

Options for Improving Red Lodge's General Fund - Public Presentation



Prepared for Red Lodge residents & City Council
Prepared by: Council Admin Committee
November 2023



Purpose of this Presentation

- General overview of some basics to put the budget in context
- Admin Committee's description of the need & timeliness
- Brief summary of a few possible courses of action
- Outline of current Admin Committee recommendations, including likely next steps

Definition & Purpose of City Annual Budget

A **budget** is the plan of expenditures and revenues approved and authorized by the annual budget resolution of the governing body to meet the essential public safety, public health and public wellbeing needs of the city/town or county during a specific fiscal year. The **budget** is our clearest expression of community values and priorities

The **Purposes** of the Annual Budget are to:

- Fund the Programs and Projects that the Policy Making Body Determines should be Funded
 - Indicates the priorities of the Government
- Form the Basis of Taxes and Charges
- Establish Legal Spending Limits
- Guide Staff Operations
- Assist in Preventing Financial Crisis

City & Town Budgets

Each year, our budget is set by the state using this basic formula:

This Year's Property Tax Budget = Total amount of tax revenue collected from the previous year + half of the average rate of inflation for the previous three years (MCA 15-10-420)

What does this mean?

Crucially, our budget **DOES NOT GROW** at pace with inflation on its own



Relationship Between Property Values and Mills

Since mills are calculated using both the budgetary request (numerator) and property values (denominator), increasing property values do not correspond to proportionally higher tax bills, nor do they correspond to proportionally higher revenues for the City.

Montana Department of Revenue hosted public meetings (in every county) in July to explain assessment notices and property taxes.



Red Lodge Compared with Surrounding Towns

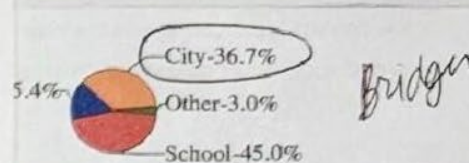
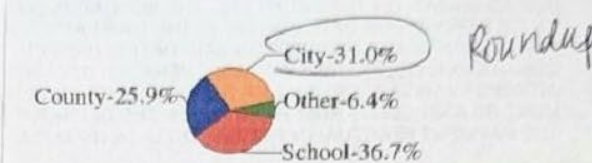
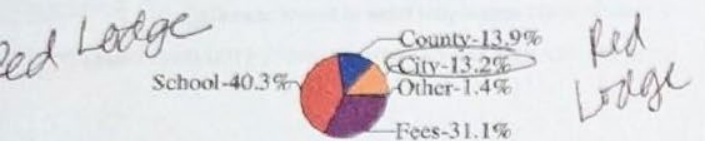
CITY OF RED LODGE	13.24 %	\$195.09	85.980
Total City	13.24 %	\$195.09	85.980

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Health L	1.21 %	\$0.27	5.340
Shell C	0.49 %	\$0.11	2.100
ict	4.48 %	\$1.00	20.000
	6.40 %	\$1.43	28.440
	100.00 %	\$22.33	446.530

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	1.53 %	\$25.12	9.000
	2.96 %	\$48.77	17.470
	100.00 %	\$1,643.95	589.020



RETURN THIS STUB WITH 2ND PAYMENT TO COUNTY TREASURER

1078700 **Total if both halves paid:** 1473.31



Name

RED LODGE MILLS: 85.98

Due 05/31/24

\$736.65

2nd

Return this stub with payment to:
LORI LYNDE, TREASURER
PO BOX 828
RED LODGE, MT 59068

IN THIS STUB WITH 2ND PAYMENT TO COUNTY TREASURER

0600000 **Total if both halves paid:** 22.33



ne

ROUNDUP MILLS: 138.38

05/31/24

\$11.16

2nd

Return this stub with payment to:
SSEL SHELL COUNTY TREASURER
MAIN STREET
JNDUP, MT 59072

WITH 2ND PAYMENT TO COUNTY TREASURER

Total if both halves paid: 1643.95



BRIDGER MILLS: 216.

\$621.96

2nd

Return this stub with payment to:
TREASURER
T 59068

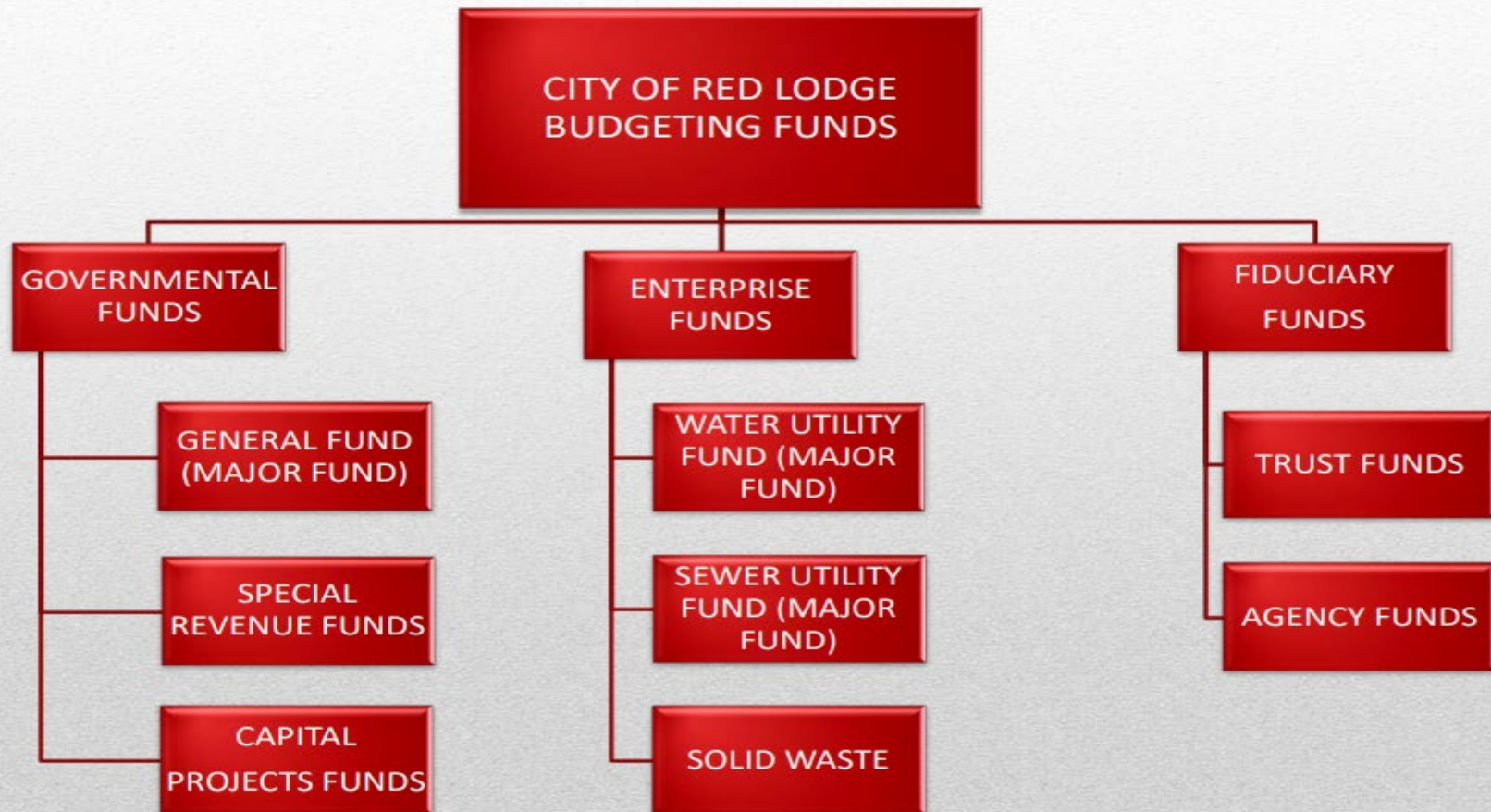
14.9%

Red Lodge City General Fund buying power has decreased by 14.9% from 2015

Total inflation since 2015 = 29.8% (Bureau of Labor Statistics CPI)



Budget Fund Structure



GENERAL FUND

A fund used to account for the ordinary operations of a local government which are financed with property taxes, and other non-tax general revenues and not accounted for in another governmental fund

GENERAL FUND

Revenues

- Property Taxes
- Entitlement Share
- Court Fines
- Business Registrations
- Animal Licenses
- Charges for parks, recreation, library, police services

Reserve

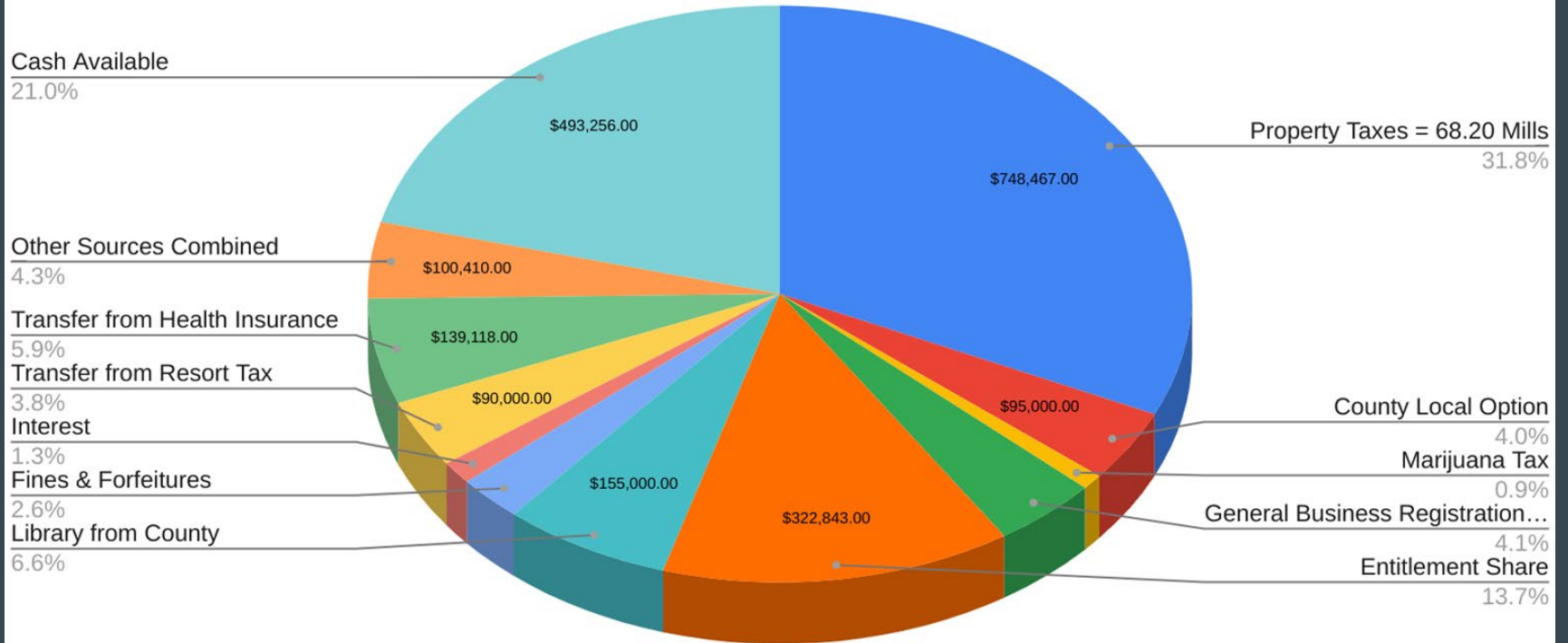
- Policy Decision. No statutory requirement

Services Provided

- Public Safety
 - Law Enforcement
 - Fire Protection
- Public Works
 - Streets
- Parks and Recreation
- Library
- General Government

General Fund Income Sources

Total Non-Tax Revenue + Tax Revenue + Cash Available = \$2,350,544*

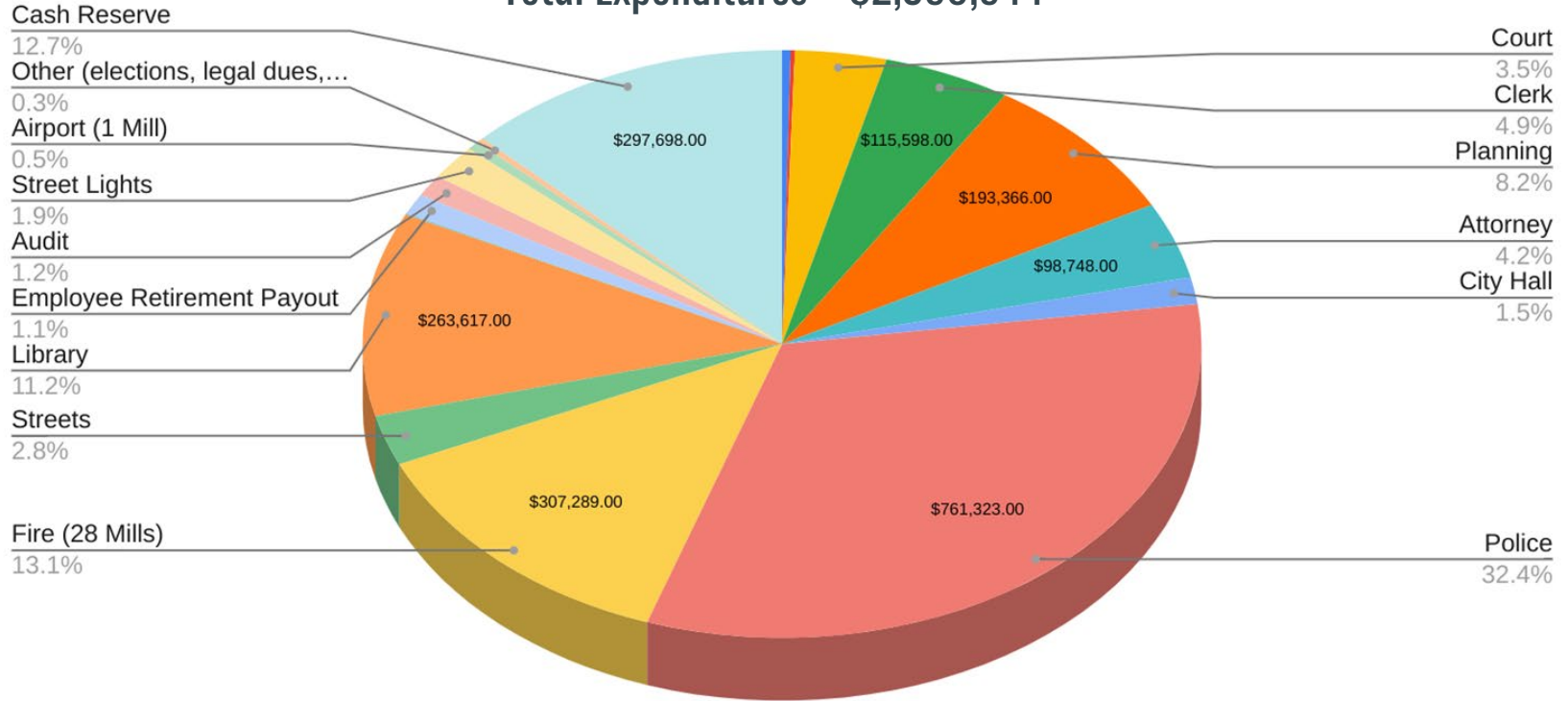


*Cells F11 + G11 + I11

https://www.cityofredlodge.net/sites/default/files/fileattachments/administrative_services/page/11872/final_taxes_fy_2023-2024.pdf

General Fund Expenditures

Total Expenditures = \$2,350,544*



https://www.cityofredlodge.net/sites/default/files/fileattachments/administrative_services/page/11872/final_budget_23-24_8-22-23.pdf

*Cells C11 + D11:

https://www.cityofredlodge.net/sites/default/files/fileattachments/administrative_services/page/11872/final_taxes_fy_2023-2024.pdf



Description of the Need and Urgency

NEED

- Cannot provide competitive wages for law enforcement / city staff
- Losing money training new personnel only to have them leave the community for better pay
- Community asking for code enforcement officer (added capacity requires additional funds)
- Mills based earmarking (inc. Fire) takes an ever-increasing slice of the GF pie
- Anticipated cost increases for electricity

URGENCY

- Unions urging City to address wages ASAP to avoid strike
- Ongoing problem
- As our community grows, residents growing impatient with lack of capacity to address code violations
- e.g. Fire= \$230,000 last yr, \$307,289 this yr
- NWE: \$142K in 2020 - \$176K in 2023
- Department heads start negotiating budgets in January for 2024 - 2025 fiscal year



Possible Courses of Action

- Do nothing
- Create a public safety district via resolution
- Generate a ballot initiative to create a public safety mill levy - not subject to mill caps (November 2024)
- Generate a ballot initiative to create a public safety district (November 2024)
- Annex the City of Red Lodge into the current Fire District - property owners petition
- Re-negotiate for fire services to be provided based on \$\$ with inflation increase, rather than set mills
- Identify possible resort tax deferrals for fire department
- Review budget allocations that are mills based to explore possible cost-saving options

** Note about pursuit of grant funding - grants are excellent resources to leverage tax dollars, but are poor tools to provide sustainable and consistent funding, particularly for general fund needs. They are not long-term solutions to our general fund shortfalls.

Recommendations of Admin Committee

- Generate a ballot initiative to create a public safety district (November 2024)
- Annex the City of Red Lodge into the current Fire District - via petition
- Re-negotiate for fire services to be provided with some capital expenses moved to resort tax
- Review budget allocations that are mills based to explore possible cost-saving options

Next Steps

- Admin Committee, along with Public Safety Committee works with City staff and RL Fire & Rescue to negotiate new contract for fire services, makes budget amendment request (Nov 2023 - Feb 2024)
- Public Safety Committee works with City staff and RL Fire & Rescue to pursue annexation into the fire district (Dec 12, 2023 - resolution draft as a first step)
- Admin & Public Safety Committees work with City staff and Union to determine funds needed to fully fund the public safety needs of the city, then develops ballot resolution / language (before June 2024)

Questions or Feedback

This presentation and the previous budget presentation with audit answers are available on the city website: www.cityofredlodge.net/administrative-services/page/budget

Audio recording of this presentation is available on the city website: https://www.cityofredlodge.net/meetings?field_microsite_tid_1=27

Please send all questions and feedback to City Council Representative Jody Ronning:

ronningward3@gmail.com

Your questions & feedback will be shared with all City Council members and become part of the public record

11/27/23
08:18:32

CITY OF RED LODGE
Vendor Summary Query by Date
For checks paid between: 01/01/20 to 11/30/23

Doc #	# of Lines	Claim Date	Accounting Period	Check	Check Date	Amount
Vendor #/Name: 41 NorthWestern Energy						
CL 35020	9	11/03/23	11/23	46152	11/15/23	15,421.57
CL 34930	9	10/04/23	10/23	46061	10/11/23	15,593.43
CL 34845	9	09/05/23	9/23	45976	09/13/23	15,960.07
CL 34769	8	08/01/23	8/23	45899	08/09/23	16,798.93
CL 34716	8	07/07/23	7/23	45846	07/12/23	15,702.57
CL 34590	8	06/06/23	6/23	45721	06/14/23	14,199.90
CL 34519	7	05/04/23	5/23	45649	05/10/23	17,594.79
CL 34469	7	04/07/23	4/23	45600	04/12/23	16,551.39
CL 34408	7	03/07/23	3/23	45538	03/15/23	15,522.28
CL 34347	7	02/06/23	2/23	45477	02/15/23	17,507.95
CL 34279	7	01/04/23	1/23	45411	01/11/23	15,676.25
Total for Year -				23		176,529.13
CL 34195	8	12/05/22	12/22	45325	12/14/22	17,314.67
CL 34121	8	11/02/22	11/22	45250	11/09/22	13,083.37
CL 34047	8	10/06/22	10/22	45176	10/12/22	12,227.08
CL 33962	8	09/07/22	9/22	45090	09/14/22	14,517.93
CL 33883	7	08/02/22	8/22	45012	08/10/22	10,764.97
CL 33936	1	08/05/22	8/22	45065	08/10/22	402.02
CL 33796	7	07/07/22	7/22	44927	07/13/22	12,327.03
CL 33681	7	06/06/22	6/22	44812	06/17/22	11,715.20
CL 33617	7	05/03/22	5/22	44746	05/11/22	12,769.24
CL 33542	7	04/07/22	4/22	44669	04/14/22	12,893.11
CL 33486	7	03/01/22	3/22	44613	03/09/22	11,823.15
CL 33432	7	02/02/22	2/22	44561	02/09/22	13,970.01
CL 33367	7	12/30/21	1/22	44496	01/12/22	9,881.28
Total for Year -				22		153,689.06
CL 33269	7	12/03/21	12/21	44399	12/15/21	12,200.39
CL 33189	7	11/03/21	11/21	44318	11/10/21	11,854.58
CL 33122	7	10/04/21	10/21	44251	10/13/21	11,846.76
CL 33040	7	08/31/21	9/21	44169	09/15/21	11,810.18
CL 32950	7	08/02/21	8/21	44079	08/11/21	13,261.78
CL 32716	7	07/08/21	7/21	43879	07/14/21	11,668.09
CL 32568	7	06/01/21	6/21	43722	06/09/21	12,077.95
CL 32503	7	05/06/21	5/21	43639	05/12/21	13,486.45
CL 32432	7	04/06/21	4/21	43567	04/14/21	14,049.41
CL 32357	7	03/03/21	3/21	43494	03/10/21	11,830.20
CL 32288	7	02/03/21	2/21	43426	02/10/21	11,839.70
CL 32198	7	01/06/21	1/21	43333	01/14/21	11,725.73
Total for Year -				21		147,651.22
CL 31914	7	12/02/20	12/20	43065	12/09/20	11,586.81
CL 31790	7	11/05/20	11/20	42946	11/12/20	12,280.89
CL 31683	7	10/01/20	10/20	42836	10/14/20	11,638.79
CL 31619	7	09/01/20	9/20	42772	09/09/20	12,045.63
CL 31546	7	08/03/20	8/20	42700	08/12/20	10,952.69
CL 31475	7	07/09/20	7/20	42629	07/16/20	11,083.42
CL 31379	7	06/04/20	6/20	42532	06/10/20	11,247.30
CL 31319	7	05/04/20	5/20	42472	05/13/20	12,687.55
CL 31269	7	04/07/20	4/20	42422	04/15/20	13,255.35
CL 31195	7	03/05/20	3/20	42348	03/11/20	12,940.81
CL 31126	7	02/07/20	2/20	42280	02/13/20	12,444.82
CL 31036	7	01/09/20	1/20	42190	01/16/20	10,799.44
Total for Year -				20		142,963.50

NorthWestern Energy Data / References

NWE Energy Rate Hike:

https://billingsgazette.com/news/state/regional/government-politics/northwestern-psgrate-increaseelectricity-inflation/article_844459a0736b11e83af87a7c8da2064.html

<https://montanafreepress.org/2023/10/25/public-service-commissionapprovesnorthwesternenergyrate-hike/>



CITY OF
red lodge
MONTANA