

City Council Regular

Date: 06/12/2023
Title: Public Hearing and Resolution FY24 Budget Adoption
Presented by: Andy Zoeller, Finance Director
Department: Finance
Presentation: Yes
Legal Review: No
Project Number: N/A

RES 23-11124

COUNCIL ACTION APPROVED

amended 9-2

Choriki & Furinton

JUN 12 2023 opposed

[Signature]

CITY CLERK

RECOMMENDATION

Staff recommends City Council hold a public hearing and adopt the proposed FY24 budget. Staff and the Budget and Finance Committee recommend that Council spend a few hours dedicated towards adopting the FY24 budget on 6/12/24. If there is still discussion and further amendments needed after this time has elapsed, then adoption can be delayed until the 6/26/2023 City Council Meeting.

The attached budget resolution is consistent with the original proposed budget that was provided to Council and the Public on April 28th. Any amendments will need to be made to the proposed budget to be included in the final adopted FY24 budget.

BACKGROUND (Consistency with Adopted Plans and Policies, if applicable)

On April 28th the proposed budget for FY24 was provided to City Council. Staff presented at 5 work sessions in May and June. Additional information was provided in the Weekly Admin Report when requested. The City Council Budget and Finance Committee also met to discuss areas of the budget in more detail and have made recommendations to amend the original FY24 budget proposal. Finally, through presentation to Council additional items have been identified by staff which are also being recommended for inclusion in the FY24 budget.

#1 Fire Station Deferred Maintenance

The FY24 proposed budget contains \$104,600 for continued improvements to our existing fire stations. Staff is recommending that an additional \$155,000 be added to the FY24 budget. In FY23 the approved budget included \$350,000 for deferred maintenance. Due to the number of projects that were being carried over from prior years, and in ability to get contractors to respond to some bid packages in FY23, these dollars will likely go unspent and are being requested to be reauthorized in FY24. This will increase the total FY24 amount for fire station deferred maintenance to \$259,600.

#2 General Fund Resources for Planning

The 2023 State of Montana legislature enacted laws to place more reliance upon the adopted Growth Policy. As a result of this change, the staff is recommending the budget be amended to include \$200,000 for the Growth Policy update. This is proposed to be funded through an increase in General Fund property tax revenue. There has also been an identified need to improve local area and neighborhood plans, specifically for the Skyway Drive and Interchange areas. As such, there is \$100,000 recommended being funded from accumulated FY23 General Fund reserves.

#3 Franchise Fee Settlement Expenses

The current FY24 budget contains no provisions for the payment of the franchise fee settlement. The \$3.6 million dollar franchise fee settlement is not included in the proposed FY24 budget, and will need be paid in 2024. Staff is recommending using \$1.0 million from the estimated FY23 addition to reserves in the General Fund and increasing the property tax levy by \$2.6 million, so the entire amount can be paid in FY24. Alternatively, funds could be borrowed and paid over multiple years, but that will cost more due to the additional financing costs associated with borrowing funds. This would be a one-time increase, as this payment will not need to occur in future years.

#4 Additional Personnel for Facilities

Currently, the Fire Department utilizes Fire Department personnel to handle facilities maintenance projects at Fire Stations, beyond daily cleaning and mowing. This position being requested will free up the time being spent by Fire personnel and allow a Facilities staff member to be dedicated to addressing issues and mobilizing vendors as needed for triage and repairs. This \$85,000 increase in the Facilities Fund will be funded through increased charges to the Fire Department in future years.

#5 Increase Funding for Elections

The original budget includes \$120,000 for elections. Recently, the County Election Administrator informed us that a

City election could run as high as \$105,000. Staff is recommending that \$125,000 be added to the FY24 budget to create enough capacity for two elections, if a primary is needed. In addition to the increased election costs, some these funds would be used to cover the cost of education on a ballot initiative for a Parks Funding vote. We will know if we need a primary election after June 19. These will be funded with FY23 General Fund reserves.

#6 Court Analysis

An analysis of our Municipal Court process is being done to determine what efficiencies may be found. This project is planned in FY23, but will likely not be under contract until early July. As such, funding will need to be added to the FY24 budget. An estimated \$210,000 is being requested from General Fund reserves. Further refinement on this cost proposal is anticipated in the near future.

#7 CPTED Analysis and Implementation

Many staff members from the City participated in CPTED training. There are many facilities that could be analyzed for improvements to reduce crime on City owned properties. This amendment will allocate \$120,000 funding from Mental Health Substance Abuse Public Safety funds to specifically address these analysis and improvement costs. This will not increase the FY24 budget, but will specify what the use of the MH/SA fund will be utilized for.

#8 Domestic Violence Funds

An analysis of the feasibility of a Family Justice Center will be completed in late FY24. We anticipate that there will be recommendations to better address Domestic Violence within Billings. This addition would set aside \$200,000 for future funding of these recommendations. At this point in time, we are requesting that the fund balance generated from the Mental Health Public Safety Funds in FY23 and FY24 be used to fund this amendment, if it is deemed feasible after analysis is complete.

#9 Nurse Family Partnership

Nurse Family Partnership was identified as a preferred strategy to address domestic violence and juvenile crime. Staff is recommending that the remaining fund balance set aside from the Mental Health and Marijuana funds be allocated to allow for a contract to be developed between the City and Riverstone Health. The recommended amount for this is to increase the Public Safety fund by \$198,966 specifically for this program.

#10 Eliminate Funding for Park District 1 Special Assessments and Replace with General Fund Levy

The Budget and Finance Committee recommends eliminating the Special Assessment Charge for Park District 1 in FY24 and replacing that funding with General Fund property tax revenue. This will have no net impact on the individual property taxpayer, as the removal of the Special Assessment will be equal and offset with the increase in Property Tax Levy. This switch will be possible based upon the assumed increase in taxable value in 2023. The FY24 budget will increase as the funds will be collected in the General Fund as tax revenue and a Transfer Out Expense of \$3,823,482 will be entered in the General Fund with an offsetting Transfer In Revenue within the Park District 1 fund.

#11 Dedicate \$500,000 to Address Lack of Jail Capacity for Misdemeanor Offenses

The Budget and Finance Committee recommends using \$500,000 from the Public Safety (Mental Health and Substance Abuse) Fund to provide an annual funding source for temporary modular holding facilities and operations to be located at Yellowstone County Detention Center. This funding will allow for discussions to begin with the Sheriff to develop a contract to operate a temporary 72-hour pre-arraignment misdemeanor holding facility. This will not increase the total budget, but will specify what program some of the Public Safety Mental Health and Substance Abuse funds will be used for. The current budget contains \$620,000 to address these issues, but does not specify which program they will be used upon.

The attached budget resolution is consistent with the original proposed budget that was provided to Council and the Public on April 28th. Any amendments will need to be made to the proposed budget to be included in the final adopted FY24 budget.

ALTERNATIVES

City Council may:

- Approve the budget as recommended by Staff; or,
- Amend the budget; or,
- Delay final adoption until June 26th, 2023; or,
- Not Approve the budget and provide direction to staff

FISCAL EFFECTS

The total FY24 proposed budget, with all included amendments would be \$379,869,544. This budget will require mills to be the General Fund cap of 74 mills. In order to be able to fund the needed General Fund expenses, a growth in

taxable value of approximately 24% is needed. If taxable value does not increase at the anticipated growth rate, adjustments will need to be made. This will increase the total annual tax bill of the median home by \$97 annually over FY23.

| | FY 24 Budget Proposed 5/1/23 | Sum of all Adjustments 6/5/23 | Proposed FY24 Budget with adjustments |
|---------------------------|------------------------------------|-------------------------------------|--|
| REVENUES: | | | |
| TAXES | 60,976,599 | 6,688,607 | 67,665,206 |
| SPECIAL ASSESSMENTS | 30,848,393 | -3,823,482 | 27,024,911 |
| LICENSES & PERMITS | 4,840,228 | | 4,840,228 |
| INTER-GOVERNMENTAL | 51,943,579 | | 51,943,579 |
| CHARGES FOR SERVICE | 141,410,385 | | 141,410,385 |
| FINES & FORFEITS | 1,620,696 | | 1,620,696 |
| INVESTMENT EARNINGS | 1,589,058 | | 1,589,058 |
| DONATIONS / CONTRIBUTIONS | 437,000 | | 437,000 |
| INTERFUND TRANSFERS | 25,157,371 | 4,123,482 | 29,280,853 |
| DEBT PROCEEDS | 16,123,900 | | 16,123,900 |
| MISCELLANEOUS | <u>1,537,975</u> | | <u>1,537,975</u> |
| TOTAL REVENUES | 336,485,184 | 6,988,607 | 343,473,791 |
| EXPENDITURES: | | | |
| PERSONAL SERVICES | 109,322,468 | 85,000 | 109,407,468 |
| OPERATION & MAINTENANCE | 111,532,606 | 4,633,966 | 116,166,572 |
| CAPITAL | 100,104,970 | 155,000 | 100,259,970 |
| DEBT SERVICE | 24,754,681 | | 24,754,681 |
| INTERFUND TRANSFERS | <u>25,157,371</u> | <u>4,123,482</u> | <u>29,280,853</u> |
| TOTAL EXPENDITURES | 370,872,096 | 8,997,448 | 379,869,544 |

If the amendments provided for above are incorporated into the FY24 budget, the impact to the median home would be as follows:

| Median Home Property Taxes | | | |
|------------------------------------|-----------------|-------------------|------------------|
| | FY2023 | FY2024 | Change |
| General | \$227.87 | \$277.52 | \$49.65 |
| Public Safety | 351.05 | \$427.53 | 76.49 |
| Library | 15.40 | \$16.39 | 0.99 |
| Transit | 30.79 | \$32.78 | 1.98 |
| General Obligation | <u>24.63</u> | <u>\$25.50</u> | <u>0.87</u> |
| Median Home Property Tax | \$649.74 | \$779.72 | \$129.98 |
| | | | |
| Park District 1 Assessment | 49.18 | 0.00 | (49.18) |
| Street Maintenance Dist | 185.08 | 198.04 | 12.96 |
| Storm Sewer | <u>56.40</u> | <u>\$59.60</u> | <u>3.20</u> |
| Total Special Assessments | <u>\$290.66</u> | <u>\$257.64</u> | <u>(\$33.02)</u> |
| Total Taxes and Assessments | \$940.40 | \$1,037.36 | \$96.96 |

Attachments

FY24 Budget Resolution
FY24 Proposed Budget

RESOLUTION 23-11124

**A RESOLUTION APPROVING AND ADOPTING THE BUDGET FOR
THE CITY OF BILLINGS, MONTANA FOR FISCAL YEAR 2024**

WHEREAS, the City Administrator of the City of Billings has regularly and lawfully submitted to the City Council of the City of Billings, Montana, the budget for Fiscal Year 2024; and

WHEREAS, the proper notice was published stating that said City Council has completed the PRELIMINARY MUNICIPAL BUDGET for said Fiscal Year, and that said budget has been placed on file and is open to inspection in the office of the City Clerk; and that said City Council would meet for the purpose of annually determining, approving and adopting the budget, and any taxpayer might appear and be heard.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BILLINGS, MONTANA:

Section 1: That the City of Billings proposed budget for fiscal year 2024 as detailed in the budget report and as amended by the City Council and further detailed on EXHIBIT "A", be, and the same is hereby finally determined, approved, and adopted.

Section 2: Pursuant to Sections 7-6-4006 and 7-6-4012, M.C.A., the City Administrator is authorized to amend this budget for the expenditure of additional funds from the following: Debt Service Funds, Fee-based budgets; Trust funds; Federal, State Grants, special assessments and donations accepted and approved by the City Council.

Section 3: The City Council further authorizes and re-appropriates the unexpended balance of Capital Improvement Program items previously budgeted which have not been completed.

Section 4: Pursuant to Section 7-6-4030(c) the fiscal year 2024 budget is based upon the assumption 207.91 mills will be levied for property tax revenue. This is a decrease of 3.09 mills from the prior fiscal year. As such, there will be no increase in property taxes levied on homes valued at \$100,000, \$300,000, or \$600,000 when compared to the prior year. The City of Billings estimates that property values will increase in FY24. The tax impact to the median home, as a result of the anticipated increase in value, can be seen on page 12 of the Adopted Budget Document.

PASSED AND APPROVED by the City Council this 12th day of June, 2023.

CITY OF BILLINGS:

BY: William A. Cole
William A. Cole, Mayor



ATTEST:

BY: Denise R. Bohlman
Denise R. Bohlman, City Clerk

Exhibit A

| <u>Fund/Department</u> | <u>Original Proposal</u> | <u>Additions 6/12/2023</u> | <u>Deletions 6/12/2023</u> | <u>Final Budget</u> |
|-----------------------------------|-------------------------------------|---------------------------------------|---------------------------------------|--------------------------------|
| General Operating Fund: | | | | |
| Mayor & City Council | 393,729 | | | 393,729 |
| City Administrator | 1,347,937 | | | 1,347,937 |
| Human Resources | 1,089,704 | | | 1,089,704 |
| City Attorney | 2,924,845 | | | 2,924,845 |
| Municipal Court | 1,792,135 | 210,000 | | 2,002,135 |
| Finance | 1,987,872 | | | 1,987,872 |
| Code Enforcement | 1,111,845 | | | 1,111,845 |
| Parks, Recreation & Public Lands | 5,004,486 | | | 5,004,486 |
| Non-Departmental | 22,266,267 | 7,848,482 | | 30,114,749 |
| Total General Fund | 37,918,820 | 8,058,482 | - | 45,977,302 |
| Public Safety Fund: | | | | |
| Mental Health & Substance Abuse | 853,730 | 398,966 | | 1,252,696 |
| Police | 30,693,348 | | | 30,693,348 |
| Fire | 25,563,689 | 155,000 | | 25,718,689 |
| Total Public Safety Fund | 57,110,767 | 553,966 | - | 57,664,733 |
| Special Revenue Fund: | | | | |
| South Tax Increment | 14,174,901 | | | 14,174,901 |
| East Tax Increment | 1,401,156 | | | 1,401,156 |
| North 27th Street Tax Increment | 7,495,972 | | | 7,495,972 |
| Gas Tax | 4,096,093 | | | 4,096,093 |
| Building Inspection | 2,626,003 | | | 2,626,003 |
| Street & Traffic Operating | 11,846,154 | | | 11,846,154 |
| Fire Programs | 258,000 | | | 258,000 |
| EOC 9-1-1 Grant | 1,403,512 | | | 1,403,512 |
| City/County Planning | 2,389,616 | 300,000 | | 2,689,616 |
| City Attorney Grants | 618,394 | | | 618,394 |
| Municipal Court Grants | 547,827 | | | 547,827 |
| Police Programs | 1,359,747 | | | 1,359,747 |
| City County Library | 4,731,170 | | | 4,731,170 |
| Development Services Grants | 2,332,509 | | | 2,332,509 |
| Park Programs | 26,393 | | | 26,393 |
| Downtown Revolving Loan Program | 843,892 | | | 843,892 |
| Cemetery Improvement | 230,000 | | | 230,000 |
| Street Maintenance Districts | 14,467,111 | | | 14,467,111 |
| Street Light Districts | 3,239,446 | | | 3,239,446 |
| Storm Sewer Operating | 5,714,497 | | | 5,714,497 |
| Park Maintenance District | 1,284,867 | | | 1,284,867 |
| Park District 1 | 5,590,277 | | | 5,590,277 |
| Arterial Street Fees | 452,443 | | | 452,443 |
| Amend Park | 90,989 | | | 90,989 |
| Ballfield Stadium Donations | 80,759 | | | 80,759 |
| Road Maintenance Dist | 563 | | | 563 |
| Sidewalk Hazard Repair | 150,000 | | | 150,000 |
| Ballpark Repair Fund | 30,726 | | | 30,726 |
| Total Special Revenue Fund | 87,483,017 | 300,000 | - | 87,783,017 |

Exhibit A cont.

| <u>Fund/Department</u> | <u>Original Proposal</u> | <u>Additions 6/12/2023</u> | <u>Deletions 6/12/2023</u> | <u>Final Budget</u> |
|------------------------------------|-------------------------------------|---------------------------------------|---------------------------------------|--------------------------------|
| Debt Service Fund: | | | | |
| Special Improvement Debt | 1,110,100 | | | 1,110,100 |
| Series 2004A Street Debt | 353,299 | | | 353,299 |
| Storm Sewer Debt | 1,011,624 | | | 1,011,624 |
| Sidewalk, Curb & Gutter Debt | 490,700 | | | 490,700 |
| Series 2015 Baseball Refunding | 751,410 | | | 751,410 |
| Series 2012 Library | 775,554 | | | 775,554 |
| Total Debt Service Fund | 4,492,687 | - | - | 4,492,687 |
| Capital Projects Fund: | | | | |
| Urban Renewal Land Development | 20,045 | | | 20,045 |
| Sidewalk Construction | 1,847,750 | | | 1,847,750 |
| Special Improvement Districts | 3,076,250 | | | 3,076,250 |
| City Hall Construction | 1,200,000 | | | 1,200,000 |
| Capital Replacement | 1,567,658 | | | 1,567,658 |
| Dog Park Construction | 5,000 | | | 5,000 |
| Park Construction Fund | 65,662 | | | 65,662 |
| Total Capital Project Fund | 7,782,365 | - | - | 7,782,365 |
| Enterprise Fund: | | | | |
| Water | 47,536,515 | | | 47,536,515 |
| Wastewater | 31,506,779 | | | 31,506,779 |
| Parking | 2,057,972 | | | 2,057,972 |
| Solid Waste | 21,485,713 | | | 21,485,713 |
| Airport | 26,508,708 | | | 26,508,708 |
| Transit | 9,811,804 | | | 9,811,804 |
| Total Enterprise Fund | 138,907,491 | - | - | 138,907,491 |
| Internal Service Fund: | | | | |
| Fleet Services | 2,205,777 | | | 2,205,777 |
| Central Services | 103,380 | | | 103,380 |
| Information Resources | 3,773,520 | | | 3,773,520 |
| City Health Benefits | 16,085,790 | | | 16,085,790 |
| Central Telephone | 458,115 | | | 458,115 |
| Radio Communications | 383,601 | | | 383,601 |
| Property Insurance | 4,131,220 | | | 4,131,220 |
| Facilities Management | 2,920,738 | 85,000 | | 3,005,738 |
| Public Works Administration | 3,215,426 | | | 3,215,426 |
| Public Works Engineering | 3,893,782 | | | 3,893,782 |
| Total Internal Service Fund | 37,171,349 | 85,000 | - | 37,256,349 |
| Permanent Fund | | | | |
| Cemetery Perpetual Care | 5,600 | | | 5,600 |
| Total Permanent Fund | 5,600 | - | - | 5,600 |
| Total All Funds | 370,872,096 | 8,997,448 | - | 379,869,544 |