

**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 23-1124

COUNCIL ACTION	APPROVED
Amended 9-2	
Choriki & Purinton	
JUN 12 2023 opposed	
<i>[Signature]</i>	
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 of 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-arrainment 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
<b>REVENUES:</b>			
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>
<b>TOTAL REVENUES</b>	<b>336,485,184</b>	<b>6,988,607</b>	<b>343,473,791</b>
<b>EXPENDITURES:</b>			
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>
<b>TOTAL EXPENDITURES</b>	<b>370,872,096</b>	<b>8,997,448</b>	<b>379,869,544</b>

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	<b>\$649.74</b>	<b>\$779.72</b>	<b>\$129.98</b>
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	<b>\$290.66</b>	<b>\$257.64</b>	<b>(\$33.02)</b>
<b>Total Taxes and Assessments</b>	<b>\$940.40</b>	<b>\$1,037.36</b>	<b>\$96.96</b>

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#### 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 12<sup>th</sup> 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



<u>Fund/Department</u>	<u>Original Proposal</u>	<u>Additions 6/12/2023</u>	<u>Deletions 6/12/2023</u>	<u>Final Budget</u>
<b>General Operating Fund:</b>				
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
<b>Total General Fund</b>	<b>37,918,820</b>	<b>8,058,482</b>	-	<b>45,977,302</b>
<b>Public Safety Fund:</b>				
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
<b>Total Public Safety Fund</b>	<b>57,110,767</b>	<b>553,966</b>	-	<b>57,664,733</b>
<b>Special Revenue Fund:</b>				
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
<b>Total Special Revenue Fund</b>	<b>87,483,017</b>	<b>300,000</b>	-	<b>87,783,017</b>

<u>Fund/Department</u>	<u>Original Proposal</u>	<u>Additions 6/12/2023</u>	<u>Deletions 6/12/2023</u>	<u>Final Budget</u>
<b>Debt Service Fund:</b>				
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
<b>Total Debt Service Fund</b>	<b>4,492,687</b>	-	-	<b>4,492,687</b>
<b>Capital Projects Fund:</b>				
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
<b>Total Capital Project Fund</b>	<b>7,782,365</b>	-	-	<b>7,782,365</b>
<b>Enterprise Fund:</b>				
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
<b>Total Enterprise Fund</b>	<b>138,907,491</b>	-	-	<b>138,907,491</b>
<b>Internal Service Fund:</b>				
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
<b>Total Internal Service Fund</b>	<b>37,171,349</b>	<b>85,000</b>	-	<b>37,256,349</b>
<b>Permanent Fund</b>				
Cemetery Perpetual Care	5,600			5,600
<b>Total Permanent Fund</b>	<b>5,600</b>	-	-	<b>5,600</b>
<b>Total All Funds</b>	<b>370,872,096</b>	<b>8,997,448</b>	-	<b>379,869,544</b>