



**Work Session Meeting Agenda  
2 Park Drive South, Great Falls, MT  
Gibson Room, Civic Center  
February 20, 2024  
5:30 PM**

The agenda packet material is available on the City's website: <https://greatfallsmt.net/meetings>. The Public may view and listen to the meeting on government access channel City-190, cable channel 190; or online at <https://greatfallsmt.net/livestream>.

Public participation is welcome in the following ways:

- Attend in person.
- Provide public comments in writing by 12:00 PM the day of the meeting: Mail to City Clerk, PO Box 5021, Great Falls, MT 59403, or via email to: [commission@greatfallsmt.net](mailto:commission@greatfallsmt.net). Include the agenda item or agenda item number in the subject line, and include the name of the commenter and either an address or whether the commenter is a city resident. Written communication received by that time will be shared with the City Commission and appropriate City staff for consideration during the agenda item, and, will be so noted in the official record of the meeting.

## **CALL TO ORDER**

## **PUBLIC COMMENT**

*(Public comment on agenda items or any matter that is within the jurisdiction of the City Commission. Please keep your remarks to a maximum of five (5) minutes. Speak into the microphone, and state your name and either your address or whether you are a city resident for the record.)*

## **WORK SESSION ITEMS**

1. Update on Montana State-Local Infrastructure Partnership Act (SLIPA) - Tom Hazen.
2. Great Falls Storm Drain Utility - Rate Study Review - FCS Group.

## **DISCUSSION POTENTIAL UPCOMING WORK SESSION TOPICS**

## **ADJOURNMENT**

*City Commission Work Sessions are televised on cable channel 190 and streamed live at <https://greatfallsmt.net>. Work Session meetings are re-aired on cable channel 190 the following Thursday morning at 10 a.m. and the following Tuesday evening at 5:30 p.m.*

*Wi-Fi is available during the meetings for viewing of the online meeting documents.*

## **UPCOMING MEETING SCHEDULE**

Work Session - Tuesday March 5, 2026 5:30 p.m.

Commission Meeting - Tuesday March 5, 2026 7:00 p.m.

# Montana State-Local Infrastructure Partnership Act (“SLIPA”)

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FEBRUARY 20, 2024

## Background

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- SLIPA was enacted when the Montana Legislature passed House Bill 355 which appropriated \$20 million from the State General Fund to the Montana Department of Commerce to be distributed to cities and towns across the state.
- The funds are to be used by local governments to “fund the maintenance/repair of local government facilities on a partnership basis with local governments supplying a cash match.”
- Funds were allocated to cities and towns based upon formulas which took the municipality’s street/alley mileage and population into account.
- The City of Great Falls was allocated **\$755,461.00**.

## Eligibility and Program Requirements

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- Only incorporated cities and towns are eligible to receive funding.
- Eligible Entities may use SLIPA funds to **maintain or repair existing infrastructure**, including:
  - Drinking Water and Wastewater Treatment Systems;
  - Fire Suppression Systems (if independent of the drinking water system);
  - Streets, Roads, and Street Lights;
  - Airports; and
  - Public Grounds and Buildings.
- Priority is given to Drinking, Wastewater Treatment, and Fire Suppression systems. **HOWEVER**, a city may select other projects and provide rationale.
- Eligible Entities are required to contribute a cash match equal to 25% of the total project cost.
  - Local Cash Match is defined as revenue generated by the local government, including via its tax system. Cannot include in-kind services. CANNOT use other grant funds as match.

## Project Identification Process

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- **Applications shall be solicited and accepted by December 31st, 2023.**
  - City Department Heads were sent a memo on November 27<sup>th</sup>, 2023 summarizing the Act and requesting project proposals and supporting information be submitted by December 15<sup>th</sup>, 2023.
  - 23 projects totaling approximately \$8.4 million were submitted from seven departments.
- **A public hearing on the applications shall be held;**
  - Pending this evening's discussion, a public hearing will be held on the March 5<sup>th</sup>, 2024 Regular Meeting.
- **A recommendation for funding must be prepared and "reasonable efforts" be made to transmit that list to the Montana Department of Commerce by March 30<sup>th</sup>, 2024.**

## Recommendation Criteria

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Projects were reviewed with three primary factors in mind:

- **Was the project previously selected for funding?**
- **What other funding opportunities are available for the project?**
- **What is the proposed source of matching funds?**

## Recommended Proposals

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Proposed List of Projects in Priority Order

1. **Great Falls Police Department Front Counter Remodel** - \$85,000 Total Project Cost, \$21,250.00 Required Match from the Police Special Revenue Fund;
2. **Civic Center Elevator** - \$120,000.00 Total Project Cost, \$40,000.00 Total Match Required from the City General Fund;
3. **Mansfield Theater Seating Replacement** - \$650,000.00 Total Project Cost, \$162,500.00 Match Required from City General Fund;
4. **Animal Shelter Canine Housing Improvements** - \$96,650.00 Total Project Cost, \$24,162.00 from H.U.G. (Help Us Grow Capital Campaign);

## Recommended Proposals (Cont.)

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5. **Animal Shelter Main Exterior Door Repairs** - \$11,000.00 Total Project Cost, \$2,750.00 Match Required from H.U.G. (Help Us Grow Capital Campaign);
6. **Animal Shelter Kitchen Repairs** - \$7,000.00 Total Project Cost, \$1,750.00 Match Required from H.U.G. (Help Us Grow Capital Campaign);
7. **Parks and Recreation Visitor Center Parking Lot** - \$40,000.00 Total Project Cost, \$10,000.00 Match Required from Park Special Revenue Fund (Total SLIPA remaining to allocate to project - \$28,223.50 the balance will be taken from the Park Special Revenue Fund).



## Next Steps

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- Pending Commission Approval – Place Public Hearing on March 5<sup>th</sup>, 2024 Commission Regular Meeting Agenda and Post Notice;
- Pending Public Hearing – Submit required paperwork to the Montana Department of Commerce by March 30<sup>th</sup>, 2024.



## Internal Memo

**Date:** February 8<sup>th</sup>, 2024

**To:** Mayor Reeves and the Great Falls City Commission

**From:** Tom Hazen, Finance Department, Grants and Program Administrator,

**Re:** HB 355 - State-Local Infrastructure Partnership Act (SLIPA)

### House Bill 355 Summary

The Montana State Legislature enacted the State-Local Infrastructure Partnership Act of 2023 (“SLIPA”) through House Bill 355. This act authorized a \$20 million allocation to the Montana Department of Commerce (Commerce) to be distributed to local governments via formula. The City of Great Falls has been allocated \$755,461. The Montana League of Cities and Towns (the League) held a Zoom meeting on Monday November 6, 2023 to present key facts relevant to the funding. The key items of discussion were:

- **Eligible Projects** – SLIPA funds may be used to repair or maintain existing local government infrastructure. Projects may be selected from drinking water, wastewater, streets, roads, bridges, landfills, street lights, public grounds, and public buildings. The language of the act places priority on drinking and waste water projects. However, Commerce and the League state that this preference does not reflect a mandate. A Government with existing drinking and/or wastewater projects does not have to select those projects for funding. A selection from another category may supplant those but the City should be prepared to offer justification as to why that choice was made. It did not appear that there would be a high level of scrutiny applied.
- **Match** – City’s must commit a 25% match to the **total project cost**. This match must be comprised of local cash. Local Cash is considered “revenue generated by local government, including via its tax system.” In short, the City cannot use grant funds to satisfy the match requirement.
- **Application Submission Process** – There is a three step process to acquire these funds:
  1. The City must “solicit and accept” applications by **December 31<sup>st</sup>, 2023**. Essentially this means that the City must have a discussion with Department Heads that announces the availability of the funds, what projects are eligible, and then collect a list of proposed projects from each department. There are no formal requirements for documentation of this process. However, Commerce recommends that cities record activities to be able to demonstrate compliance.
  2. The City must hold a public hearing on the applications received. Based on the applications and information received at the hearing the Commission will prepare a recommendation for funding in priority order.
  3. The City must “make reasonable efforts to transmit the recommendation to Commerce by March 30, 2024”. Commerce will evaluate for compliance with HB 355 and issue notice to the applicant within 45 days of application receipt.
- **Timeline** – All projects must be under contract with a general contractor or vendor by December 31, 2024. All SLIPA projects must be completed by December 31, 2027.



### **Internal Submission Process**

There are no formal documentation requirements to the mandate that the City “solicit and accept” applications before December 31<sup>st</sup>. Commerce recommended that solicitation could be satisfied simply by “having a discussion” with department heads. Simultaneously, Commerce suggested that Cities record and be prepared to demonstrate compliance with the deadlines if so required. In order to make sure that all bases were covered; a memo summarizing the Act, a request for submissions, and a requirement that projects be submitted by December 15<sup>th</sup> was distributed to department heads (attached). Projects were submitted by email.

Twenty-three projects totaling nearly \$8.4 million were submitted for consideration. All of the applications were collected into one spreadsheet and reviewed for eligibility. This information will be presented to the Commission along with a funding recommendation at the February 20<sup>th</sup>, 2024 Work Session. Pending Commission approval, this recommendation will be submitted and reviewed in a Public Hearing held at the March 5<sup>th</sup>, 2024 Commission Meeting. If approved at that hearing the recommendation would be submitted to the Dept. of Commerce.

### **Recommendation**

Projects were reviewed with three factors in mind:

1. **Was the project previously selected for funding?** Several projects were previously identified for ARPA funding, but were eliminated from active projects when other costs increased. If such projects were submitted, they were identified as a priority for this funding.
2. **What other funding opportunities are available for the project?** Some City Departments and project types have limited access to federal or state grant funds. Projects or Departments that, for one reason or another, have limited access to funding were given weighted consideration.
3. **What is the proposed source of matching funds?** Finally, all Departments were asked to provide a proposed source for the required match. Match proposals that did not require General Fund utilization were given weighted consideration.

With these factors in mind, Staff is recommending the following projects for funding:

- **Great Falls Police Department Front Counter Remodel - \$85,000.00 Total Project Cost, \$23,250.00 Match Required, Proposed Match from Police Special Revenue Fund** – Remodel of the front counter area with bulletproof glass and other increased security measures. This project was one of the original Tier One projects selected for ARPA use. Development of the project was paused when other project costs increased.
- **Civic Center Elevator - \$120,000.00 Total Project Cost, \$40,000.00 Match Required, Proposed Match from General Fund** – Replace hoist, motor, electrical system, and address code compliance. This project was one of the original Tier One projects selected for ARPA use. The Elevator upgrade was paused when other project budgets increased. The transition of the Municipal Court from the basement to the third floor significantly increases the need for this project.
- **Mansfield Theater Seat Replacement - \$650,000.00 Total Project Cost, \$162,500.00 Match Required, Proposed Match from General Fund** – Replacement of auditorium seating installed



P.O. Box 5021, 59403-5021

in 1938 with newer more comfortable seats that still maintain historic character. This project was identified as a potential priority use of ARPA funds in 2022. The previous Commission elected to wait until the City received notification of the result of an application for the Montana Historic Preservation Grant application (the City was awarded \$250k through that program). Ultimately, the City listed this among “Tier 2” of ARPA projects. Tier 2 was comprised of projects that would be considered priorities if ARPA funds remained.

- **Animal Shelter Canine Housing Improvements - \$96,650.00 Total Project Cost, \$24,162.50 Required Match, Proposed Match from H.U.G. (Help Us Grow Capital Campaign)** – Reseal concrete and block surfaces which will protect them from water corrosion and bacterial growth. The animal shelter has a long list of capital improvement projects that all require immediate attention. Funding opportunities for animal shelters are extremely limited. The Shelter will leverage SLIPA with donation funds in order to negate the impact to the City General Fund.
- **Animal Shelter Main Exterior Door Repairs - \$11,000.00 Total Project Cost, \$2,750.00 Match Required, Proposed Match from H.U.G. (Help Us Grow Capital Campaign)** – The Front Entry door has become corroded and will not seal properly against the elements. This project will repair the door, frame, and side light.
- **Animal Shelter Kitchen Repairs - \$7,000.00 Total Project Cost, \$1,750.00 Match Required, Proposed Match from H.U.G. (Help Us Grow Capital Campaign)** – Remove and install new cabinets and countertops.
- **Parks and Recreation Visitor Center Parking Lot - \$40,000.00 Total Project Cost, \$10,000.00 Match Required, Proposed Match from Park Special Revenue Fund – (NOTE: This project is will receive \$28,223.50 from SLIPA)** - The parking lot at the visitor center needs a mill and overlay along with parking stall painting. Costs will be offset by the Park Special Revenue funds.

This information will be presented to the Commission at the February 20<sup>th</sup> Work Session. If the Commission approves this recommendation a Public Hearing will be held at the March 5<sup>th</sup> Regular City Commission Meeting to review and approve a final recommendation which will be sent to the State.

I welcome the opportunity to answer any questions or address any concerns.

Thank you,

Thomas Hazen



Department	Project Name	Description	Cost Estimate	Begin Date to End Date	Proposed Match Source
Animal Shelter	Canine Housing	Protect all block and concrete surfaces from water corrosion, prevent bacterial growth by resealing all concrete and block surfaces including metal grates in canine housing area.	\$96,650.00	24-Jan	H.U.G.
	Interior Doors	Remove and replace corroded mech and laundry room doors.	\$19,000.00	24-Jan	H.U.G.
	Main External Door	Removal and replacement of Front Entry Door and Sidelight. The door has become corroded and dilapidated due to age.	\$11,000.00	24-Jan	H.U.G.
	Lobby Area Window Repairs	Remove and replace 6 windows in the lobby area that leak and are no longer secure.	\$11,000.00	24-Jun	H.U.G.
	Internal Main Entry Doorway	Remove and replace corroded interior door.	\$11,000.00	24-Jan	H.U.G.
	Kitchen Repairs	Remove and replace deteriorating countertops and cabinets in the kitchen area.	\$7,000.00	24-Feb	H.U.G.
	Exterior Façade Maintenance	Spot repairs to old and chipping exterior paint.	\$1,700.00	24-Jun	H.U.G.
Civic Center	Convention Center HVAC	Install a modern cooling system. The Convention Center only has a swamp cooler system. Only 50% of the current inefficient system is working.	\$1,000,000.00	Summer 2025	City Budget
	Theater Seats	Replace 1780 seats but retain the original row endcaps. Theater seats were last refurbished in 1997. They are uncomfortable and too small for today's patron. Wider aisle's would also be included in the project	\$650,000.00	Summer 2025	City Budget
	Convention Center Lighting	Install new light fixtures and energy efficient ligths. It takes 38,000 watts of energy to power the current lighting system. New lights would save energy and improve the look of the facility.	\$125,000.00	Summer 2025	City Budget
	Convention Center Walls	Replace acoustic panels and repaint the Convention Center. The walls are original 1989 remodel. They have an outdated color scheme and damage from years of use.	\$100,000.00	Summer 2025	City Budget
	Civic Center Elevator	Replace and upgrade elevator mechanical systems. Useage is expected to increase with new court rooms being built upstairs.	\$120,000.00	Anytime	City Budget
GFFR	Façade Renovation	Repair/replace spalling bricks, acid wash and seal exterior brick/concrete at all 4 fire stations	\$100,000	Summer 2024 1-2 months	General fund
Information Technology	Uninterruptible Power Supply (UPS)	Our current UPS system is 17 years old with a life span of 10. A replacement is need to ensure IT operations during power failures	\$100,000	RFP 1/1/24, Start 3/1/24, NLT 6/30/24	We setup aside \$30,000 previsouly
Parks and Recreation	Anaconda Golf Course Drive	The drive to the clubhouse at Anaconda Golf Course needs a mill and overlay.	\$65,000	Spring 2024-Spring 2024	Golf Course Budget
	Visitor Center parking lot	The parking lot at the visitor center needs a mill and overlay along with parking stall painting.	\$40,000	Spring 2024-Spring 2024	Park Special Revenue

Department	Project Name	Description	Cost Estimate	Begin Date to End Date	Proposed Match Source
Police	Police Department Front Counter Remodel	The proposal is to remodel the front counter area, adding safety measures with bullet resistant glass, re-enforced walls, new interior counters and cabinets. Project will require demolition of existing area in phases with temporary walls installed during the build out.	\$85,000.00	Once materials are obtained, it is expected to have the project complete within 45 days. Project completion should be no later than December 2025.	Police Department Building Maintenance Budget
Public Works Engineering	WTP Head House Floor	Head house floor is failing which could result in failure of the water treatment plant	\$ 2,000,000.00	Summer 2024 Design - Summer 2025	Water Utility Funds
	WTP Corrosion Protection Upgrades	New EPA Lead Rule will require upgrades at the WTP to protect lead lines from corrosion	\$ 400,000.00	Summer 2024 Design - Summer 2025	Water Utility Funds
	LS# 1 Electrical Upgrades Alt#1	Upgrade original electrical service and components to modern standards	\$ 1,196,220.00	Summer 2024 - Winter 2025	Sanitary Sewer Funds
	LS# 1 Electrical Upgrades Alt #2	Upgrade original electrical service and components to modern standards	\$ 528,480.00	Summer 2024 - Winter 2026	Sanitary Sewer Funds
	LS# 1 Electrical Upgrades Alt #3	Upgrade original electrical service and components to modern standards	\$ 228,480.00	Summer 2024 - Winter 2027	Sanitary Sewer Funds
	Upgrades at Electric City Water Park LS	Improvements to the lift station to support the new kids splash pad	\$ 1,500,000.00	Winter 2023 Design - Spring 2024	Sewer Utility Funds

# Great Falls Storm Drain Utility Rate Study Overview



February 2024

## Agenda

- Background
- Rate Study Purpose and Process
- Storm Drain Master Plan and Rate Study
- Rate Restructure Evaluation
- Next Steps

## Background: Storm Drain Utility

- **The City's Stormwater Management Program is responsible for managing storm water runoff, snow melt runoff, and surface runoff and drainage.**
- **Utility services and programs include:**
  - » Operation and maintenance of stormwater catch basins, grates, inlets, and pipes
  - » Construction site stormwater management
  - » Illicit discharge inspection and reporting
  - » Community education and engagement
  - » Pollution prevention
- **Storm drain utility is an enterprise fund similar to other City utilities**
  - » Not funded by taxes
  - » Services supported by rates assessed to residential and non-residential customers

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## Background: Storm Drain Rates








- **First rate study for City's storm drain utility; rate study performed for water and sewer utilities in 2018.**
- **Storm Drain customer bill includes two components: fixed monthly rate and variable rate based on parcel size and land use category.**
  - » FY 2023 Average Single-Family Residential Monthly Bill: \$7.26
- **City historically adjusts storm drain rates on an annual basis.**
  - » Rates held steady FY2020 through FY2022 in response to COVID-19.
  - » Five-year rate adjustment history:

FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
5%	0%	0%	0%	10%

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## Rate Study Objectives

-  Maintain the long-term health and integrity of utility system
-  Quantify policies, priorities, and initiatives
-  Tell the “true” cost of providing service
-  Track cost information
-  Evaluate cost equity based on customer class demand
-  Communicate financial decisions and their impact
-  Management tool

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## Rate Study Methodology

Industry standard for utility rate setting includes three key steps:

- 1

**Revenue Requirement:** Total amount of money the City must collect to pay expenditures to provide services while also meeting its financial requirements (e.g., debt service, financial reserves)
- 2

**Cost of Service:** The equitable allocation of the revenue requirement to the City's customer classes (e.g., single-family residential, commercial) in proportion to the demands they place on the system.
- 3

**Rate Design:** A rate structure (fixed and variable charges) assessed to customers that will generate sufficient revenue, be reasonably commensurate with the cost to provide service, and support non-financial objectives.

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## Revenue Requirement Analysis

- **Determine the amount of annual revenue necessary to fund all utility financial obligations on a standalone basis**
  - » Operating expenses
  - » Debt service (principal & interest)
  - » Capital costs and funding approach
- **Meet financial parameters and targets**
  - » Target debt service coverage ratios
  - » Maintain target reserve balances
- **Evaluate revenue sufficiency over a multi-year period**
- **Develop rate plan to balance financial needs and minimize customer impacts**

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## Financial Policies for Consideration

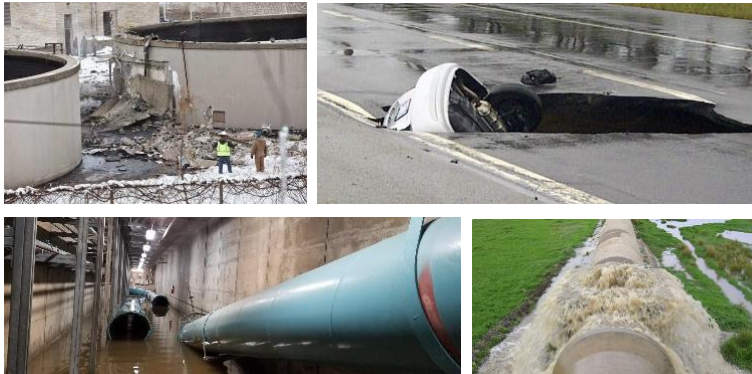
	Purpose	Target
<b>Operating Fund Balance</b>	Accommodate difference in revenue and expense cycles	30 to 60 days of O&M expenses FY 2024 Target: \$100,000 to \$200,000
<b>Capital Fund Balance</b>	To provide funding for emergency repairs, unanticipated capital, and project cost overruns.	As a practice, City budgets for \$100,000 to \$200,000 per year in unscheduled development projects in capital program
<b>System Reinvestment Funding</b>	Promote ongoing system integrity through reinvestment in the system.	To be discussed

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## System Reinvestment Funding (SRF)

- Utilities must build, maintain, and replace infrastructure
- Long lived assets require long-term management
  - » Operational management: condition assessments & maintenance
  - » Financial management: saving money for repair and replacement

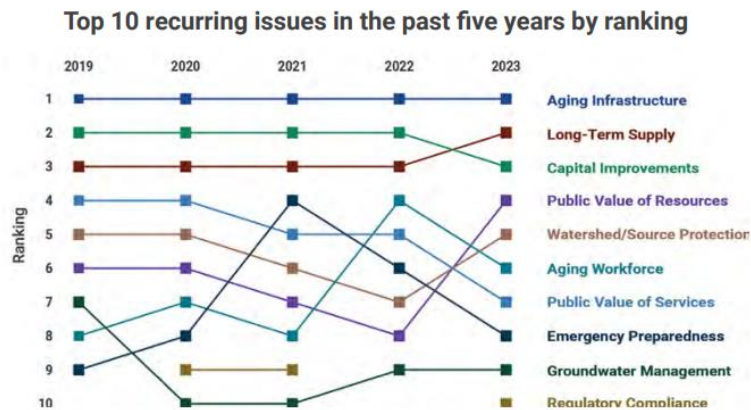


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## System Reinvestment Funding

- According to the American Water Works Association (AWWA), repairing and replacing aging infrastructure is and has been the top issue facing water resource utilities

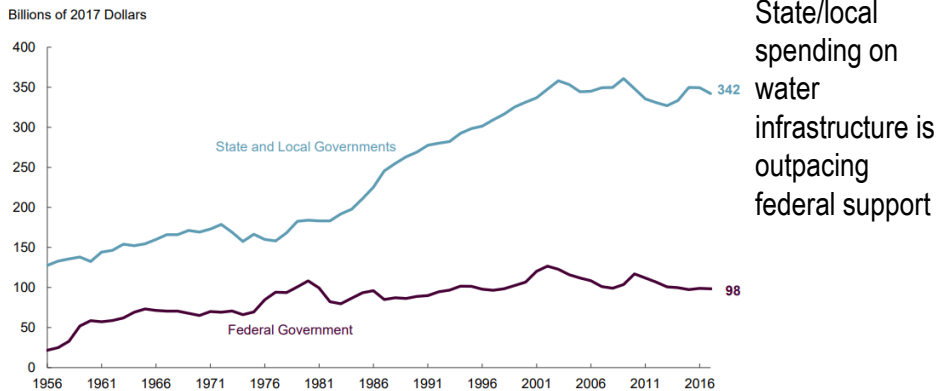


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## **Local Government Infrastructure Spending**

### **Public Spending on Transportation and Water Infrastructure, by Level of Government, 1956 to 2017**



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Source: Congressional Budget Office (2022)

Slide 11

## **Proactive System Reinvestment Funding Plan Needed**

- **Rate Funded System Reinvestment Funding – what is it?**
  - » An annual cash contribution from current rate revenue
  - » Pays for same-year repair & replacement projects... or
  - » Saved for future capital projects
- **Policy Targets – how much do we need?**
  - » Original or replacement cost annual depreciation
  - » Average annual repair & replacement projects
  - » Asset management plan

**Build 'System Reinvestment Funding' into annual revenue needs**

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## Summary of Revenue Requirements

**Adequacy of Existing Rate Revenue to Meet Revenue Requirements**

	Storm Drain Utility
Operating and Maintenance Expenses	●
Existing Debt Service	●
Financial Reserves	◐
Capital Reserves	To be determined
Capital Improvement Plan	To be determined
System Reinvestment Funding	◐

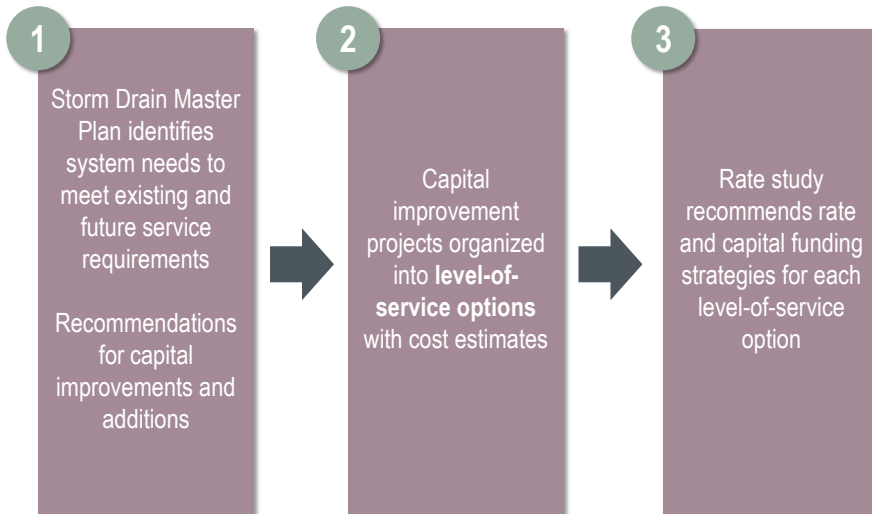
**Legend**

- = Meets current and future requirements
- ◐ = Meets current requirements; insufficient for future requirements
- = Does not meet current or future requirements

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## Storm Drain Master Plan and Rate Study



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Slide 14

## Rate Restructure Evaluation

- Rate study to evaluate potential options to improve cost equity between storm drain customers
- Rate study to estimate and allocate share of utility costs that are:

**Base**

*Cost components that generally do not change as a function of volume/treatment requirements of run-off from customer property (e.g., outreach, education, administration)*



Potential cost basis for fixed charge

**Use**

*Cost components that are influenced by the volume/treatment requirements of run-off from customer property (e.g., facility maintenance, decant operations)*



Potential cost basis for variable charge and/or on-site mitigation credits

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Slide 15

## Rate Restructure Evaluation

- Rate study will also explore impacts of assessing storm drain rates on the basis of impervious surface area in lieu of land use category.
  - » Impervious surface refers to land that is covered by features that cannot absorb water (e.g., concrete, asphalt and building footprint).
  - » Impervious surface area is a widely accepted and appropriate measure of a property's contribution to run-off.
- Impervious surface area data are being gathered as part of master plan
- Transition to impervious surface-based rates would take into consideration
  - » Impacts to customer bills relative to existing rate structure
  - » City billing system capabilities
  - » City commission direction

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## Wrap Up and Next Steps

- Rate study to determine overall revenue needs to fully fund storm drain utility on a sustainable and independent basis
- Storm drain master plan to provide foundation for capital funding and rate scenarios for Commission consideration
- Rate study to evaluate potential impacts of restructuring rates
- Preliminary review of revenue requirements: Summer 2024

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Slide 17

Thank you!

Questions?

[www.fcsgroup.com](http://www.fcsgroup.com)