City of Sidney, MT
Budget and Finance Committee Meeting
July 14, 2026 5:30 PM
115 2nd Street SE |Sidney, MT 59270

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1. Call to Order

   Chair Christensen called the Budget and Finance Committee Meeting to order at 5:30pm.

2. Pledge of Allegiance

   The Pledge of Allegiance was stated by all present.

3. Roll Call

   Committee Members Present:

   City Officials/ Staff Present:

   Committee Members Present: Christensen, Buxbaum, DiFonzo
   Others Present: Mayor Norby, PWD Hintz, Interim Clerk/Treasurer Lange and Interim CAO Chamberlin

4. Correction or Approval of Minutes

   a. June 9th, 2026 Meeting Minutes

5. Public Comment/ Visitors

   Your opportunity for the public to address the Council on items not included on the agenda, no action will be taken during this time.

   Ryan Graff (AE2S Nexus) via Zoom

6. Monthly Reports

   a. July 2026 Treasurer's Report

      Interim Clerk/Treasurer Lange presented her monthly Treasurer's Report. She reported that staff continues to focus heavily on year-end financial activities and development of the FY2026-2027 budget. Employee handbooks have been printed and distributed to City employees, with signed acknowledgements continuing to be collected and tracked. She also reported attending a Montana State Fund safety workshop focused on general workplace safety topics and noted City Hall remains busy with seasonal activity, including pool admissions, building permits, and completion of annual alcohol license renewals.

Committee members inquired about swimming pool attendance. Interim Clerk/Treasurer Lange stated pool pass sales appear comparable to previous years; however, attendance during the recent period of extreme heat had been exceptionally strong, with approximately 170 patrons attending on one weekend day alone. Members noted the increased community use of the facility during periods of high temperatures.

7. New Business

a. Impact Fee Study for Water, Sewer, Streets and Parks

Ryan Graff of AE2S Nexus presented the completed Impact Fee Study for the City's water and wastewater systems and provided an overview of the methodology used to calculate recommended impact fees. Mr. Graff explained the study evaluates three primary components: the value of the City's existing infrastructure, available cash equity within each utility, and planned capital improvements directly attributable to future growth. He explained that the purpose of impact fees is to ensure new development pays an equitable share of the infrastructure necessary to serve that growth without shifting those costs onto existing utility customers.

Mr. Graff reviewed the recommended water impact fee calculation, noting the analysis incorporated the replacement value of the City's water distribution system, vertical infrastructure, available utility reserves, outstanding debt, and existing system capacity. He explained the updated methodology reflects current replacement costs and recommends simplifying the City's fee schedule by basing residential and commercial impact fees solely on water meter size rather than the current combination of dwelling units and meter sizes. Staff noted the recommended methodology is more consistent with current industry practices and provides a simpler, more equitable approach for future development.

The Committee discussed the existing fee structure and questioned how various types of development, including hotels and multi-family housing, would be affected by the proposed changes. Mr. Graff explained meter size more accurately reflects actual system demand than the existing classifications and provides a more standardized method of assessing impact fees across all development types.

Mr. Graff then reviewed the wastewater impact fee analysis. He explained the City's wastewater impact fee recommendation is significantly lower than the water fee due primarily to the City's existing debt obligations, which reduce the amount of equity new development is required to buy into. Planned growth-related capital improvements, including the proposed Ninth Street sewer extension, were incorporated into the analysis where appropriate. Similar to the water utility, staff recommended transitioning wastewater impact fees to a meter-size-based schedule.

Mr. Graff further explained recent changes to Montana law significantly restrict the types of facilities eligible for impact fee funding. Based upon those statutory changes, AE2S recommends the City discontinue both its Street Equipment Impact Fee and Park Impact Fee programs, as those categories no longer appear to qualify under current law. He encouraged the City to confirm the legal interpretation with the City Attorney prior to final adoption.

Interim CAO Chamberlin presented additional information illustrating how the proposed fee recommendations would have affected actual building permits issued during the previous two years. She explained the updated recommendations would have modestly increased total water impact fee collections while substantially reducing wastewater impact fee revenues. She also emphasized that impact fees may only be used for growth-related capital improvements and cannot be used for routine maintenance or replacement of existing infrastructure. Committee members discussed how that limitation reduces local flexibility in addressing community infrastructure needs.

A lengthy policy discussion followed regarding the role of impact fees in supporting future growth while maintaining affordability for new development. Several committee members expressed concern that higher impact fees may discourage residential construction or place additional financial burdens on individual homeowners constructing single-family residences. Members noted the City has historically experienced modest, incremental growth rather than large-scale subdivision development, making affordability an important consideration when evaluating future fee levels. The Committee generally expressed support for maintaining the City's ability to encourage responsible development while ensuring future infrastructure costs remain equitable for existing taxpayers.

The Committee also discussed the advantages of maintaining greater local control over infrastructure funding through utility hookup and connection fees rather than relying exclusively on regulated impact fees. Interim CAO Chamberlin explained hookup fees provide the City with greater flexibility because they may be used with the City Council's discretion and may be adjusted or waived by the City Council when appropriate, whereas state law provides little discretion once impact fees are adopted. Members discussed the possibility of shifting a portion of future infrastructure funding from impact fees to hookup fees, allowing the City to retain greater flexibility while continuing to ensure new development contributes toward system improvements.

Committee members further discussed the City's long-term infrastructure capacity. PWD Hintz explained the wastewater treatment system currently has sufficient capacity to accommodate anticipated future growth. He noted the primary water system concern involves the existing 200,000-gallon elevated storage tank serving the northern portion of the community, which will ultimately require replacement with a larger tank to support continued expansion in that service area. Interim CAO Chamberlin added that the water treatment plant currently operates using two of its three filters and retains capacity to install an additional filter in the future, providing adequate treatment capacity for anticipated growth. Members agreed continued planning for future water storage improvements remains an important long-term priority.

Following discussion, Interim CAO Chamberlin recommended postponing any action on the proposed impact fee updates until staff has an opportunity to evaluate potential adjustments to the City's utility hookup and connection fees. She explained reviewing all three funding mechanisms together would provide the Committee with a more complete understanding of future infrastructure funding options before making a recommendation to the City Council.

b. FY2026-27 Preliminary Budget Review

Interim CAO Chamberlin presented a preliminary overview of the proposed FY2026-2027 budget, emphasizing that the budget remains in draft form until the City receives its certified taxable valuation from the Montana Department of Revenue in early August. She explained the Committee's review was intended to familiarize members with the overall financial position of the City and highlight significant budget assumptions, anticipated capital projects, and policy decisions prior to final budget adoption.

General Fund

Interim CAO Chamberlin reviewed the preliminary General Fund budget, explaining projected expenditures currently exceed anticipated revenues due primarily to several strategic one-time investments funded through existing cash reserves. She reminded the Committee that Montana law limits the amount of unrestricted General Fund cash a municipality may carry forward and explained staff intentionally plans expenditures to maintain compliance with those statutory requirements while investing in long-term organizational improvements.

Discussion highlighted several significant proposed expenditures, including strategic capital planning for the Police Department, development of a comprehensive Parks Master Plan, replacement of the Police Department impound lot fence, continued implementation of grant-funded projects, and engineering assistance for long-term equipment replacement planning. Members also discussed the proposed addition of a dedicated Fire Department operating allocation, which would establish an annual budget authority for routine equipment and supply purchases rather than relying on individual requests throughout the year.

Interim CAO Chamberlin further discussed several personnel-related budget considerations, including a proposed salary adjustment for the City Judge following ten years without an increase, adjustments to Municipal Court staffing based upon operational needs, and increased plan review expenditures resulting from the complexity of recent building permits. She emphasized these items remain preliminary and will return for final consideration during the budget adoption process.

Mill Levy Funds and Capital Improvement Planning

The Committee reviewed the City's mill levy accounts and discussed recent legislative changes affecting municipal property tax revenues. Interim CAO Chamberlin explained new legislation now allows municipalities to capture the full annual inflationary increase but limits taxation of new growth to fifty percent. While rapidly growing communities may experience challenges under the new formula, she noted Sidney's more moderate growth pattern is expected to produce a favorable increase in available mill levy capacity once taxable valuations are finalized.

Discussion then turned to the City's Capital Improvement Plan. Interim CAO Chamberlin explained committees have recommended consolidation of several Capital Improvement Plan (CIP) accounts, particularly within the Parks and Streets departments. Combining multiple project-specific savings accounts into broader capital funds will provide greater flexibility in responding to changing project priorities while preserving the City's commitment to long-term infrastructure planning. Members agreed this approach would reduce situations where funds remain unavailable for priority projects simply because they were previously dedicated to another specific improvement.

Committee members also reviewed several major capital initiatives anticipated during the upcoming fiscal year, including continued investment in park improvements, accessibility upgrades at City Hall, rehabilitation of public facilities, police capital planning, and continued accumulation of funds for future infrastructure replacement. Staff reported the Fire Equipment Capital Improvement Fund has now exceeded one million dollars, representing a significant milestone toward eventual replacement of the City's primary fire apparatus while reducing future borrowing needs.

Enterprise Funds

Interim CAO Chamberlin reviewed the City's enterprise funds, including Water, Sewer, and Solid Waste. She emphasized that enterprise funds continue to remain financially stable and are being managed to support long-term infrastructure replacement while minimizing the need for future borrowing.

For the Water Utility, staff explained the current five-year rate plan associated with the Phase IV Water System Improvements project has concluded. Based upon current financial projections, no water rate increase is recommended for FY2026-2027. Staff also noted available water impact fee revenues are expected to assist with the

expanded capacity associated with the new elevated water storage tank.
Discussion then focused on the Sewer Utility. Interim CAO Chamberlin explained the Sewer Fund currently includes expenditures associated with stormwater infrastructure, making it difficult to accurately evaluate sanitary sewer operating costs. Staff reiterated its recommendation to establish a separate Storm Sewer Utility Fund before considering any future sewer rate adjustments. Members agreed separating stormwater expenditures will improve financial transparency and allow future rate decisions to be based upon the actual cost of each utility independently. As a result, no sewer rate increase is recommended at this time pending completion of that accounting transition.

The Committee also reviewed the Solid Waste Fund. Staff explained the budget anticipates ordering a replacement refuse truck during the upcoming fiscal year while continuing to utilize accumulated cash reserves specifically saved for that purpose. Because the City has intentionally planned for this purchase over several years, staff advised no solid waste rate increase is recommended despite the significant capital expenditure. Members expressed support for the City's continued philosophy of saving for major equipment purchases in advance whenever possible.

Throughout the budget discussion, Interim CAO Chamberlin emphasized the proposed budget reflects a continued commitment to responsible financial management, long-term capital planning, and maintaining existing service levels while avoiding unnecessary increases in taxes or utility rates whenever financially feasible. Committee members generally expressed support for the overall budget philosophy and looked forward to reviewing the completed budget after taxable valuations are received in August.

Interim CAO Chamberlin presented a request from Prairie to Peaks seeking financial support from the City. She explained the organization provides regional spay and neutering services that benefit Sidney and surrounding communities. She further stated there is another group, Annie Oakly, who does similar services that could benefit from a donation. Committee members discussed the possibility of transitioning to an application process for any non-profit to apply for each fiscal year and how that could open funding up to other lesser known needs in the community. Following discussion, members expressed general support for continuing the City's partnership with Prairie to Peaks and Annie Oakly but agreed to review the current donations and possibilities until the next budget meeting.

Interim CAO Chamberlin presented information regarding City Detect, an artificial intelligence software platform designed to assist municipal code enforcement and nuisance investigations. She explained the software utilizes publicly available imagery and artificial intelligence to identify potential nuisance violations, allowing staff to prioritize inspections more efficiently while improving consistency in enforcement efforts.Committee members discussed the software's potential benefits, including reducing staff time spent identifying nuisance properties, improving documentation, and assisting the Compliance Officer in managing the City's growing caseload. Members also discussed the importance of ensuring any software utilized by the City

protects individual privacy and serves only as a screening tool rather than replacing staff investigation or professional judgment.
Additional discussion focused on implementation costs, annual subscription fees, and opportunities to evaluate the software before making a long-term commitment.
Committee members recommended a one-year trial period, contingent upon satisfactory reference checks with other municipalities currently utilizing the software and inclusion of the expenditure within the adopted FY2026-2027 budget.
They also expressed support for evaluating innovative technology that may improve operational efficiency while recognizing the importance of verifying performance before committing to a long-term agreement.
Following discussion, motion was made by Alderman DiFonzo and seconded by Alderwoman Buxbaum to recommend approval of a one-year City Detect software trial, contingent upon satisfactory municipal references and final budget approval. Motion carried unanimously.

c. FY2026-27 Preliminary Budget Calendar

Interim CAO Chamberlin reviewed the remaining budget calendar and outlined the next steps in the FY2026-2027 budget process. She explained staff will continue refining the preliminary budget as year-end financial information is finalized and the City receives its certified taxable valuation from the Montana Department of Revenue. Following those updates, the proposed budget will return to the Budget and Finance Committee for final review before being presented to the City Council for consideration and adoption.

8. Unfinished Business

Nothing.

9. Comments and Questions from the Committee

Nothing.

10. Adjournment

The meeting was adjourned at 7:14pm.

[MIN_SIGNATURES]