



Council Memorandum

REPORT TO: Honorable Mayor and City Council

FROM: Chris Kukulski, City Administrator

SUBJECT: 2020 Public Safety Mill Levy discussion

MEETING DATE: April 8, 2020

AGENDA ITEM TYPE: Work session discussion

RECOMMENDATION: Postpone a decision on the public safety mill levy including law and justice facility needs until May 2020. Seek to better understand the City's financial position and how the dependence on spending reserves to balance the General Fund and Public Safety Fund is unsustainable.

BACKGROUND: In March of 2019 and 2020 the City Council identified improving the safety of Billings as our highest priority. As a result, we spent the past year working towards a public safety mill levy election for late 2020. At the same time we have been working to increase investments in public safety, we have a structural imbalance in the City's General and Public Safety Funds. Excluding capital, the City is spending close to five million dollars annually more than it is generating in revenue in its General and Public Safety Funds.

Strategies to reduce crime and reduce the fire department's response times to emergency calls have been presented along with the resources needed to implement each strategy. Unfortunately, the COVID-19 pandemic has completely dominated most of the City's attention since early March and has resulted in a catastrophic economic downturn in the global economy. No one can predict with certainty, how long the global pandemic will last and what its impact will be to our local economy. Unfortunately, the City's public safety and financial problems will not get better in the short term. However, the economic situation calls into question any ballot election in 2020. Therefore, after we discuss the City's financial status I recommend that we postpone any decisions on the levy until May. June 8th is the latest date the city can adopt a ballot measure to take to the voters in time to effect the 2021 fiscal year budget. This will also allow the Council to see the proposed 2021 fiscal year budget before making a decision on the pending levy.

ALTERNATIVES: The City Council could decide to move forward with the 2020 public safety levy as directed by the Council in March 2020 or you could decide now not to pursue a public safety levy until 2021.

FISCAL EFFECTS: The adopted 2020 budget anticipated using over \$5 million dollars in reserves to balance the General and Public Safety Funds. At the time that the budget was adopted the Council expected a public safety levy to be taken to the voters in 2020 fixing our structural imbalance and increasing investments in public safety (in 2014 the public turned down

a significant public safety levy by less than 1,000 votes). If the 2021 budget resembles the 2020 budget the City will spend between \$5.5 - \$7 million in reserves in the 2021 fiscal year. It is projected that this will deplete our reserves to their minimum level as directed by City Resolution in the 4th ¼ of FY 2021. This also greatly limits the investments we had been planning to reduce crime and lower fire department response times.

An alternative to depleting reserves, or significantly cutting the City's public safety investments is to shift the remaining parks, recreation, cemetery and public lands budgets out of the general fund and over to Park District 1. This decision will increase the PD1 assessment by ~\$65 per year for the typical homeowner and make available \$4.1 million to help pay for public safety services. This does not solve the City's structural imbalance long term but would allow the public safety levy to be postponed until 2021 (2022 fiscal year).

Attachments: *Power Point Presentation*

Report compiled on: