

### **Leadership Philosophy**

We hold the common good of an enriched community as our highest goal. We lead by serving those around us, by maintaining honesty and integrity, and by fostering mutual trust, respect, and support. We reach our potential in a climate that encourages individual and community growth by listening, valuing our differences, and by engaging in the free flowing exchange of ideas.

### **Vision Statement**

Our vision is that of a responsive local government strategically prepared for change and challenge. We will build partnerships throughout the community. We will be recognized for our efficient, effective and caring delivery of service and products. Nurtured and inspired by this vision, we will create a passion for excellence. Our core values of honesty, respect, and openness will constantly guide our actions.

### **Mission Statement**

As a responsive and innovative local government, we strive to enrich our community by fostering partnerships and collaboration, by delivering superior service and products, and by acting as a catalyst for a dynamic future. We do this by valuing honesty and integrity, by empowering our employees to be the best they can be, and by listening to diverse opinions and ideas.

### **City Commission Goals**

Develop a visually appealing and culturally rich community.

2. Manage growth to preserve our resources, environment, and sense of community.
3. Provide excellent public services desired by the community within its financial means.
4. Strengthen and diversify our economy to provide job opportunities.
5. Anticipate future service needs, costs, and resources and plan ahead to address them.
6. Form partnerships with other governments and organizations to make better use of public resources in providing services.
7. Ensure open and accessible government.
8. Build a stronger team of staff, elected officials, and citizens by transforming our organization to meet the changing needs of the community.
9. Remain financially strong.
10. Provide leisure and recreational opportunities, which add to our quality of life.

### **Budget Objectives**

1. Continue to provide quality services at present levels.
2. Avoid unnecessary tax or rate increases.
3. Live within our means.
4. Use partnerships and grants to achieve more for the money.
5. Protect the City's investment in personnel.
6. Protect the City's capital investment.
7. Maintain necessary fund reserves.

July 18, 2007

Honorable Mayor and City Commission,

The 2006/2007 Annual Budget for the City of Great Falls is a balanced financial plan that maintains services at present levels, meets commitments to employees, absorbs significant inflationary increases, and allows funding for several Commission priorities all with only minimal increases in both tax rate and fees.

This budget represents a tight operations plan that lives within the revenue sources available to us, but allows for only minimal reinvestment in aging facilities. The balance was made possible due to modest improvement in revenues from new construction, a slight inflationary adjustment to property taxes, and an increase in expected state shared revenues.

### **MAINTAINING SERVICES AT PRESENT LEVELS**

All current services provided by the City of Great Falls are proposed to continue. There are no layoffs or reductions in force proposed, no cutbacks in service levels, and no new proposals for reducing services. That being said, we should also state there are no increases to the levels of service we have provided during the past year. We continue to struggle to find resources to maintain and repair City owned facilities including recreational amenities such as forty year old swimming pools and severely deteriorated tennis courts.

We continue to maintain services without adding employees. This means while customers increase, miles of roadways increase, water and sewer lines increase; we have retained almost static staffing levels for the past twenty years. We are proud of this accomplishment but realize that any elasticity is gone and staff is performing at maximum capacity.

### **MEETING COMMITMENTS TO EMPLOYEES**

For several years we have offered minimal salary increases to employees in order to live within the revenue available to the City. These modest increases did not keep up with the cost of living. For the 2006/2007 Fiscal Year, we are increasing salaries 3.25% and for 2007/2008 the labor agreement increase is 4%. While these increases are closer to the rates reflected in the Consumer's Price Index (CPI), the increase for 2006/2007 still does not meet the CPI.

The other major commitment the City is honoring to employees is continuing health insurance benefits without additional benefit reductions. That commitment comes at a cost increase of 15% to both the employees and the City.

## ABSORBING SIGNIFICANT INFLATIONARY INCREASES

The City of Great Falls as well as its citizens has experienced financial pressure due to increases in natural gas supply, gasoline and diesel fuels, construction costs including materials, and costs of various insurances. Natural gas supply costs will double in this fiscal year. Fuel costs have increased 50%, worker's compensation insurance rates have increased 15%, and liability insurance is up 10%.

While the City does propose to increase property taxes by the amount allowed by state statute, that amount comes to just 1.43% or one half the average rate of inflation over the past three years. This results in about \$125,000 in additional revenue and does not begin to cover the inflationary cost increases the City is experiencing. The rest of the increases will be absorbed within the already tight operations' budgets. This absorption again limits our ability to make repairs and invest in aging facilities.

## CITY COMMISSION PRIORITIES

While revenue was not available to fund all the priorities identified by the governing body the budget does include resources to address several.

**Citizen's Survey** - One priority for which resources are identified is to conduct a Citizen's Survey. The City Commission is interested in hearing what projects and services are priorities to the citizens and how satisfied citizens are with City services. It has been several years since the last survey was done. The City will be facing tougher decisions on where to allocate limited revenue. Therefore, it will be helpful to better understand the priorities of the community. If we can't continue to do all that we have in the past, what areas are most important to the community? Where will limited resources be spent and where will the City, as a community, choose to eliminate or scale back?

**Electric City Power** - The budget continues the Commission priority of developing a stable energy future for City operations and large customers with an eye to providing a stable electricity supply and rates for the whole community. We will continue to partner as a member of Southern Montana Electric Generation and Transmission Cooperative (SME) to build the Highwood Generating Station, a 250 MW coal fired, clean coal technology power plant near Great Falls. We will continue to work with the Montana Public Service Commission to become a small customer supplier and we will continue to own all new street lighting districts in Great Falls. In addition, the Commission has asked for a study of the condition of NorthWestern Energy's distribution system in Great Falls.

**Civic Center Building Improvements** – Resources have been reserved to install a stage load-in door and to add additional ladies' restrooms to the building. Both priorities have been mentioned by the Commission, Civic Center Advisory Board, users of the facility, and staff for several years.

**Fire Department Needs** – The City Commission recognized the need to fund at least one-third of the turn-out gear used by the department and \$20,000 has been budgeted. The department is pursuing grant funding for the balance of the sets needed. Resources were also identified to replace the forty year old roof at Station 4 at an estimated cost of \$70,000.

In 2005 the City purchased its first Alternative Response Vehicle as a cost saving measure. Cost savings include fuel and wear and tear on the traditional fire trucks. This vehicle was purchased used and has already saved money as the department responds to other than fire calls. The cost of using the ARV is \$11 per hour compared to taking a traditional fire truck at \$30 an hour. A second such vehicle is being considered for the west side of the river.

**Park and Recreation Foundation** – The City Commission has requested that staff re-establish the Park and Recreation Foundation. This priority will not take significant funding but will take a coordinated staff effort between the City Clerk, City Attorney, and Park and Recreation Director. The staff commitment has been made.

**Golf Solution** – The golf budget is the only budget that remains unbalanced for the 2006/2007 fiscal year. The coming year will see concerted efforts to find viable solutions to the funding and operations problems at the two municipal golf courses. A Request for Proposals for management services has been prepared and will be widely distributed. The special Golf- Ad-Hoc Committee will evaluate responses received and make a recommendation to the City Commission.

**Swimming Pools/Aquatics Facilities** – The City operates three outdoor swimming pools and one indoor pool. All facilities were built or last renovated in the 1960's making them forty plus years old. The pools are in desperate need of repair or replacement. This summer, an informal citizen survey will be conducted to assess citizen support for a general obligation bond issue to correct serious problems as the Mitchell Pool and either rehabilitate the neighborhood pools or replace them with splash parks to save ongoing operational costs.

**Tennis Courts** – In 2005 the City Commission took a hard look at the thirty deteriorated tennis courts in Great Falls, the reduction in numbers of players and the costs to repair and maintain the courts. The staff presented a plan which was approved, to reduce the 30 courts in 11 different locations to 12 courts. This budget includes repair of the courts at Lion's Park. The plan is to repair one or two courts a year, as funding allows, until the courts once again are acceptable for play.

## **BUDGET IMPACTS ON CITIZENS AND TAXPAYERS**

The 2006/2007 Annual Budget proposes a very minimal inflationary tax increase of 1.43%. This will raise approximately \$125,000 in additional revenue. The cost of this increase on a homeowner with a house valued for tax purposes at \$100,000 is \$5.80 a year, or less than 50 cents per month.

The budget also includes modest fee increases in several areas to cover increases in fuel, natural gas, and wages. Those increases include Street Maintenance Assessment 10%, Sanitation 3%, Water 2.5% in January of 2007, and Sewer 5% in January of 2007. The Boulevard District and Portage Meadows District assessments are not expected to rise this year.

Some of the most immediate and challenging tasks of the City Commission and staff during the new budget year will be to find a new paradigm for managing golf course and programs, to set a new course for municipal swimming facilities and activities, and to finance the City's share of the Highwood Generating Station. These challenges will be met in an environment where the Commission and all

City departments will evaluate and analyze their operations and programs while asking citizens where they want the City's priorities to be. This kind of continuous activity will be necessary if we are successfully balance the ensuing year's budget.

Economic development and redevelopment will also be major themes during the coming year. It is likely that we will need one or more new industrial development tax increment districts and a new urban renewal tax increment district for the area near West Bank Park.

We are fortunate to have a balanced budget that is affordable for the community and that will also allow us to deal with our many challenges and opportunities.



John W. Lawton  
City Manager

