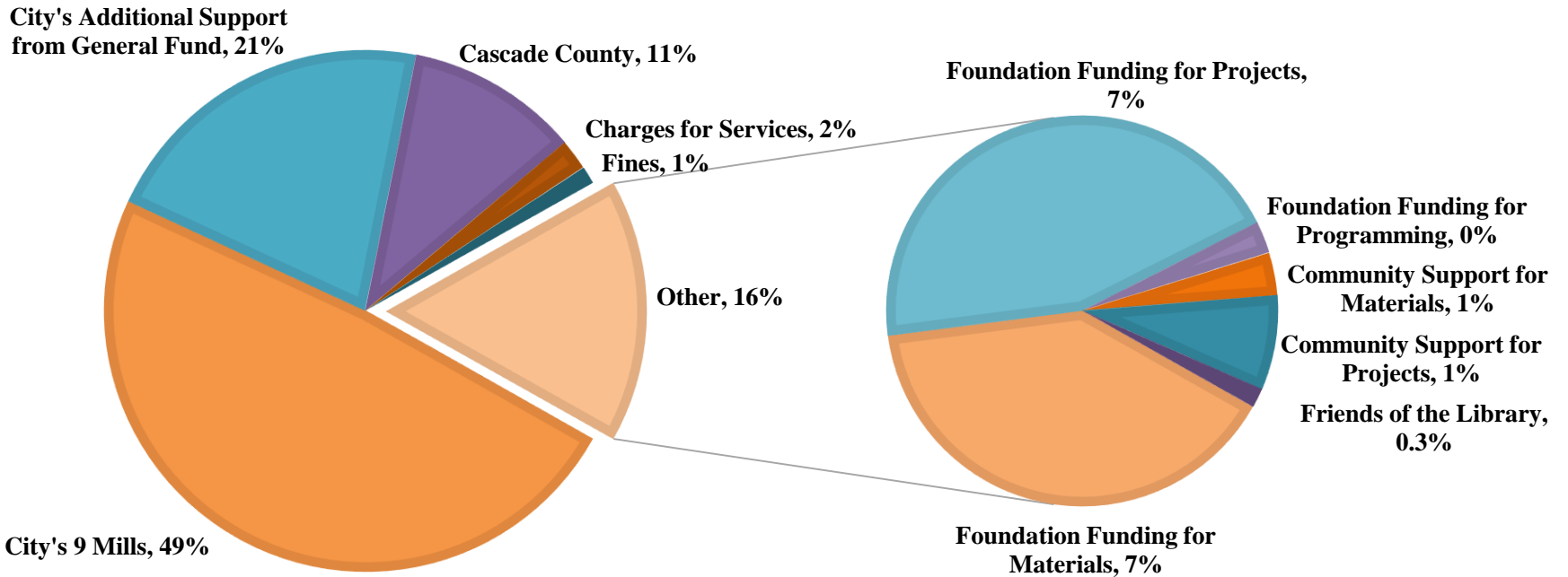
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- Basement Air Handler
- HVAC Pipe Leaks
- Use of reserves until protests are settled

Basement Air Handler	\$ 315,000
Library Reserves	\$ 250,000
Support from Insurance & Safety Fund	\$ 65,000
HVAC Pipe Leaks	
Library Reserves	\$ 15,000



# Total Library Funding



# Fund Review

Reference: Fund Detail Worksheet

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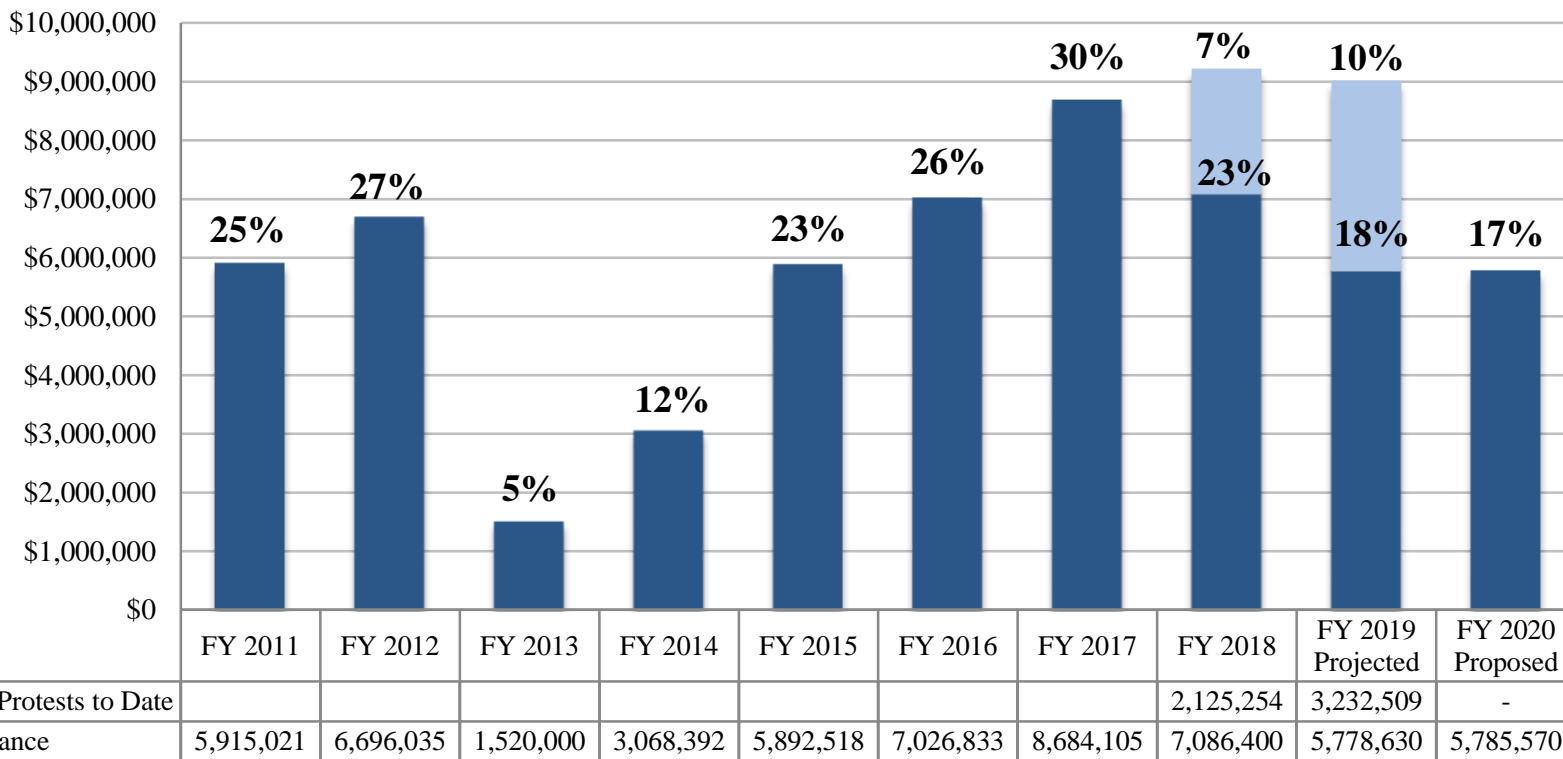
- **Stable**
  - 50 out of 59 funds
- **Requires Monitoring**
  - HIDTA Special Revenue
  - Parking
  - Health and Benefits
  - Engineering
- **At-Risk**
  - Golf Courses
  - Swimming Pools
  - Recreation
  - Multi-Sports
  - Civic Center Events





# General Fund Unreserved Fund Balance

**Unreserved General Fund Balance**  
**22% Recommended Minimum Policy**



# Capital Improvements

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## Budgeted in **FY19**

- ✓ • Library Boiler and Basement HVAC (\$450,000)
- ✓ • Fire Stations 1 and 4 Sewer Lines (\$230,000)
- ✓ • Animal Shelter Cattery/Addition (\$374,370)
- ✓ • Public Works Complex Roof Repairs (\$200,000)
- ✓ • Public Works Complex Building Repairs (\$200,000)
- ✓ • Various Park Maintenance District Projects (\$1,500,000) – see later slide
- ✓ • Various Public Works Projects
  - Water, Sewer, Storm Drain, and Street



# Capital Improvements

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## Proposed in **FY20**

- Library Air Handler - \$315,000
- Various Park Maintenance District Projects – see later slide
- Various Public Works Projects
  - Water, Sewer, Storm Drain, and Street
  - E.g. Filter replacement and upgrades at Water Treatment Plant, South River Crossing for Water Distribution

# Park Maintenance District

	<b>Year One Identified Projects</b>	<b>Budget</b>
✓	ADA Sidewalks to Play Structures	\$30,000
✓	ECWP Bath House Improvements	\$300,000
✓	Gibson Park Trail Overlay – Asphalt	\$100,000
✓	Irrigation Upgrades Manual to Auto	\$220,000
✓	ADA Park Restrooms	\$200,000
✓	Multi-Sports Dugouts/Backstops	\$35,000
✓	Jaycee Picnic Pavilion and Tables	\$64,000
✓	Rivers Edge Trail Matching Funds	\$10,000
✓	Jaycee Sports Courts Resurface	\$120,000
✓	Turf Maint. (fertilizer/herbicide, 2 seasonal laborers)	\$80,000
✓	Park Laborer (full-time)	\$63,000
	Contingency/Operations/Professional Services	\$278,000
	<b>Total Projects Identified for Year One</b>	<b>\$1,500,000</b>



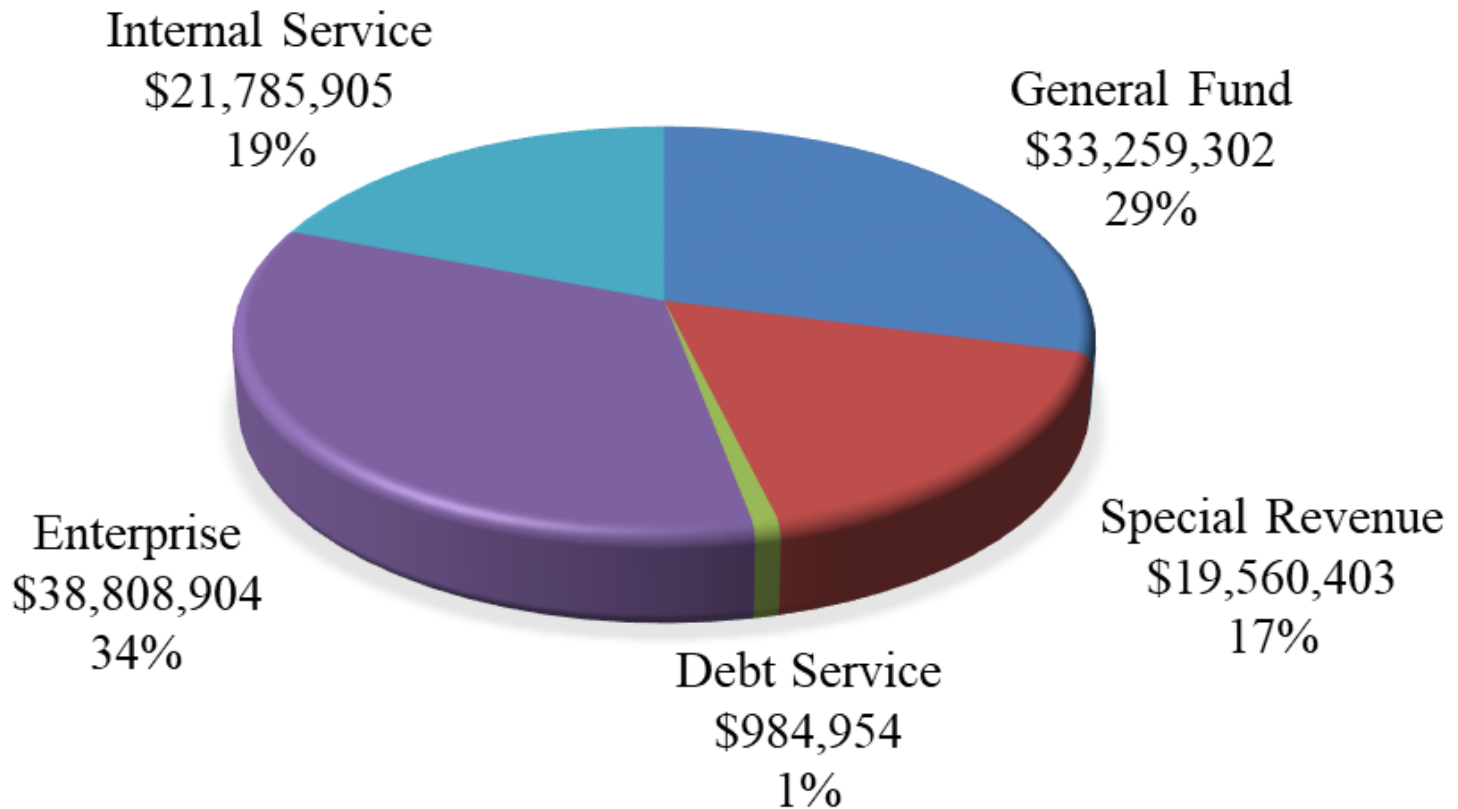
# Park Maintenance District

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<b>Year Two Identified Projects</b>	<b>Budget</b>
Elk's Riverside Trail	\$308,000
Irrigation Upgrades Manual to Auto	\$70,000
ADA Park Restrooms	\$250,000
Tree Planting	\$10,000
Rivers Edge Trail Matching Funds	\$10,000
(1) Park Laborer	\$67,111
(2) Arborists	\$152,970
Forestry Equipment	\$259,000
Forestry ERS	\$46,500
Turf Maintenance	\$77,702
Professional Services	\$100,000
Contingency / Operations	\$148,717
<b>Total Projects Identified for Year Two</b>	<b>\$1,500,000</b>

# City-Wide Revenue by Fund Type

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# Proposed Rate and Fee Adjustments

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Department	Division	FY20 Adjustment	Prior Year Adjustment
Planning & CD	Permits	0%	-5%
Civic Center Events	Mansfield Center (all rentals except theater)	9%	0%
Public Works	Water	5%	5%
Public Works	Sewer	2%	2%
Public Works	Storm Drain	5%	10%
Public Works	Sanitation - Commercial	5%	0%
Public Works	Sanitation - Residential	5%	5%



# Proposed Assessment Adjustments

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Department	Assessment	FY20 Adjustment	Prior Year Adjustment
Park & Recreation	Natural Resources – Boulevard	5%	3%
Park & Recreation	Portage Meadows	5%	7%
Park & Recreation	Park Maintenance District	0%	0%
Public Works	Street Maintenance	0%	0%
Special Districts	Street Lighting Districts	0.5%	0%

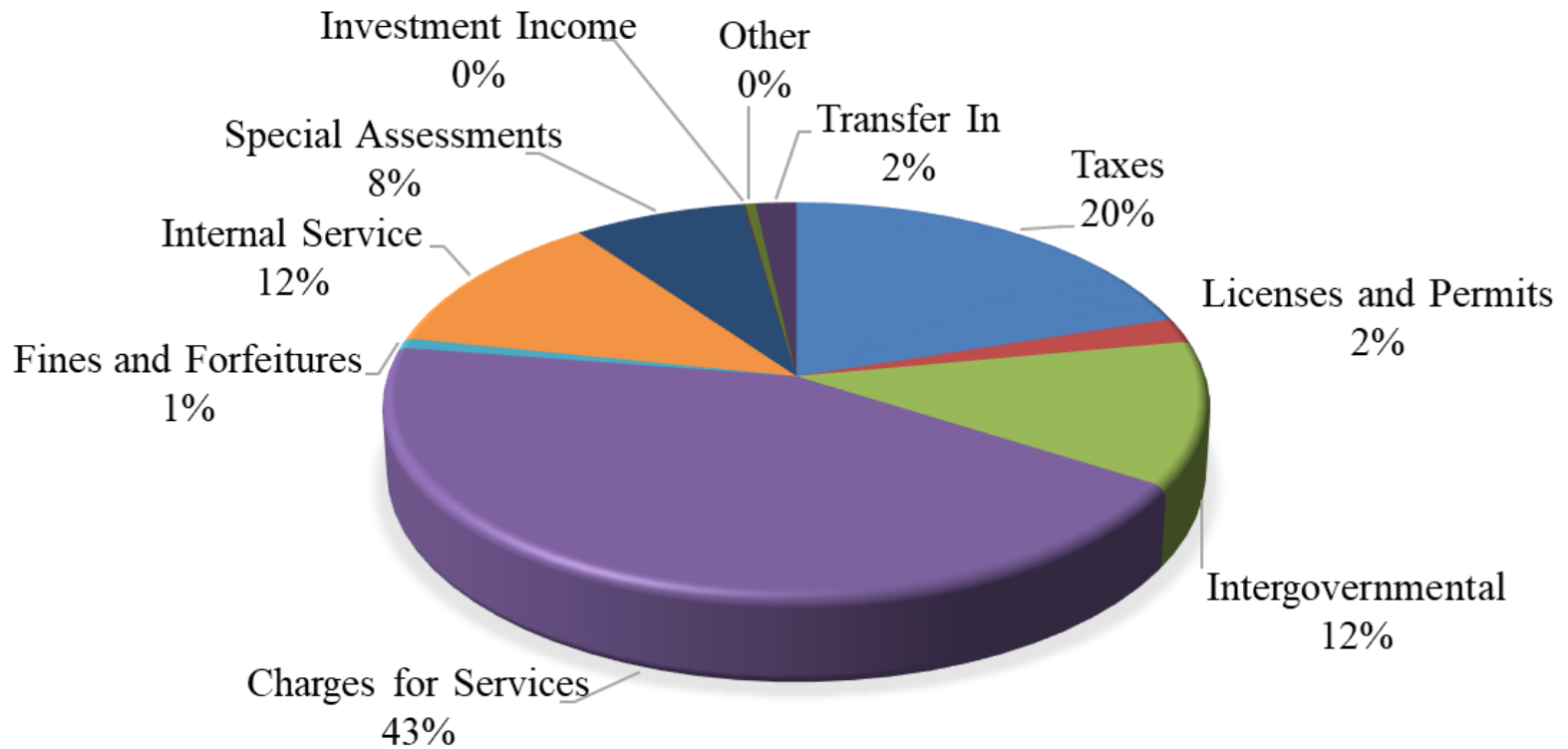


# City-Wide Revenue by Source

	FY 2018 Actual	FY 2019 Amended	FY 2020 Proposed	% Change
Taxes	\$ 19,042,057	\$ 21,602,350	\$ 22,949,998	6.24%
Licenses and Permits	\$ 2,476,872	\$ 2,228,815	\$ 2,302,241	3.29%
Intergovernmental	\$ 12,114,765	\$ 13,334,746	\$ 13,568,725	1.75%
Charges for Services	\$ 48,162,718	\$ 47,862,327	\$ 49,721,560	3.88%
Fines and Forfeitures	\$ 983,310	\$ 916,918	\$ 918,000	0.12%
Internal Service	\$ 12,777,108	\$ 12,702,974	\$ 13,551,817	6.68%
Special Assessments	\$ 6,811,674	\$ 8,430,312	\$ 8,742,911	3.71%
Investment Income	\$ 337,976	\$ 53,490	\$ 60,350	12.82%
Other	\$ 1,429,378	\$ 925,265	\$ 524,315	-43.33%
Transfer In	\$ 2,773,386	\$ 2,088,970	\$ 2,059,551	-1.41%
Issuance of Debt	\$ 17,603,760	\$ 5,329,427	\$ -	-100.00%
Sale of Assets	\$ 74,628	\$ -	\$ -	NA
<b>Total Revenue</b>	<b>\$ 124,587,632</b>	<b>\$ 115,475,594</b>	<b>\$ 114,399,468</b>	<b>-0.93%</b>

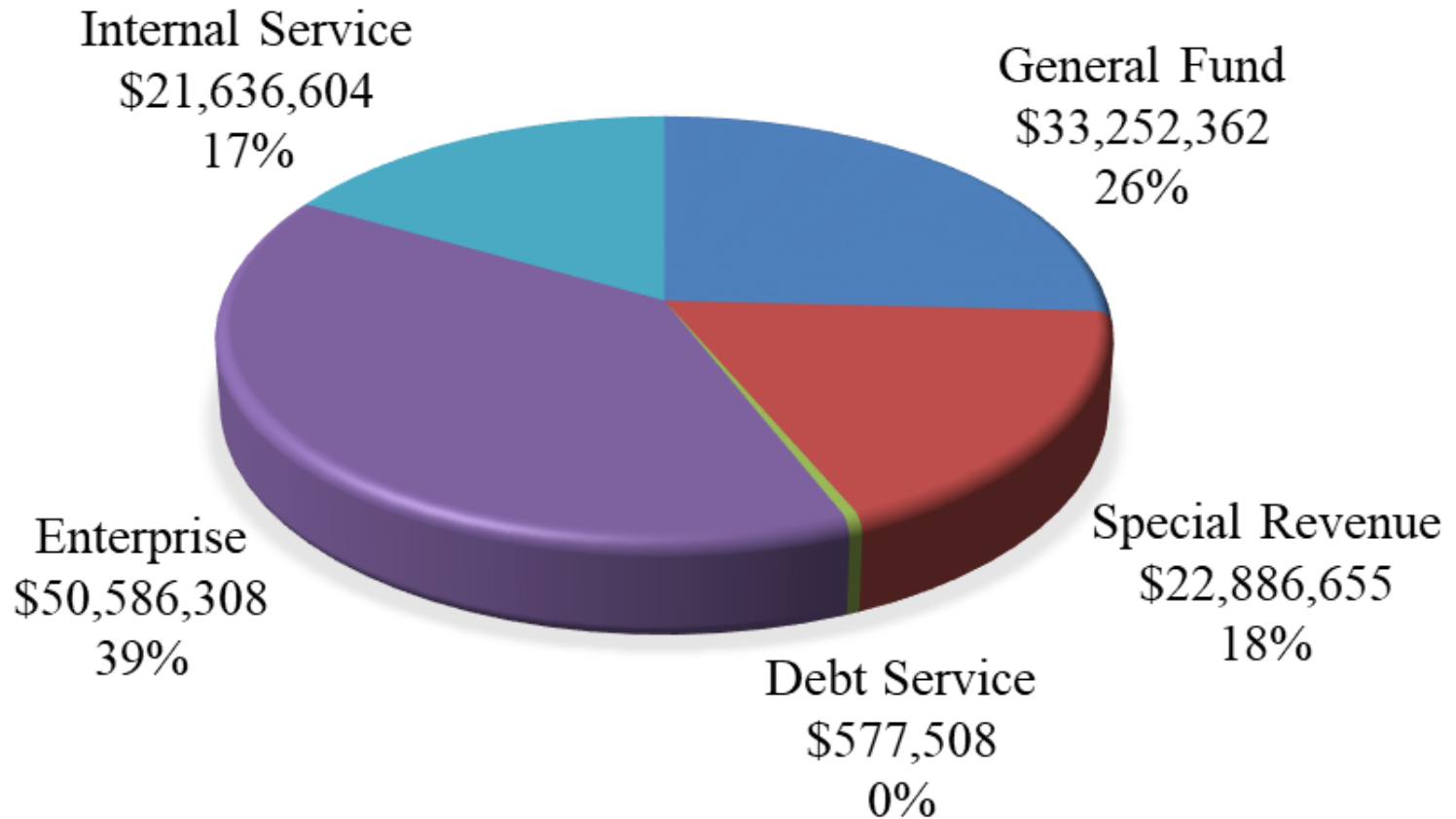
# City-Wide Revenue by Source

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# City-Wide Expenses by Fund Type

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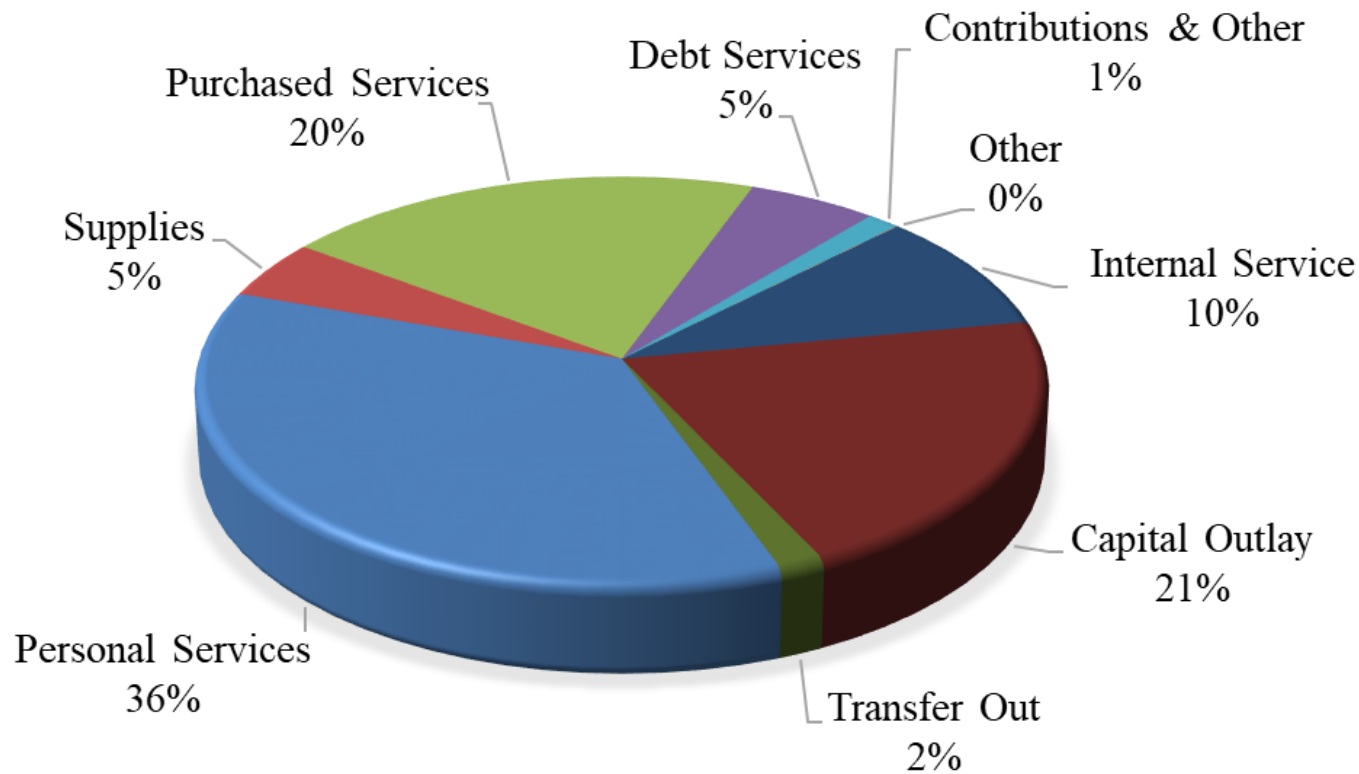


# City-Wide Expenses by Source

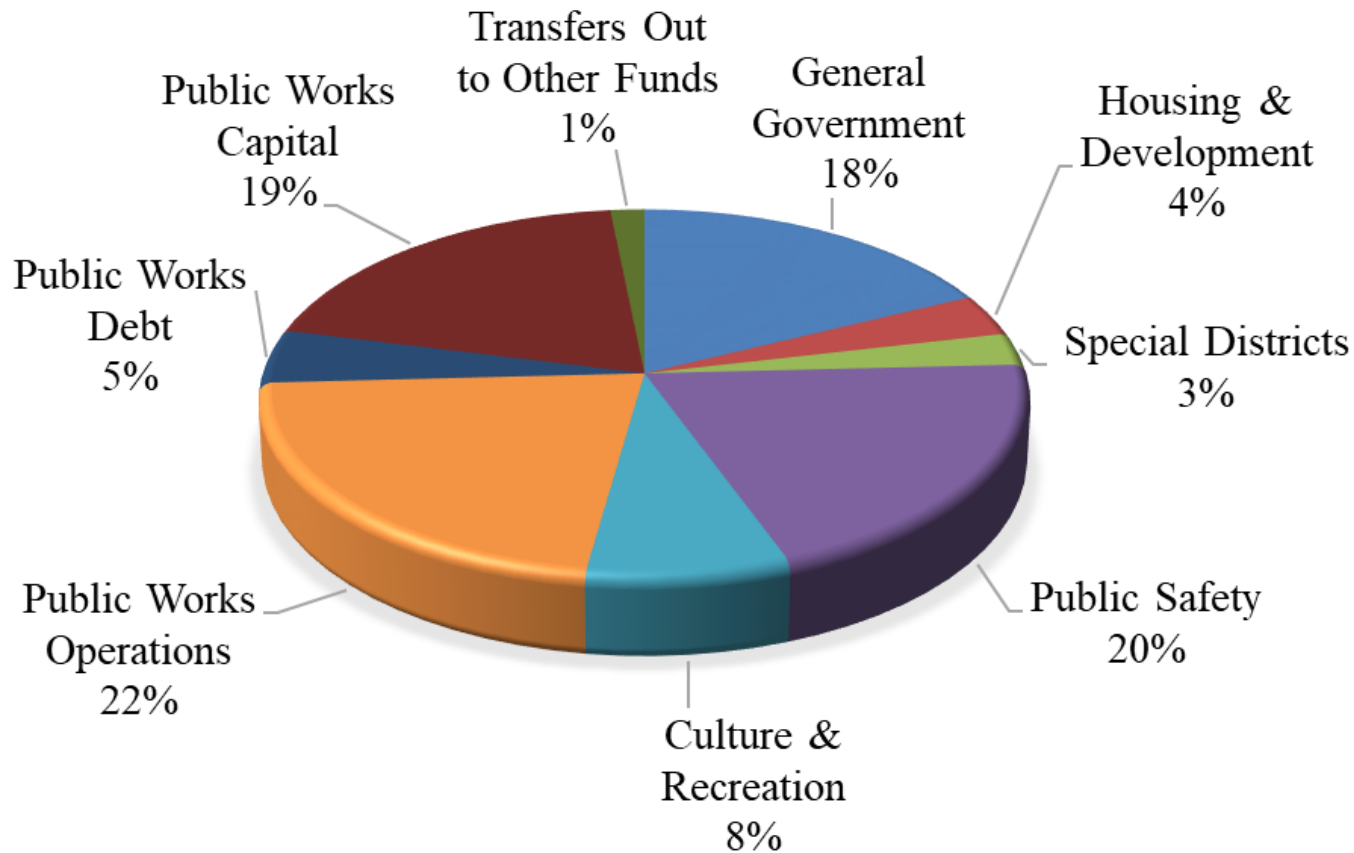
	FY 2018 Actual	FY 2019 Amended	FY 2020 Proposed	% Change
Personal Services	\$41,619,405	\$45,078,130	\$46,407,363	2.95%
Supplies	\$5,915,483	\$6,284,328	\$5,992,463	-4.64%
Purchased Services	\$22,288,230	\$26,880,556	\$26,417,315	-1.72%
Debt Services	\$7,115,821	\$7,233,392	\$7,065,974	-2.31%
Contributions & Other	\$1,217,816	\$1,560,066	\$1,797,745	15.24%
Other	\$210,397	\$76,485	\$30,450	-60.19%
Internal Service	\$11,542,083	\$11,518,739	\$12,291,120	6.71%
Capital Outlay	\$24,675,771	\$38,367,581	\$26,877,456	-29.95%
Transfer Out	\$2,773,386	\$2,088,970	\$2,059,551	-1.41%
<b>Total Expenses</b>	<b>\$ 117,358,393</b>	<b>\$ 139,088,247</b>	<b>\$ 128,939,437</b>	<b>-7.30%</b>

# City-Wide Expenses by Source

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# City-Wide Expenses by Type

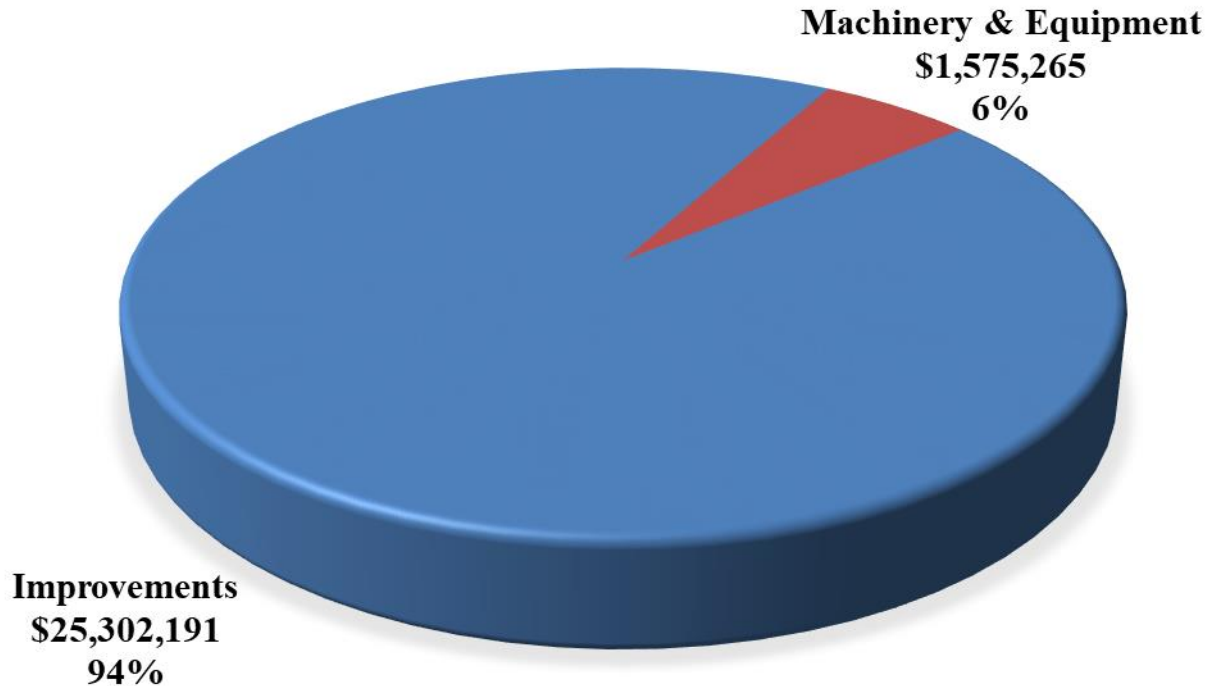




# Capital Outlay by Category

Reference: Budget Book Pages 135 - 139

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# General Fund Revenue

Reference: Budget Book Pages 20 - 22

	FY 2018 Actual	FY 2019 Amended	FY 2020 Proposed	% Change
Taxes	\$ 16,898,801	\$ 19,511,000	\$ 20,564,142	5.40%
Licenses and Permits	\$ 836,215	\$ 1,070,600	\$ 1,070,600	0.00%
Intergovernmental	\$ 8,260,227	\$ 8,295,093	\$ 8,550,052	3.07%
Charges for Services	\$ 1,133,961	\$ 1,171,834	\$ 1,198,588	2.28%
Fines and Forfeitures	\$ 812,909	\$ 820,000	\$ 820,000	0.00%
Internal Service	\$ 1,026,574	\$ 832,291	\$ 862,379	3.62%
Investment Income	\$ 23,372	\$ 40,000	\$ 40,000	0.00%
Other	\$ 111,977	\$ 193,135	\$ 153,541	-20.50%
Transfer In	\$ 41,159	\$ 17,324	\$ -	-100.00%
<b>Total Revenue</b>	<b>\$ 29,145,195</b>	<b>\$ 31,951,277</b>	<b>\$ 33,259,302</b>	<b>4.09%</b>



# General Fund Tax & Entitlement Revenue

Reference: General Fund Revenue Detail

Revenue Segment	FY2020 Proposed Increase	18-Year Average
Newly Taxable Property	\$425,000 estimated	\$425,813
Inflationary Factor	\$168,142 *	\$111,359
Permissive Medical Levy	\$460,000 *	\$153,044
Entitlement Share	\$292,005	\$174,264
<b>Total Revenue Increase</b>	<b>\$1,345,147</b>	<b>\$864,481</b>

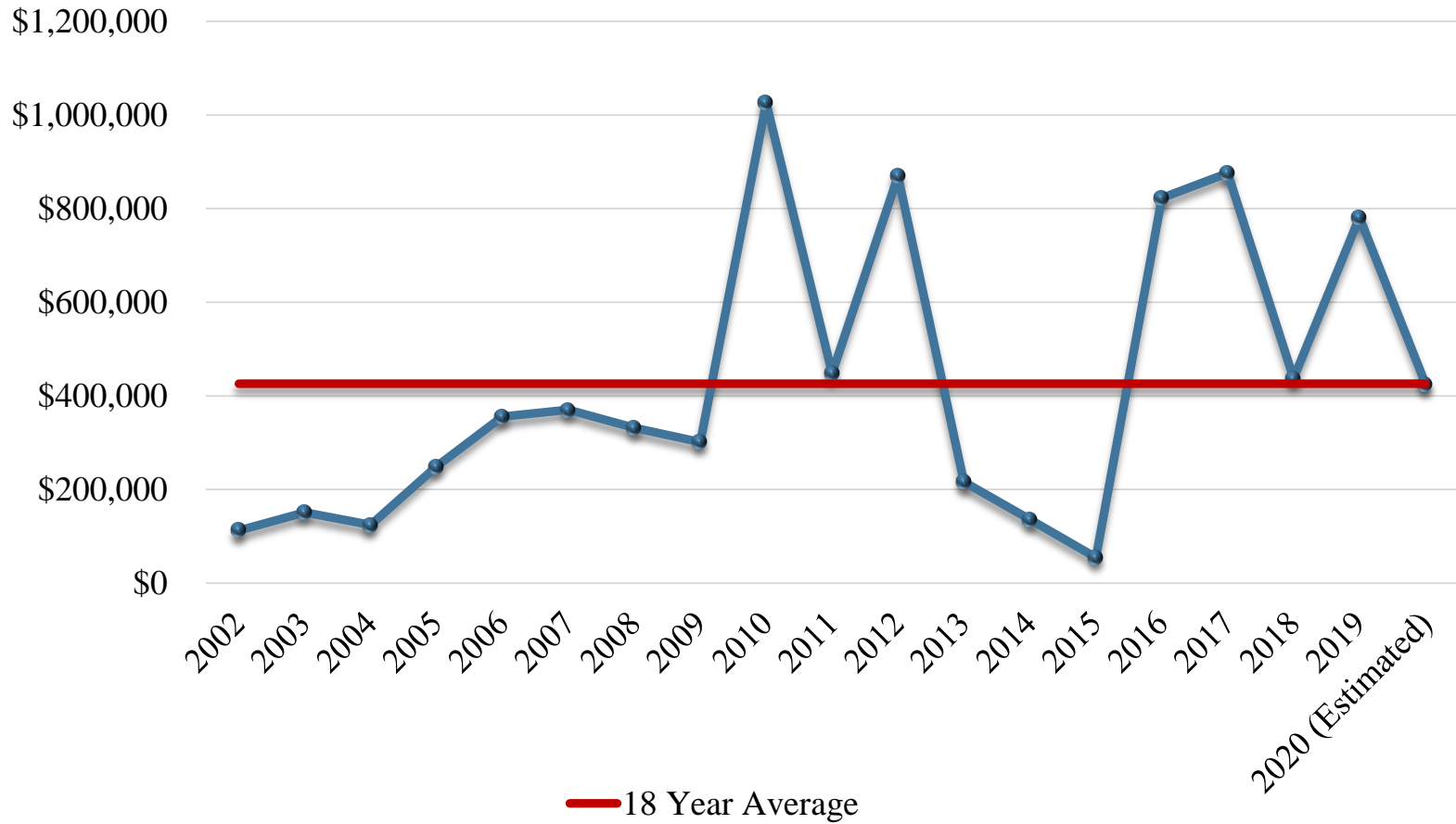
\*Taxpayer Impact on House with \$100,000 Taxable Market Value

Inflationary Factor (1.02% increase) = \$2.33

Permissive Health Mill = \$6.38

Total Impact = \$8.71

# General Fund Newly Taxable Property





# General Fund Expenses

Reference: Budget Book Pages 23 - 33

	FY 2018 Actual	FY 2019 Amended	FY 2020 Proposed	% Change
Personal Services	\$21,479,448	\$22,963,077	\$24,367,598	6.12%
Supplies	\$1,155,992	\$973,479	\$969,819	-0.38%
Purchased Services	\$1,338,760	\$1,564,883	\$1,361,823	-12.98%
Debt Services	\$86,265	\$119,727	\$86,635	-27.64%
Contributions & Other	\$250,000	\$250,000	\$250,000	0.00%
Other	\$81,247	\$65,985	\$20,000	-69.69%
Internal Service	\$4,385,328	\$4,178,334	\$4,533,610	8.50%
Capital Outlay	\$198,020	\$576,582	\$0	-100.00%
Transfer Out	\$1,767,840	\$1,661,607	\$1,662,877	0.08%
<b>Total Expense</b>	<b>\$ 30,742,900</b>	<b>\$ 32,353,674</b>	<b>\$ 33,252,362</b>	<b>2.78%</b>



# General Fund Public Safety Budget

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Police Budget	\$14,203,542
Fire Budget	\$9,633,357
Total Public Safety Budget	\$23,836,899
Tax Revenue	(\$20,564,142)
<b>Public Safety Shortfall</b>	<b>\$3,272,757</b>



# Above and Beyond

Reference: Department Requested – Manager Recommended

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<b>General Fund</b>	<b>FY2020</b>	<b>FY2019</b>
Total Requested	\$2,410,700	\$1,574,790
Total Recommended	\$267,248	\$382,285
% Recommended	11%	24%

<b>All Other Funds</b>	<b>FY2020</b>	<b>FY2019</b>
Total Requested	\$1,201,245	\$860,882
Total Recommended	\$1,159,343	\$509,983
% Recommended	97%	59%



# Total Budget: Revenue Over (Under) Expenses

FY20 Proposed	
Total Revenue	\$114,399,468
Total Expense	\$128,939,437
Over (Under)	(\$14,539,969)

## Funds Using Fund Balance for Operations

Library	\$ 41,927
Planning & CD	\$ 18,615
Permits	\$ 216,877
Natural Resources	\$ 91,330
Street Lighting	\$ 256,920
Sanitation	\$ 39,122
Swimming Pools	\$ 44,048
Recreation	\$ 59,879
<u>Civic Center Facility</u>	<u>\$ 31,129</u>
Total	\$ 799,847

## Funds Using Fund Balance for Capital

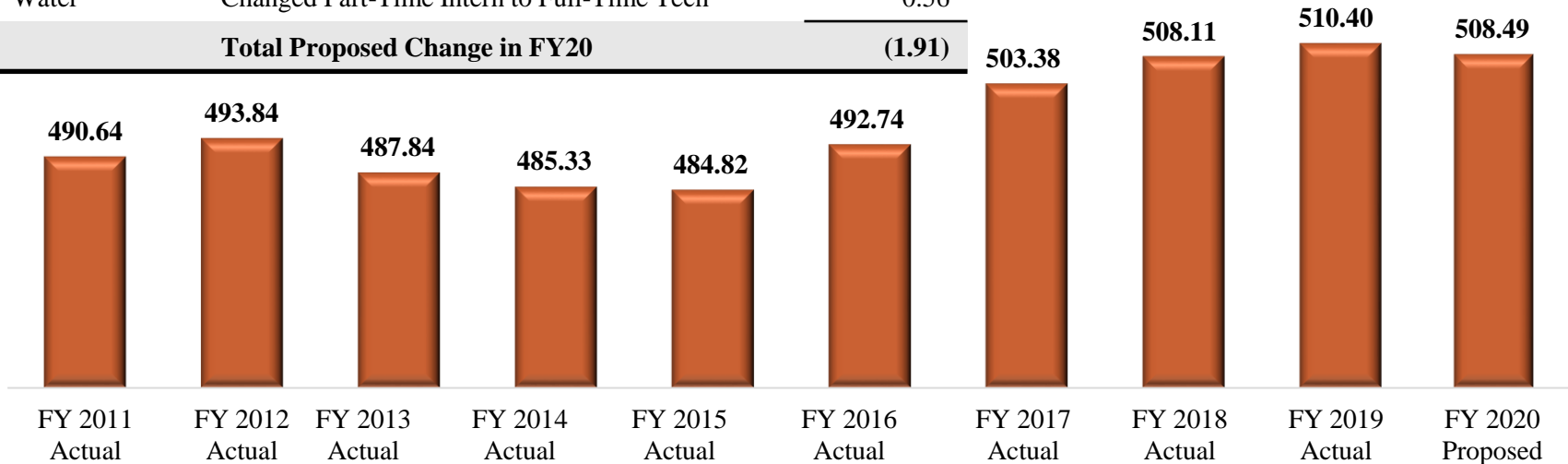
Library	\$ 265,000
Natural Resources	\$ 66,720
Street	\$ 3,413,650
Water	\$ 9,365,362
Sewer	\$ 1,733,839
Storm Drain	\$ 916,364
Insurance & Safety	\$ 57,566
Finance	\$ 200,003
Information Technology	\$ 19,978
Human Resources	\$ 151,644
<u>Public Works Admin</u>	<u>\$ 17,730</u>
Total	\$ 16,207,856



# FTE Counts

Reference: Budget Book Pages 129 - 134

Court	Part-Time Judge, Full-Time Clerk, Sub-Judges	1.49
Police	Full-Time Bailiff for Court	1.00
Park & Rec	Natatorium/Café Closure, Golf Management	(5.85)
Park District	2 Arborists, 1 Park Maintenance Worker	3.00
Planning & CD	Removed Doc Management Position	(1.00)
Street Traffic	Removed Traffic Division Supervisor	(1.00)
Engineering	Removed Intern	(0.11)
Water	Changed Part-Time Intern to Full-Time Tech	0.56
<b>Total Proposed Change in FY20</b>		<b>(1.91)</b>

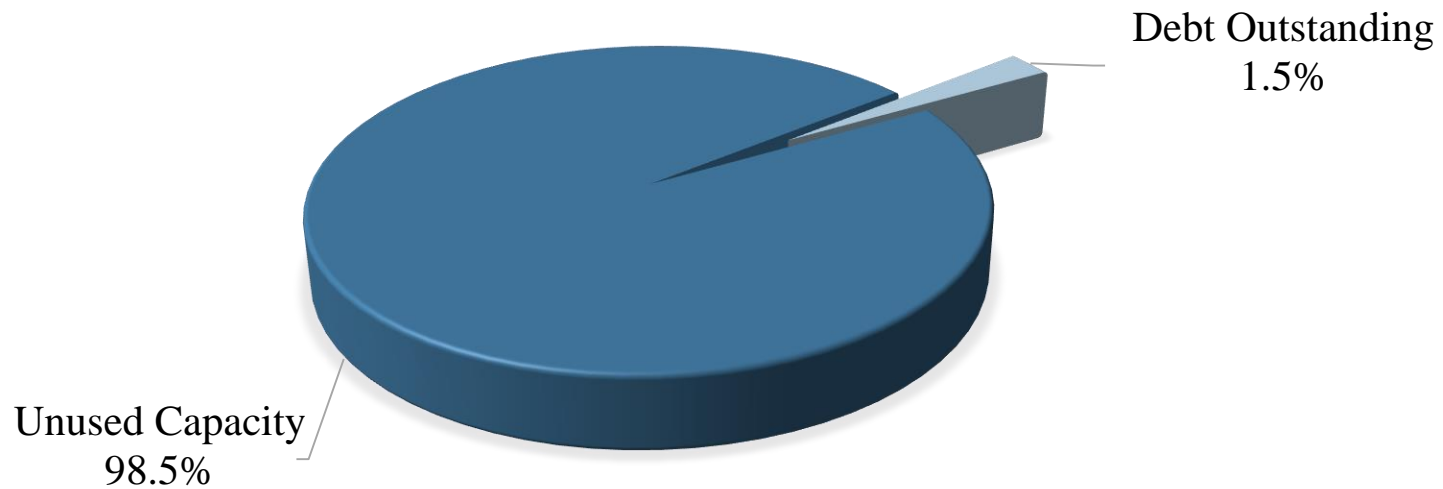


# Debt Capacity

Reference: Budget Book Pages 140 - 142

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- **Unused General Obligation Debt Capacity \$ 141,933,277**



# Look Ahead

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- Civic Center Façade - \$5.5m
- Public Safety Communications 911 System - \$3.0m
- Ripple Effects of Part-Time Judge
- Employee Total Compensation
  - Health Insurance Premiums
  - Health Insurance on Base
  - Market Wage Adjustments
- Feasibility of Indoor Pool/Recreation Facility
- Feasibility of Recycling Program



# City Manager Budget Recap

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- Overall proposed expenditures budget is -7.30% decrease from Amended FY 2019
  - Major change is large capital targets in major Public Works funds
- Constraints on General Fund
  - Monitoring Legislative changes
  - After baseline services funded, minimal availability left
- \$8.71 impact per \$100,000 market value home
- Addressing capital needs at Library, many other needs remain

# Next Steps

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- July 2<sup>nd</sup>
  - Scheduling – Budget Hearing
  - Scheduling – Increase Property Tax Hearing (if taken)
  - Proposed Budget will be available online at [www.greatfallsmt.net](http://www.greatfallsmt.net) and in online interactive budget tool
- Commission can meet as needed during the week of July 8-12th
- July 16<sup>th</sup>
  - Budget Hearing
  - Increase Property Tax Hearing (if taken)
- August 20<sup>st</sup>
  - Mill Levy Hearing