

The top-left portion of the slide features several overlapping, semi-transparent light gray polygons with thin black outlines. These shapes are irregular and layered, creating a complex geometric pattern against the light blue background.

FACILITIES DIVISION

FY26 Budget Overview

WHAT WE DO

ADMINISTRATIVE SERVICES	BUILDING SERVICES
<ul style="list-style-type: none">• Vendor and Contract Management<ul style="list-style-type: none">• Contract administration• Real Estate Services<ul style="list-style-type: none">• Commercial Lease Administration• Purchase and dispose of property• Budgeting<ul style="list-style-type: none">• OPEX and Capital• Cost controls• Regulatory compliance<ul style="list-style-type: none">• Annual Systems Testing• Planning<ul style="list-style-type: none">• Capital• Lifecycle management• Programming• Loss prevention engineering• Benchmarking	<ul style="list-style-type: none">• Construction Services<ul style="list-style-type: none">• Owner's rep• Bidding permitting• Asset Management<ul style="list-style-type: none">• Stewardship of assets• Condition audits• Operations and Maintenance<ul style="list-style-type: none">• Repairs (preventative and emergency)• ADA/Accessibility Code Compliance• Landscaping• Snow Removal• Thermal Comfort• Custodial services• Access control and security• Improvements

We manage assets. We purchase them, we dispose of them, we construct them, we remodel them, we maintain them

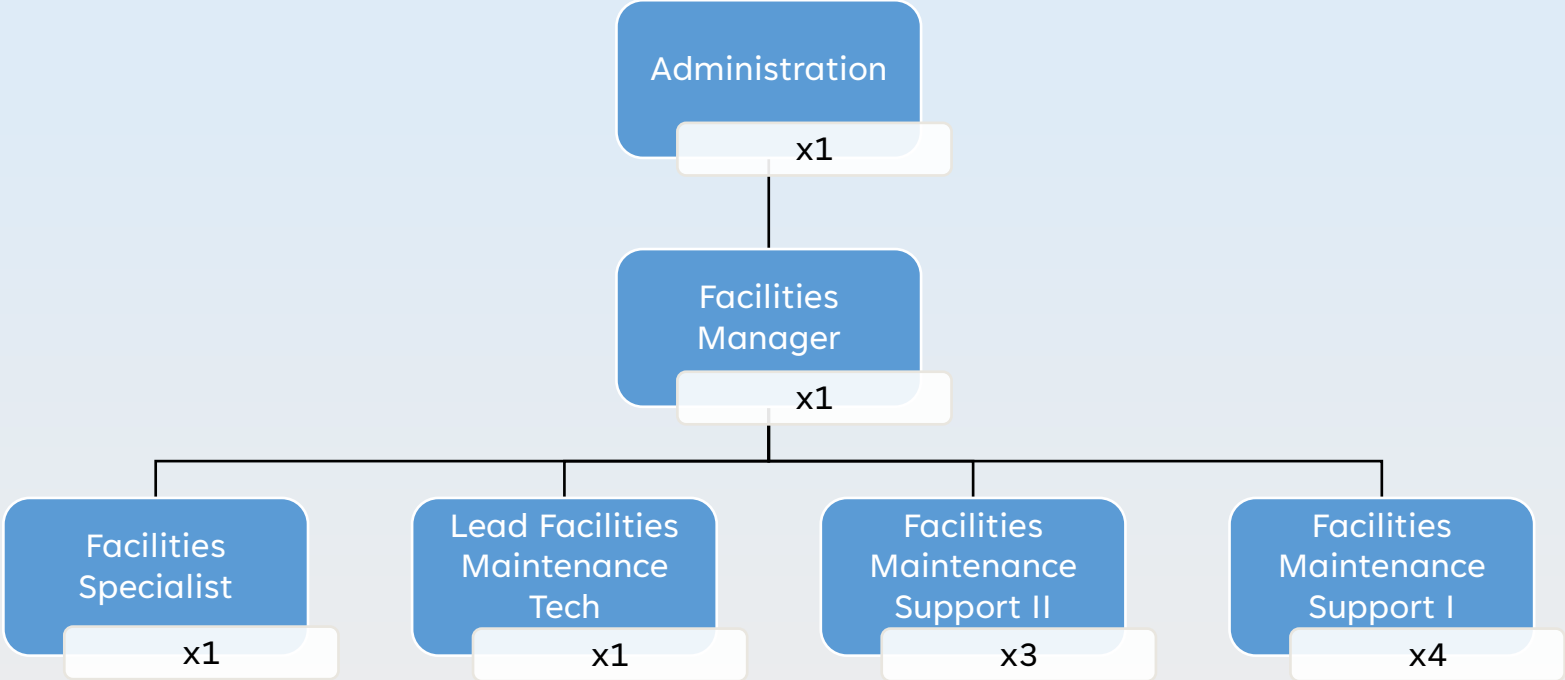
WHERE WE DO IT

Facilities Division provides hard and/or soft services* at these locations totaling 1,000,000sf and 47 acres and an insured value of \$152 million

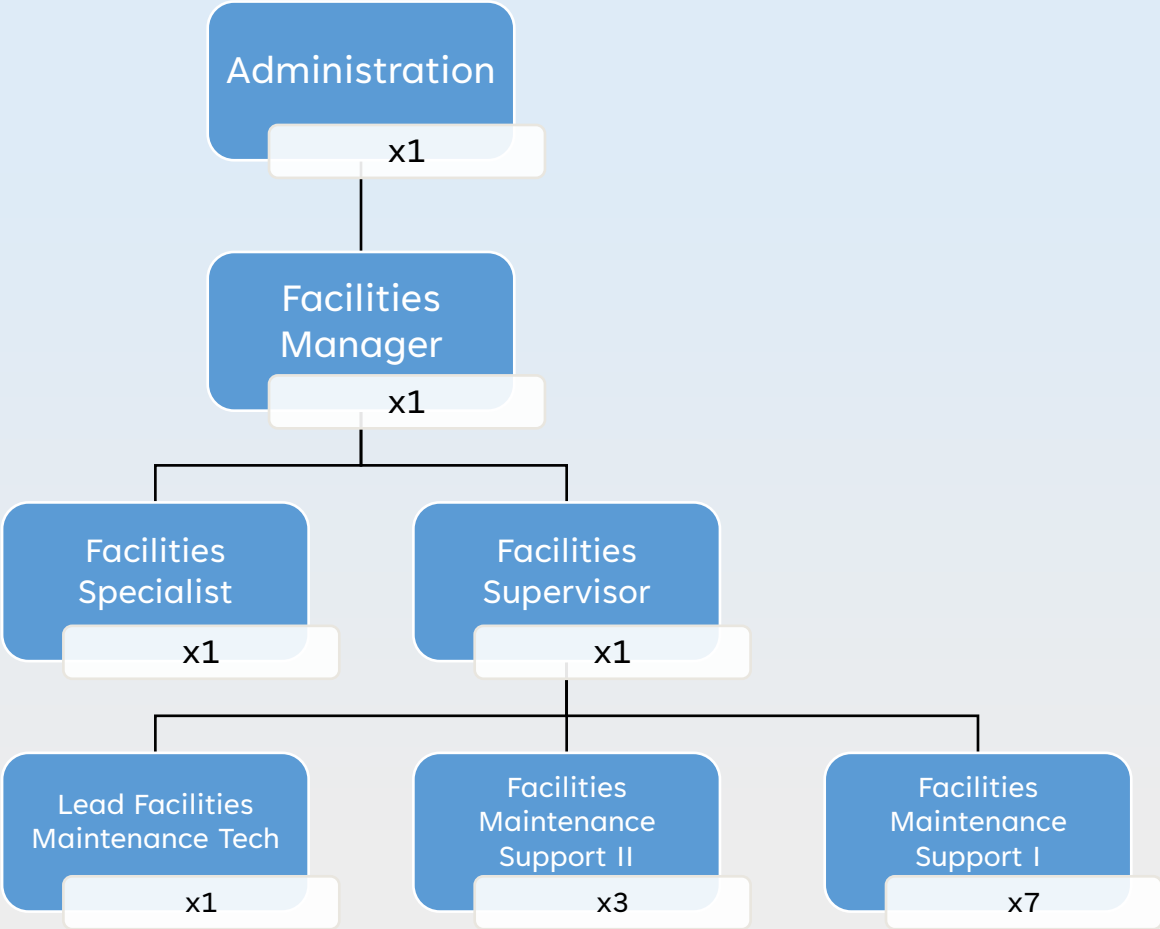
*Hard services focus on physical elements such as buildings and infrastructure, while soft services focus on enhancing user experience such as custodial, security, and landscaping

HARD AND SOFT	HARD
<ul style="list-style-type: none">• City Hall• Billings Operations Center	<ul style="list-style-type: none">• YVAS• Fire Stations 1-8• 911 Call Center• Airport Training Center• Remote Radio Sites• Park 1, Park 2, Park 3• Park 1 Retail

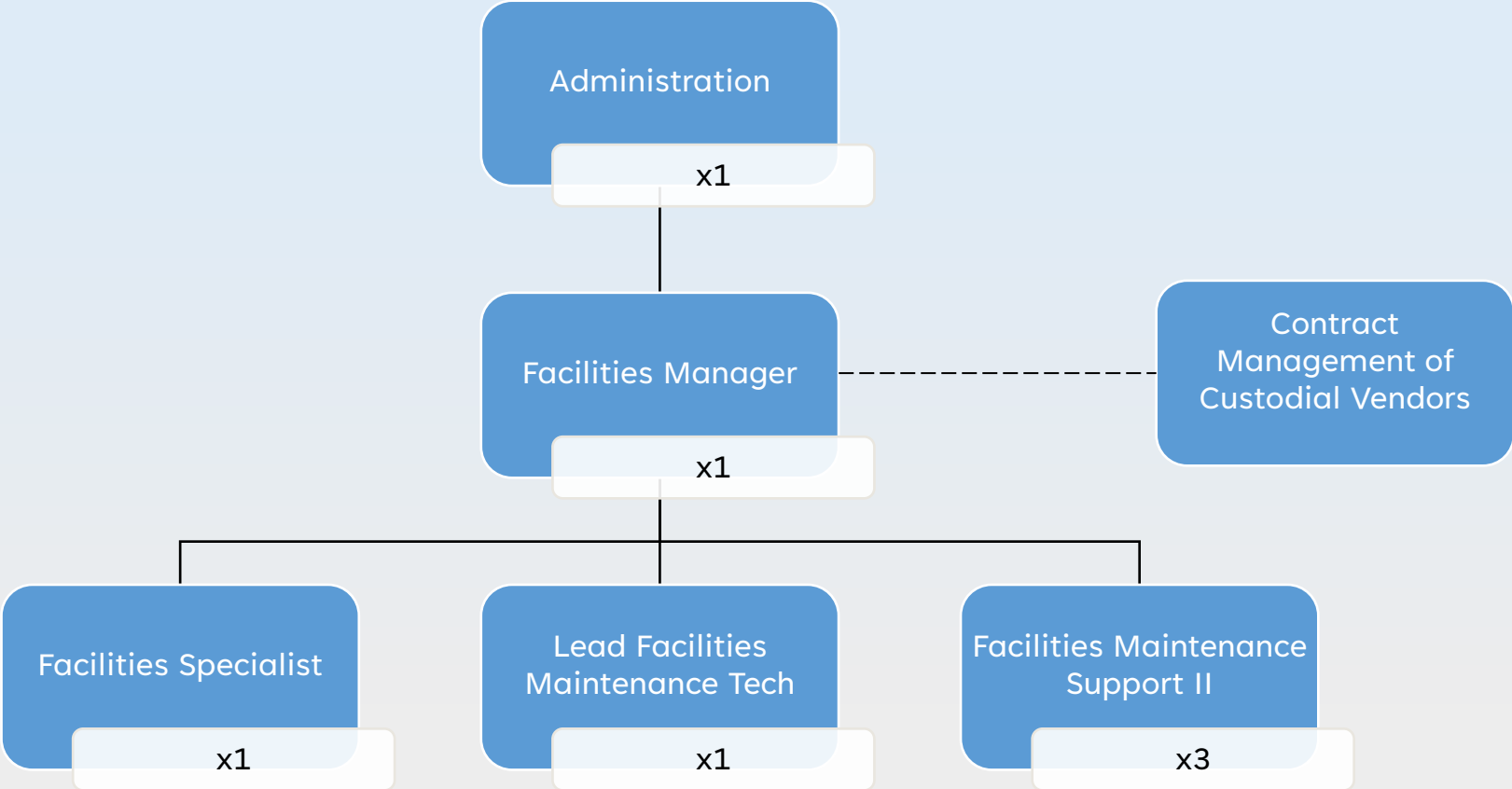
ORG CHART – EXISTING FY25 BUDGET



ORG CHART – PROPOSED FY26 BUDGET



ORG CHART – PROPOSED CUSTODIAL SERVICES



METHODOLOGY FOR CHARGES

**Beginning Cash - Budgeted Expenses (O&M, Capital, Personnel) + Budgeted Revenues (charges and rents)
= End Cash for Future Capital Projects**

What changed from FY25 to FY26:

- \$12 million in Capital projects over the next five years
- Increased O&M costs for a fully occupied larger City Hall facility (could be reduced if we secure Tenants for first and third floor)
- Increased contract or personnel charges for expanded portfolio

Current Proposed FY26 Budget* will add approximately \$378,000 across portfolio for increased personnel charges and capital projects, which is a shortfall of the needed \$12 million (conservative number) for CIP and other projects that are to be completed by FY29.

*Proposed budget accounts for three new FTEs

CAPITAL PROJECTS THRU FY30

FACILITIES PROJECTS						
Project Name	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
BOC Asphalt Repairs	-	-	-	3,000,000	-	3,000,000
BOC Evidence Impound Lot Expansion	23,000	-	1,100,000	-	-	1,123,000
BOC FACP Replacement	30,000	-	-	-	-	30,000
BOC Fleet Expansion	-	-	-	2,150,000	-	2,150,000
BOC New Wash Bays	-	-	2,540,000	-	-	2,540,000
New City Hall 3rd Floor HVAC Upgrade	-	-	1,147,540	-	-	1,147,540
New City Hall Boilers Upgrade	-	-	615,000	-	-	615,000
New City Hall Cooling Towers Replacement	-	-	320,000	-	-	320,000
New City Hall Roof Replacement	-	-	1,025,000	-	-	1,025,000
New City Hall Windows	-	-	40,000	-	-	40,000
YVAS Roof Replacement	-	-	180,000	-	-	180,000
Total Facilities Projects	53,000	-	6,967,540	5,150,000	-	12,170,540

- FY26 charges are already accounted for in budget
- Currently nothing is slotted in for FY30 but full roof replacement at BOC is anticipated at \$3 million
- No clarity on YVAS
- Not accounting for LHI at City Hall of first or third floors

PROPOSED BUDGET OPTIONS FY26

	Proposed Budget FY26	FY26 Budget with Contracted Services
Beginning Balance	\$ 4,383,492	\$ 4,383,492
Revenue		
Charge for Service	\$ 1,544,482	\$ 1,544,482
Contributions/Donations	-	-
Intergovernmental	-	-
Investment Earnings	146,074	146,074
Miscellaneous	1,587,254	1,587,254
Other Financing	-	-
Transfer Froms	40,868	40,868
	\$ 3,318,678	\$ 3,318,678
Expense		
Capital Outlay	\$ 88,000	\$ 88,000
Depreciation	-	-
Interest and Fiscal Charges	-	-
Operation and Maintenance	1,501,088	1,766,118
Personal Services	1,156,694	672,203
Principal	-	-
Transfers Out	350,017	350,017
	\$ 3,095,799	\$ 2,876,338
Ending Balance	\$ 4,606,371	\$ 4,825,832
Cash Accumulation	\$ 222,879	\$ 442,340

- Reduction in proposed expenses for implementing contracted custodial services is \$219,461
- This projection accounts for only one-half year Tenant charges from Yellowstone County

DISCUSSION

- O&M costs are estimates and will not know until year closes on how accurate they are
- Deferred maintenance issue - If we realize savings by outsourcing custodial, we will have more cash for repairs/maintenance and capital projects
- Decisions have downstream impacts: if we increase FTEs then Departments pay more, less funds for Capital projects, less funds for preventative maintenance
- We didn't have to manage Miller Building or Depot Tenants but now we do at City Hall, as such, costs associated with providing services for more Tenants and more space go up
- Dedicate effort to securing new Tenants – difficult to complete with private Landlords that can absorb build out costs
- We have not accounted for LHI of either space in City Hall
- Do we move custodial contracts to next business meeting?

PROS AND CONS – CUSTODIAL OUTSOURCE

BENEFITS	DRAWBACKS
<ul style="list-style-type: none">• Cost savings• Core business focus, which is FM• Flexibility• Access to specialized knowledge• Reduced liability• Productivity	<ul style="list-style-type: none">• Contractor could terminate services• Will have to rebid work• Prevailing wages could outpace City wages over 5 years• Potential communication issues

Major takeaway: We are saving money to provide the same level of service at a minimum, no employees are being laid off, and we can focus resources on stewardship of assets

COST ANALYSIS – CUSTODIAL OUTSOURCE

In House - Current			In House - Benchmark			Outsource	
Year One	\$360,913		Year One	\$476,932		Year One	\$343,954
Year Two	\$371,740		Year Two	\$491,240		Year Two	\$354,273
Year Three	\$382,893		Year Three	\$505,977		Year Three	\$364,901
Year Four	\$394,379		Year Four	\$521,156		Year Four	\$375,848
Year Five	\$406,211		Year Five	\$536,791		Year Five	\$387,123
Total	\$1,916,136		Total	\$2,532,097		Total	\$1,826,099

These amounts show the savings for custodial services if the Facilities Division is approved to add three additional FMS I FTEs (benchmark option) versus contracting those services to a third-party vendor (outsource option). These two options will provide approximately the same level of service.

Savings by Outsourcing	
Year One	\$132,978
Year Two	\$136,967
Year Three	\$141,076
Year Four	\$145,309
Year Five	\$149,668
Total	\$705,998

COST ANALYSIS – MAINTENANCE AT CITY HALL

	In House - Current	Outsource	Difference
Maintenance Personnel*	\$208,886	\$127,800	\$81,086
Maintenance O&M	\$405,449	\$794,490	-\$389,041
Facilities Management	\$185,000	\$221,520	-\$35,520
Project Management	\$0	3-5% of total Capital project cost	
Total	\$799,335	\$1,143,810	-\$344,475

We are showing like-to-like costs to provide FM services inhouse versus costs associated for the same service provided by a local property management company

It is more cost effective to provide FM services in-house as outsourcing would exacerbate the funding cuts for the departments that are facing the current budgetary issue

*These costs assumes same maintenance personnel availability of 4 FTEs in both models