

****ATTENTION****

Due to the COVID-19 health concerns, the format of the City Council meeting will be held in a virtual videoconferencing environment. In order to honor the Right of Participation and the Right to Know in Article II, sections 8 and 9, of the Montana Constitution, the City of Billings and City Council are making every effort to meet the requirements of the open meeting laws:

- The Agenda Packet is available for viewing on the City's website at: [Agenda Packet](#)
- Councilmembers will attend the meeting via a remote location, using a virtual meeting method. City Hall and the Council Chambers will be closed during the meeting.
- The Public may view the meeting on the Community 7 TV - Channel 7 or Channel 507 – Spectrum Cable. The Public may also view online at www.comm7tv.com and click on the "Watch Live" icon. Community 7 also has links to their Facebook page and YouTube channel in which to view the meeting.
- Public comment will be taken only during the Public Comment periods as indicated on the agenda. Comments may be sent to Council via email before 3:00 PM on Monday, April 6th, at: <https://ci.billings.mt.us/1538/City-Council-E-mail-Messages>
- Emails received after 3:00 PM and prior to 5:00 PM, may be read during the meeting.
- The Public may call in during specific Public Comment periods at **406.237.6196**. All callers will be in a queued system and are asked to remain on hold and be patient. Calls will be taken in the order in which they are received. Callers will be restricted to 3 minutes of testimony as is customary.

Future delivery methods may be explored as best practice is learned.

Please contact Gavin Woltjer, woltjerg@billingsmt.gov, with any questions.

CITY OF BILLINGS

CITY OF BILLINGS VISION STATEMENT:

“THE MAGIC CITY: A DIVERSE, WELCOMING COMMUNITY WHERE PEOPLE PROSPER AND BUSINESS SUCCEEDS.”

WORK SESSION AGENDA

COUNCIL CHAMBERS

April 6, 2020

5:30 P.M.

CALL TO ORDER: Mayor Cole

- 1. COVID-19 Update by Unified Incident Command (UIC)**
- Public Comment
- 2. 2020 PUBLIC SAFETY MILL LEVY**
(Presented by: Chris Kukulski, City Administrator)
- Public Comment

COUNCIL DISCUSSION:

PUBLIC COMMENT on “NON-AGENDA ITEMS”. **Speaker Sign-in required.** *(Restricted to ONLY items not on this printed agenda. Comments are limited to 3 minutes or as set by the Mayor. Please sign the roster at the cart located at the back of the Council chambers or at the podium.)*

ADJOURN:

CLOSED EXECUTIVE SESSION* (Pending Litigation)

Note:

- This meeting is an “informal” meeting of the City Council. The content of the Agenda is subject to change at the meeting.
- In the event there is a Closed Executive Session at the end of a Work Session, the sole purpose is to discuss litigation strategy. The other parties to the case(s) discussed are not public bodies or associations as described in Section 2-3-203(1) and (2), MCA. The meeting is closed, as allowed by Section 2-3-203(4)(a), MCA, “to discuss a strategy to be followed with respect to litigation when an open meeting would have a detrimental effect on the litigating position” of the City of Billings.

Council Work Session

2.

Meeting Date: 04/06/2020

TITLE: 2020 Public Safety Mill Levy

Department: City Hall Administration

Presentation: Yes

PROBLEM/ISSUE STATEMENT

Please see the attached Memo from City Administrator, Chris Kukulski and PowerPoint presentation.

Attachments

City Administrator Memo

PSML PowerPoint



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:

FY21 General Fund & Public Safety

Purpose

- Create clarity on financial position for 1-3 years
- Understand short-term options other than a mill levy
- Delay decision on 2020 public safety mill levy until late May or early June

FY21 General Fund & Public Safety Fund

- Estimated total beginning Fund Balance = \$19.5 Million
- Recommended minimum reserves = \$12.5 Million
- Assuming no tax revenue increase from FY20 to FY21
- State Entitlement Share increase 3%

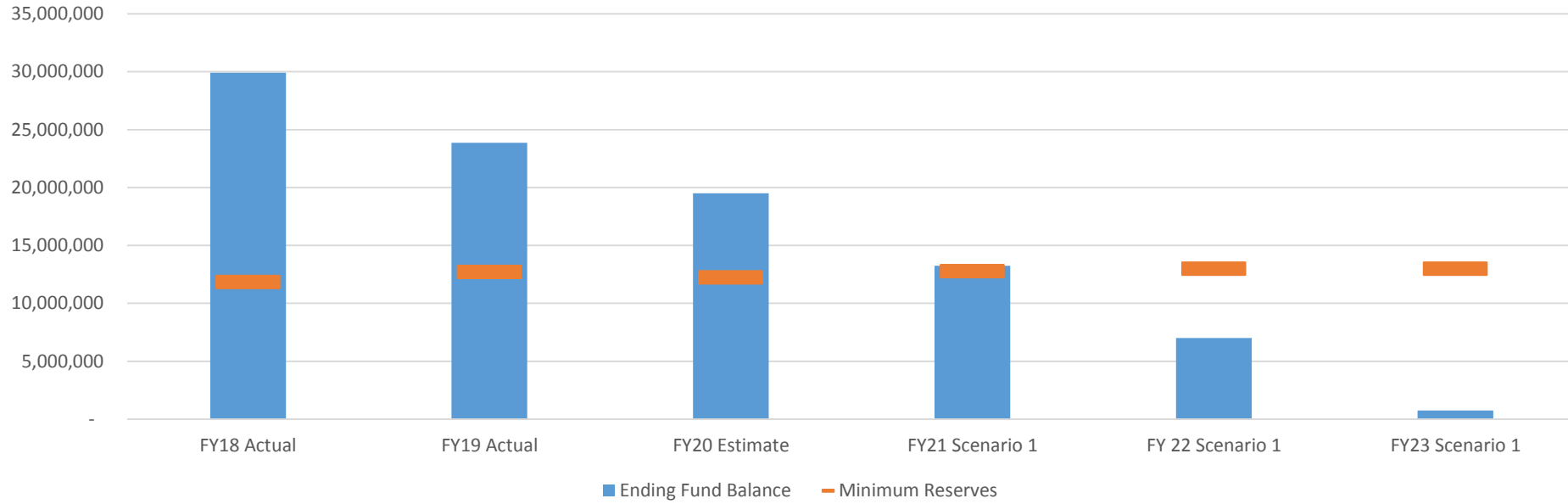
Scenario 1 – Do Nothing

- Assuming growth in expenses between 1-3%
- Use of reserves \$5.5-\$7 million to balance General Fund & Public Safety
- Limited investments in Capital & Deferred Maintenance, No Lean Six Sigma, No Public Information Officer, No law & justice space needs addressed
- End 2021 at or slightly below recommended minimum reserve
- Assumes no expense for response to COVID19 or other unanticipated costs (COVID19 expense up to ~\$500K)
- Will require additional funding and/or reduced expenses in FY22

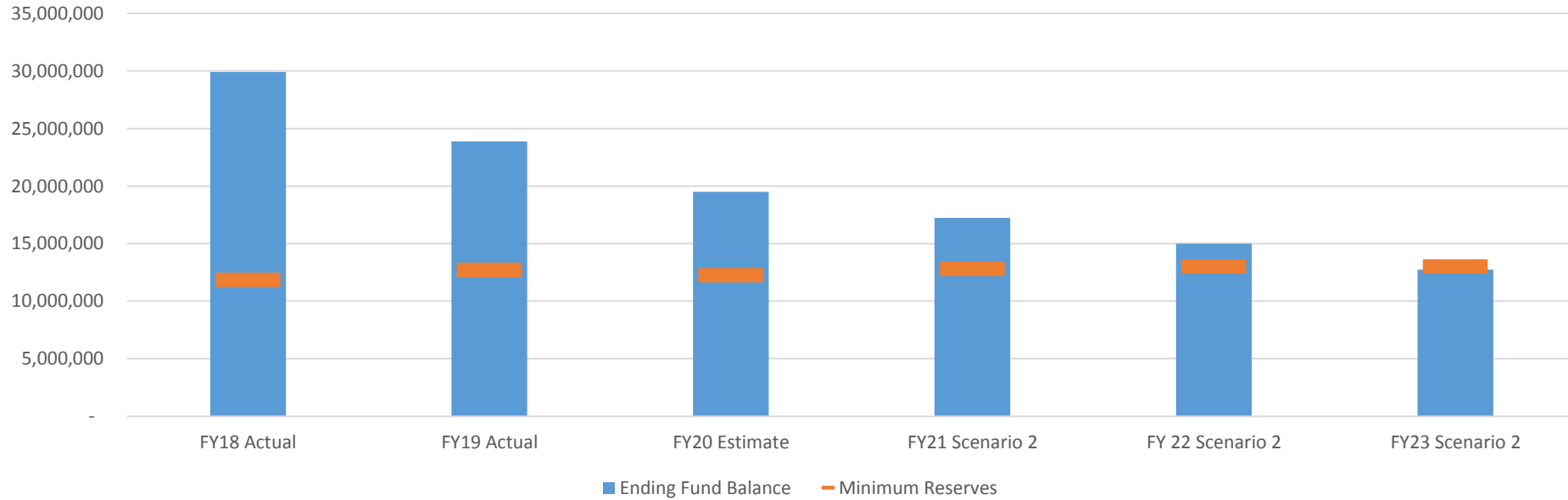
Scenario 2 – Move Parks and Rec entirely to PD1, do nothing else

- Moving Parks to PD1 reduces overall General Fund expenses from FY20 by 7% - 9%
- Use of reserves \$1.2-\$2.5 million to balance General Fund & Public Safety
- Limited investments in Capital & Deferred Maintenance, No Lean Six Sigma, No Public Information Officer, No law & justice space needs addressed
- End FY21 with \$4-\$5 million above minimum reserves
- Assumes no expense for response to COVID19 or other unanticipated costs (COVID19 expense up to ~\$500K)
- Requires increase in PD1 assessment of about \$60-\$65 for the median home. Current assessment is approximately \$28
- Will require additional funding and/or reduced expenses in FY22

General and Public Safety Fund Balance Scenario 1



General and Public Safety Fund Balance Scenario 2



Median Residential Property Cost

	FY20	FY21 Scenario 1	FY21 Scenario 2
City Property Taxes	\$ 456	\$ 455	\$ 455
Park District	28	28	93
Arterial Streets	51	52	52
Storm Sewer	47	48	48
Street Maint. Dist	129	132	132
Water	530	552	552
Solid Waste	135	138	138
<u>Wastewater</u>	<u>334</u>	<u>341</u>	<u>341</u>
Median Home Annual Cost	\$ 1,709	\$ 1,747	\$ 1,811
Median Home Monthly Cost	\$ 142	\$ 146	\$ 151

Mill Levy Necessary to Cover Imbalance

- Scenario 1:
 - Use of reserves \$6 -\$7 million
 - 30-35 mills needed to balance budget without relying on reserves
 - Cost to median home \$ 76 - \$100
 - No additional resources added to Public Safety
- Scenario 2:
 - Use of reserves \$1.2-\$2.5 million
 - 6 – 12 mills needed to balance budget without relying on reserves
 - Cost to median home \$17 - \$35 (Plus increase in PD1 assessment)
 - No additional resources added to Public Safety

Mill Levy to address Space Needs

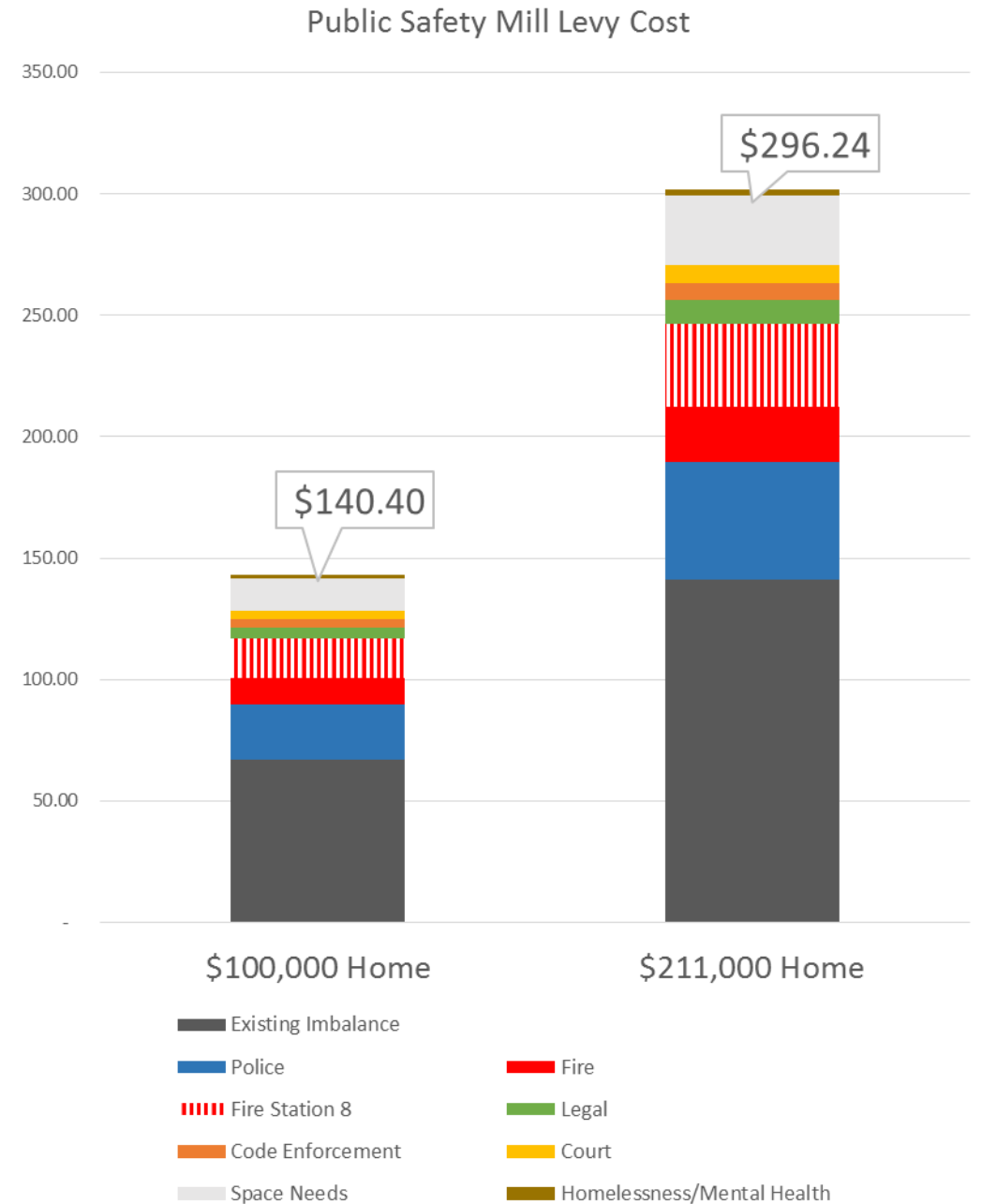
- Estimated lease costs for Public Safety (Law & Justice) at the Stillwater building \$1.1 million annually
- Requires additional 5.5 mills
- Cost to median home \$15
- Only solves space needs, does not add any staff or funding for additional Public Safety resources

Discussion

- Create clarity on financial position for 1-3 years
- Understand short-term options other than a mill levy
- Delay decision on 2020 public safety mill levy until late May or early June

Full Implementation Annual Cost

	\$100,000 Home	\$211,000 Home
Existing Imbalance	66.83	141.00
BUFSA Adjustment	(2.70)	(5.70)
Police	22.95	48.42
Fire	10.80	22.79
Fire Station 8	16.20	34.18
Legal	4.73	9.97
Code Enforcement	3.38	7.12
Court	3.38	7.12
Space Needs	13.50	28.49
Homelessness/Mental Health	<u>1.35</u>	<u>2.85</u>
Total	\$ 140.40	\$ 296.24



General Fund & Public Safety Fund Combined

