

## **\*\*ATTENTION\*\***

The City Council meeting will be held in a hybrid format that may include both in-person AND virtual attendance via Zoom. Unless they have cause to appear virtually, Councilmembers will attend the meeting in person in Council Chambers, fifth floor of City Hall, 316 N. 26th Street. 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.

Citizens are invited to:

- . Review the Agenda Packet on the City's website at: [www.billingsmt.gov](http://www.billingsmt.gov) and click on "Your Government," "City Council," and "Agendas & Minutes".
- . View the meeting:
  - . On Community 7 TV - Channel 7 or Channel 507 -- Spectrum Cable. *(On evenings when there is a conflict with School District No. 2 Board meetings, the City Council meeting will be broadcast on Channel 8 - Spectrum Cable.)* Channel 7 or Channel 978 - TDS Fiber.
  - . Online at [www.comm7tv.com](http://www.comm7tv.com) and click on the "Watch Live" icon. Community 7 also has links to their Facebook page and YouTube channel.
  - . On the City's website at [www.billingsmt.gov](http://www.billingsmt.gov) and click on "Watch Meetings Online" on the homepage.
  - . In-Person.

Citizens may submit public comment via the following methods:

- . Mail: City Clerk, P.O. Box 1178, Billings, MT 59103
- . Email: [Council@billingsmt.gov](mailto:Council@billingsmt.gov).
  - . Emails received after 3:00 PM on the day of the meeting, may be posted on the Council's webpage the following day for public viewing.
- . Attend the meeting in person

Please contact Denise Bohlman, City Clerk, at [bohlmand@billingsmt.gov](mailto:bohlmand@billingsmt.gov), or at 406.657.8210, with any questions.



**VISION STATEMENT:**  
"The Magic City: A diverse,  
welcoming community  
where people prosper and  
business succeeds."

## WORK SESSION AGENDA

**COUNCIL CHAMBERS**  
316 N. 26th Street

**MAY 5, 2025**

**5:30 P.M.**

**CALL TO ORDER:** Mayor Cole

**PUBLIC COMMENT ON ALL ITEMS.** This is the time to comment on any matter (Agenda or Non-Agenda) falling within the scope of the Billings City Council. There will also be time in conjunction with each agenda item for public comment relating to that item. You may only speak once for each item during the meeting.

Please note, the City Council cannot take action on any item of significant interest to the public that does not appear on the agenda. Comments are limited to three (3) minutes during each public comment period or as set by the Mayor. **Speaker sign-in required.** Please sign the roster at the cart located at the back of the Council chambers or at the podium.

**1. Tourism Business Improvement District (TBID).**

-Public Comment

**2. Facilities FY26 Budget and Custodial Discussion.**

-Public Comment

**3. Property Tax Legislation and Budget Impact.**

-Public Comment

### HIGHLIGHT UPCOMING AGENDA ITEMS OF COUNCIL INTEREST:

### 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:

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, 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.

**City Council Work Session**

**Date:** 05/05/2025  
**Title:** FY2026 Tourism Business Improvement District TBID  
**Presented by:** Chris Kukulski, City Administrator  
**Department:** City Hall Administration  
**Presentation:** Yes  
**Legal Review:** Not Applicable  
**Project Number:** N/A

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**RECOMMENDATION**

Staff from the TBID will be present to provide the FY26 annual budget and work plan to City Council. Council action may occur in June at a regular City Council meeting, as part of the regular budget review..

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

MCA 7-12-1132 requires that the Tourism Business Improvement District submit annually to the City Council their work plan and budget. The TBID and Downtown Business Improvement District budgets are included as part of the overall City budget adoption.

**ALTERNATIVES**

City Council may:

- Approve; or,
- Not Approve

**FISCAL EFFECTS**

There is no fiscal impact to the City related to the TBID annual work plan. The resolution setting the annual assessment is approved after the budget has been adopted.

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**Attachments**

Visit Billings Marketing Plan



VISIT *Billings*  
MONTANA

**FY26** MARKETING PLAN & BUDGET

## VISIT BILLINGS

Visit Billings is the brand that represents the Billings Tourism Business Improvement District (BTBID) and the Billings Convention and Visitors Bureau (BCVB). Both organizations are managed by the Billings Chamber of Commerce. The Visit Billings team is committed to growing visitation in the Billings region through sales and marketing initiatives.

## WHAT WE DO

- Responsible for the development and growth of the tourism industry through promotion, marketing, and strategy.
- Work domestically and internationally to develop and enhance sustainable tourism for the city and region in the leisure, meetings and sporting events markets.
- Increase awareness and engage with consumers in both drive and flight markets, as well as with media, the travel industry, meeting and conference planners, and sports promoters with research-driven marketing programs.



**MARKETING CAMPAIGNS HIGHLIGHT THE OUTDOOR ADVENTURE, INCREDIBLE LANDSCAPES, ARTS AND CULTURE, CULINARY AND NIGHTLIFE, AS WELL AS THE MEETING AND SPORTS FACILITIES.**

## MISSION STATEMENT

THE MISSION OF VISIT BILLINGS IS TO GENERATE ROOM NIGHTS FOR LODGING FACILITIES IN THE CITY OF BILLINGS BY EFFECTIVELY MARKETING THE REGION AS A PREFERRED TRAVEL DESTINATION.

In 2023, visitors to Montana spent

**\$5.45  
BILLION**

at retailers, restaurants and bars, gas stations, and lodging businesses, to name a few.

**48K JOBS**

Non-resident travel supports approximately 48,340 jobs in Montana

## **BILLINGS TOURISM BUSINESS IMPROVEMENT DISTRICT BOARD OF DIRECTORS**

JEFF SCHOENHARD – Kelly Inn Hotels

JOE STUDINER – Erck Hotels

GEORGE MARAGOS – Northern Hotel

JORDAN CLAYTON – Home2 Suites By Hilton

SHELLI MANN– Boothill Inn & Suites

STEVE WAHRLICH – Best Western Plus Clocktower Inn & Suites

JASE MURI – Billings Hotel And Convention Center

KATY SCHREINER - Downtown Billings Alliance

## **BILLINGS CHAMBER/CVB EXECUTIVE COMMITTEE**

JEREMY VANNATTA – Marsh McLennan Agency

DEBBIE POTTER – Eide Bailly

JESS PETERSON – Western Skies Strategies

TOBY O'ROURKE – Kampgrounds of America

CARMELITA DOMINGUEZ – Montana Allergy & Asthma Specialists

BRYCE TERPSTYA – Jones Construction

NICK STEEN - Walkers

## MEET THE BILLINGS TEAM

**JOHN BREWER, CAE, CATP, CTA**

President & CEO  
Billings Chamber of Commerce

**ALY EGGART, MSPR, CATP, CTA**

Executive Director (Billings TBID & Billings CVB)  
Visit Billings

**MARYA PENNINGTON, PDM, CATP, CTA**

Marketing Director  
Visit Billings

**POLLY MULVANEY, PDM, CATP, CTA**

Group Sales Manager  
Visit Billings

**CASEY CONLON, CATP, PDM**

Sports Tourism Director  
Visit Billings

**KYRA COUSINS, PDM, CATP, CTA**

Visitor Services Manager  
Visit Billings

**MADDIE MALMSTROM, CATP**

Content Coordinator  
Visit Billings

**MEGAN STEVENSON, CATP, CTA**

VP of Finance and Operations  
Billings Chamber/Visit Billings/  
Visit Southeast Montana

As managed by:



## WHAT IS A DLO?

- A Destination Leadership Organization (DLO) protects and fosters the local visitor economy through promotion, marketing, destination management, cautious strategies and long-term initiatives such as air service development.
- DLOs exist to promote destinations, grow visitation to a place and are responsible for attracting or supporting events that increase visitation to a city.

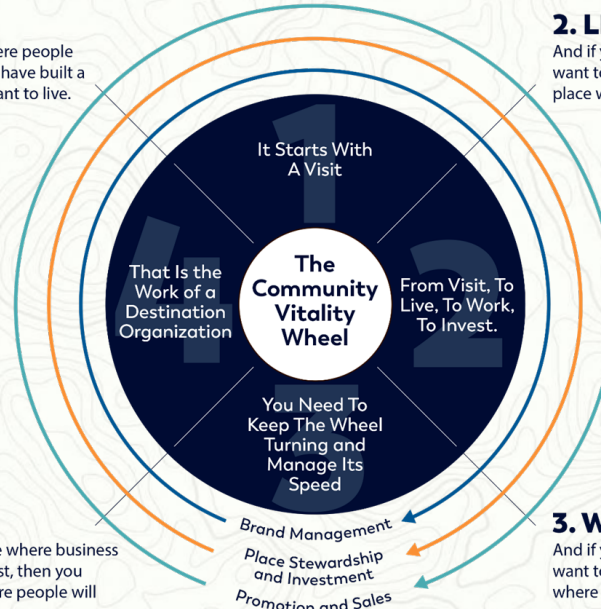
## THE WORK OF A DESTINATION ORGANIZATION

### 1. VISIT

If you built a place where people want to visit, then you have built a place where people want to live.

### 2. LIVE

And if you built a place where people want to live, then you have built a place where people want to work.



### 4. INVEST

And if you built a place where business and residents will invest, then you have built a place where people will want to visit.

### 3. WORK

And if you built a place where people want to work, then you have built a place where business and residents will invest.

# IN BILLINGS, THE TRAVEL INDUSTRY FUELS EVERY INDUSTRY, WHILE EVERY INDUSTRY FUELS THE TRAVEL INDUSTRY.

- Tourism reduces the average tax burden on every Montana household by more than \$930/year.
- 1 in 12 Montana workers is supported by out-of-state travel.
- Non-Montana resident visitors offer \$1.5B in direct employee compensation.
- Non-Montana resident visitors support 48,340 Montana jobs.
- Non-Montana resident visitors contribute \$414M in state and local taxes, much of which goes to the state's General Fund to support budgets for the State of Montana and numerous programs and state agencies.





## INSPIRE

As Destination MT inspires travel to Montana, Visit Billings inspires travel to Billings.



## ORIENT

Once inspired to travel to Billings, help travelers find whys and ways to build Billings into their itineraries and agendas for leisure, sports, business, meetings, and group tour events.



## FACILITATE

Once in Billings, ensuring visitors have a positive experience while encouraging repeat visitation is a priority.



# **FY26 STRATEGIC PRIORITIES FOSTER VISITOR GROWTH**

- INCREASE LEISURE VISITATION
- THE VISITOR EXPERIENCE
- ADVANCE SPORTS SALES & SUPPORT
- RECRUIT MEETINGS & CONVENTIONS
- GROW GROUP TOUR TRAVEL
- SUPPORT AIR SERVICE

# **2024-2027 STRATEGIC PLAN FY26 PRIORITIES**

- **SPORTS TOURISM LEADERSHIP**
- **EXECUTE LOCAL TOURISM EDUCATION CAMPAIGN**
- **SIGNATURE EVENT OPTIONS DURING NEED PERIOD(S)**
- **RESEARCH AND DATA**
- **INTERNATIONAL MOUNTAIN BICYCLING ASSOCIATION (IMBA) RESEARCH**
- **NATIONAL TRAVEL & TOURISM WEEK CELEBRATION**
- **BRAND EVOLUTION**



*Bridgeway*

## FY26 GOALS AND TACTICS

## LEISURE ADVERTISING

### GOAL:

DRIVE YEAR-ROUND VISITATION BY **INCREASING AWARENESS** FOR BILLINGS AS AN IDEAL TRAVEL DESTINATION, WITH BIG SKIES AND OUTDOOR ADVENTURE.

### TACTICS:

- **National Fly:** Increase direct flight awareness to Billings from origin and emerging markets through grant opportunities, paid media as well as through digital and social platforms.
- **Regional Drive:** Streamlining brand and events creative campaigns to create a comprehensive initiative to drive year-round traffic.
- **2-Wheel:** Sponsor content development and niche digital targeting for the two-wheel audience.
- **Regional Events:** Leverage yearly events to showcase cultural, culinary and outdoor experiences to encourage overnight, weekend, long weekend and midweek stays.
- **Public Relations Strategies:** Drive media coverage that profiles Trailsetters who share the locals' perspective on how to best enjoy Billings as a destination.



23%

THE AMOUNT OF TRAVELER SPENDING GENERATED BY NON-RESIDENT TRAVELERS, THE 2ND HIGHEST PERCENTAGE IN THE STATE

4.6%

OUTDOOR RECREATION ACCOUNTED FOR 4.6% OF MONTANA'S GDP IN 2023, THE THIRD HIGHEST PERCENTAGE OF ANY STATE

\*Source: ITRR, The Montana Travel Industry 2023 Summer and Economic Contribution 2022/2023 report

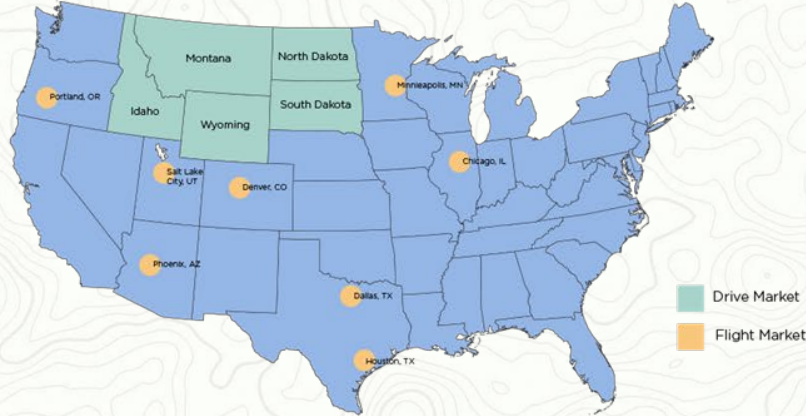
NUMBER OF PASSENGERS FLYING INTO BILLINGS IN 2024

490,000

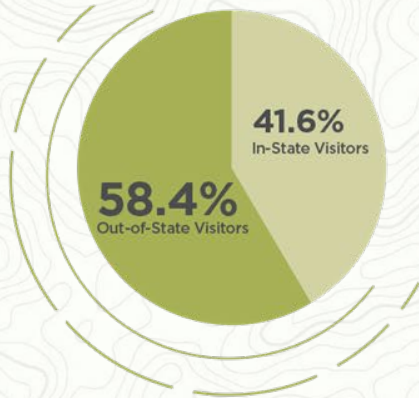
+13.31%



## TARGET MARKETS



## IN-STATE VS. OUT-OF-STATE VISITATION



## VISITOR PERSPECTIVES

47.5% FOUND BILLINGS, MT AN APPEALING PLACE TO VISIT

42% WHEN ASKED ABOUT THE TOP 10 BILLINGS ATTRACTIONS, 42% SAID "ROADTRIPPING AND SCENIC DRIVES," FOLLOWED CLOSELY BY "ENJOYING LOCAL FOOD OR DRINKS, EXPLORING THE CITY ITSELF, VISITING STATE OR LOCAL PARKS, AND HIKING."



## ENHANCING THE VISITOR EXPERIENCE

### GOALS:

#### EXPAND TOURISM EDUCATION

Grow the Certified Tourism Ambassador (CTA) Program to elevate the value of tourism, support stakeholders, and provide essential training for front-line staff.

#### ENSURE SERVICE EXCELLENCE

Equip Billings' visitor-facing workforce with the tools and training necessary to deliver consistent, high-quality customer service.

#### PROMOTE SOCIAL INCLUSION

Participate in diversity, equity, and inclusion (DEI) initiatives, supporting Destinations International's efforts to create a tourism industry that celebrates diverse communities while embracing shared experiences.

#### RECOGNIZE EXCEPTIONAL PARTNERS

Highlight businesses and organizations that actively engage with Visit Billings' education initiatives, reinforcing their contributions to positive visitor experiences.

### TACTICS:

- Continue encouraging stakeholders to become Certified Autism Centers
- Align the Visit Billings Tourism Ambassador content with Trail Guides communication
- Continue to grow presence at events to engage with residents and the wider community
- Enhance in-market visitor support, ensuring positive experiences

# FY26 STRATEGIC PRIORITIES FOSTER VISITOR GROWTH



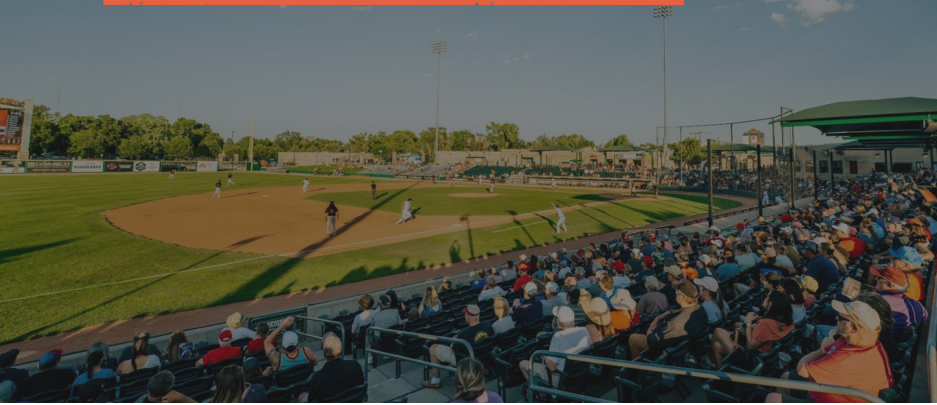
## VISIT BILLINGS SPORTS

OPERATIONS AND SALES SUPPORT FOR THE **SIGNAL PEAK ICE  
ARENA**

OPERATIONS AND SALES SUPPORT FOR THE **AMEND RECREATION  
CAMPUS SPORTS COURTS FACILITY**

CREATION OF BILLINGS FIRST **SPORTS COMMISSION**

## ADVANCED SPORTS SALES & SUPPORT



### GOALS:

**GENERATE NEW ROOM NIGHTS FROM SPORTS EVENTS** RECRUITED TO THE AREA THAT WILL IMPACT ROOM DEMAND AND GENERATE ECONOMIC IMPACT

**GROW OR EXPAND EXISTING EVENTS WITH CURRENT EVENT OWNERS**

**RETAIN EXISTING EVENTS**

**COLLABORATE WITH LOCAL COLLEGIATE PARTNERS FOR NCAA AND NAIA EVENT BIDS**

**BOOK AND SUPPORT 30 EVENTS IN BILLINGS**

### TACTICS:

- Attend sporting event trade shows like SportsETA and SPORTS conferences
- Generate new leads for sports events through collaboration
- Develop email templates and e-postcard for sports marketing
- Focus on Collegiate Sports for future bids
- Grow and retain sports events
- Continue to update sports sales toolkit for efficiencies in follow-up
- Continue with sports marketing
- Continue subscription with Destinations International Economic Impact Calculator
- Capture new photography to build image library for marketing
- Begin planning logistics for a 2026 sports planner FAM tour
- Successfully execute year two of the Special Olympics of Montana State Summer Games
- Continue to work with key stakeholders

### SUBSET PRIORITIES PER THE 2024-2027 STRATEGIC PLAN:

- Conduct research on the feasibility and benefits of becoming an IMBA Ride Center
- Research sports-focused organizations/committee options to foster sports tourism growth

## RECRUIT MEETINGS & CONVENTIONS

### GOALS:

- **BUILD RELATIONSHIPS THROUGH KNOWLEDGE AND SUPPORT TO MEETING PLANNERS.**
- **ELEVATE BILLINGS TO GENERATE NEW ROOM NIGHTS FROM MEETINGS OR CONFERENCES.**
- **CREATE LONGER ITINERARIES SUPPORTING STATE ASSOCIATION AND CORPORATE MEETINGS.**
- **BOOK, SUPPORT AND/OR RETAIN 30 MEETINGS OR 20 CONFERENCES.**
- **SERVICE 20 MEETINGS, CONVENTIONS, OR EVENTS IN BILLINGS.**

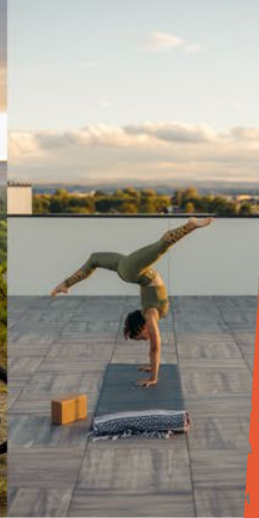
### TACTICS:

- Attend meeting and convention appointment-based events
- Generate new leads through collaboration and contract multi-year conferences
- Continue to develop digital and print sales material
- Strengthen efforts on Cvent and other platforms
- Use e-communications to build relationships
- Expand sponsorship opportunities
- Provide planners services to better facilitate attendees
- Promote “Meet Me in Billings” and “Big Skies Mean Big Attendance” campaigns
- Ensure successful hosting of 2025 National Association of County Agricultural Agents
- Better communicate customer service offerings
- Continue to partner with national associations
- Plan for warm season FAM tour





## GROW GROUP TOUR TRAVEL



THROUGH **BUILDING RELATIONSHIPS** AND FOSTERING RELATIONSHIPS WITH NEW & EXISTING TOUR OPERATORS, WE CAN **ELEVATE BILLINGS** BY OFFERING NEW PRODUCT INSIGHTS AND **ENHANCED ITINERARIES** THAT SHOWCASE BILLINGS TO INTERNATIONAL AND DOMESTIC TOUR OPERATORS AS **A MAJOR WESTERN TOUR DESTINATION**.

### TACTICS:

- Host the America Cup Golf Invitational in August 2025
- Attend international events hosted in the U.S.
- Attend the American Bus Association Marketplace 2025
- Work with Destination MT for opportunities to host FAM tours
- Work closely with Destination MT and the State of Montana's Department of Commerce to educate staff and stakeholders on this market
- Work with Visit Southeast Montana ahead of the 2026 reopening of Little Bighorn Battlefield National Monument

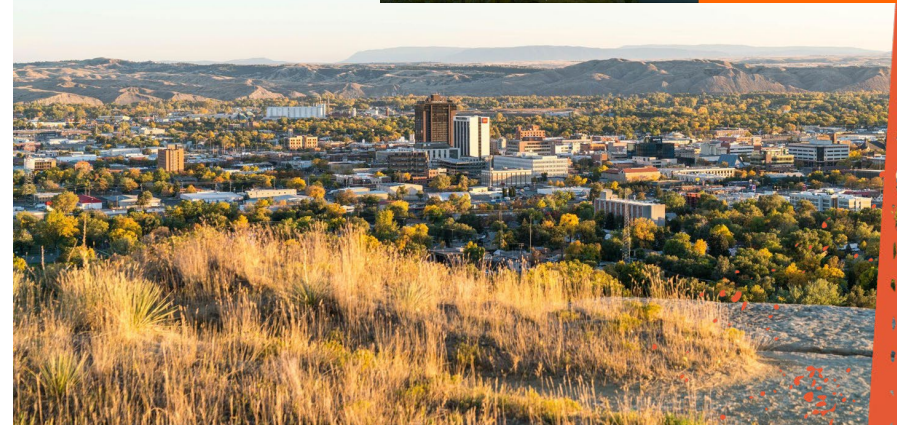
## AIR SERVICE SUPPORT

### GOAL:

TO EMPHASIZE THE IMPORTANCE OF EXPANDING AND MAINTAINING RELIABLE AIR SERVICE TO SUPPORT AND GROW THE TOURISM INDUSTRY IN BILLINGS.

### TACTICS:

- Highlighting the significance of air service to the region's economic and tourism success.
- Promoting the role of Billings Logan International Airport's expansion in enhancing the traveler experience.
- Commitment of financial contributions (\$375k) towards the Small Community Air Service Development (SCASD)
- Active member of the Air Service Committee, collaborating closely with community partners and airlines to advocate for enhanced connectivity and expanded routes.
- Increase investment in upper-funnel tactics such as Digital Out of Home (DOOH) in targeted markets such as Chicago, Denver and to drive awareness



# **FY26 STRATEGIC PRIORITIES**

## **FOSTER VISITOR GROWTH**

- INCREASE LEISURE VISITATION
- THE VISITOR EXPERIENCE
- ADVANCE SPORTS SALES & SUPPORT
- RECRUIT MEETINGS & CONVENTIONS
- GROW GROUP TOUR TRAVEL
- SUPPORT AIR SERVICE

A person is silhouetted against a sunset sky, sitting on the edge of a large, layered rock formation. Below them, a cityscape is visible, including a large pond, several industrial buildings, and two large white storage tanks. The scene is dimly lit, with the primary light source being the setting sun, which creates a warm glow and silhouettes the person and the rocks. The overall mood is contemplative and serene.

# FY26 BUDGET BREAKDOWN

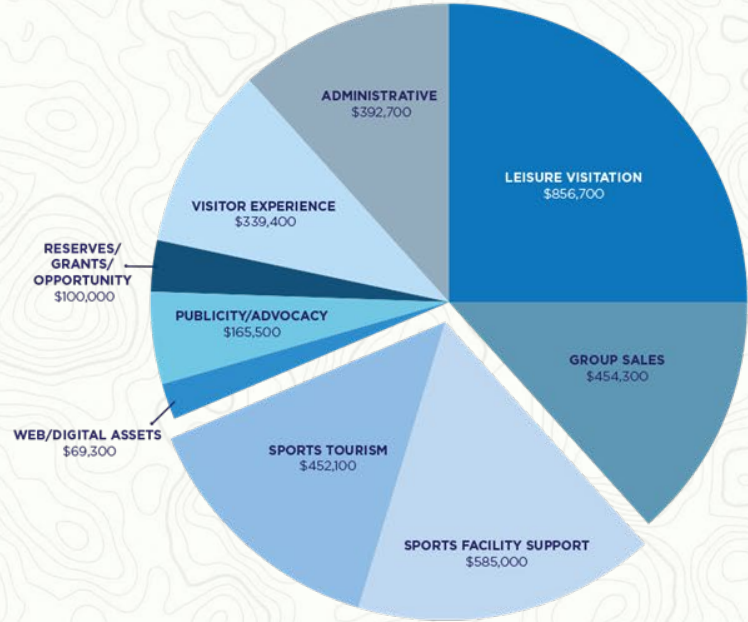
# BILLINGS TOURISM BUSINESS IMPROVEMENT DISTRICT (BTBID) FY26 BUDGET

# FY26 BUDGET BILLINGS TOURISM BUSINESS IMPROVEMENT DISTRICT (BTBID)

Leisure Visitation	\$856,700
Group Sales	\$454,300
Sports Tourism	\$1,037,100
Web/Digital Assets	\$69,300
Publicity/Advocacy	\$165,500
Reserves/Grants/Opportunity	\$100,000
Visitor Experience	\$339,400
Administrative	\$392,700
<b>PROJECTED BTBID FY26 BUDGET</b>	<b>\$3,415,000</b>

#### Other BTBID Notes:

BTBID Board Restricted Reserves for BIL/Air Service Commitment: \$375,000  
General BTBID Board Restricted Reserves: \$125,447



**TOTAL PROJECTED BTBID FY26 BUDGET:**  
\$3,415,000



THANK YOU. QUESTIONS?

EPIC SINCE 1882

**City Council Work Session**

**Date:** 05/05/2025  
**Title:** Facilities FY26 Budget and Custodial Discussion  
**Presented by:** Kevin Iffland, Assistant City Administrator  
**Department:** City Hall Administration  
**Presentation:** Yes  
**Legal Review:** Not Applicable  
**Project Number:** N/A

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**RECOMMENDATION**

Facilities Division will present the proposed FY26 budget and also discuss outsourcing custodial services.

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

Per Council member Kennedy's motion at the 4/28/2025 Council meeting, the Facilities Division will present the proposed FY26 budget which includes an overview of the Division's services, sites that are served, org chart, methodology for charges, capital projects through FY30, proposed budget options, and outsourcing of custodial services.

**STAKEHOLDERS**

City Council  
Administration  
Facilities Division

**ALTERNATIVES**

The only action needed by City Council is to provide direction to Staff if custodial contracts should be on the next business meeting.

Any other direction to Staff.

**FISCAL EFFECTS**

Hiring a vendor for custodial services will save approximately \$77,618 in the first year of the City Hall contract and an estimated \$441,597 over 5 years.

Hiring a vendor for custodial services will save approximately \$55,360 in the first year of the BOC contract and an estimated \$264,401 over 5 years.

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**Attachments**

Facilities Budget Presentation FY26  
Contract - Pride of Montana  
Contract - ABM  
Attachment A - Economic Analysis  
Attachment B - IFMA Benchmark  
Attachment C - Facilities Net Benchmark

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

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

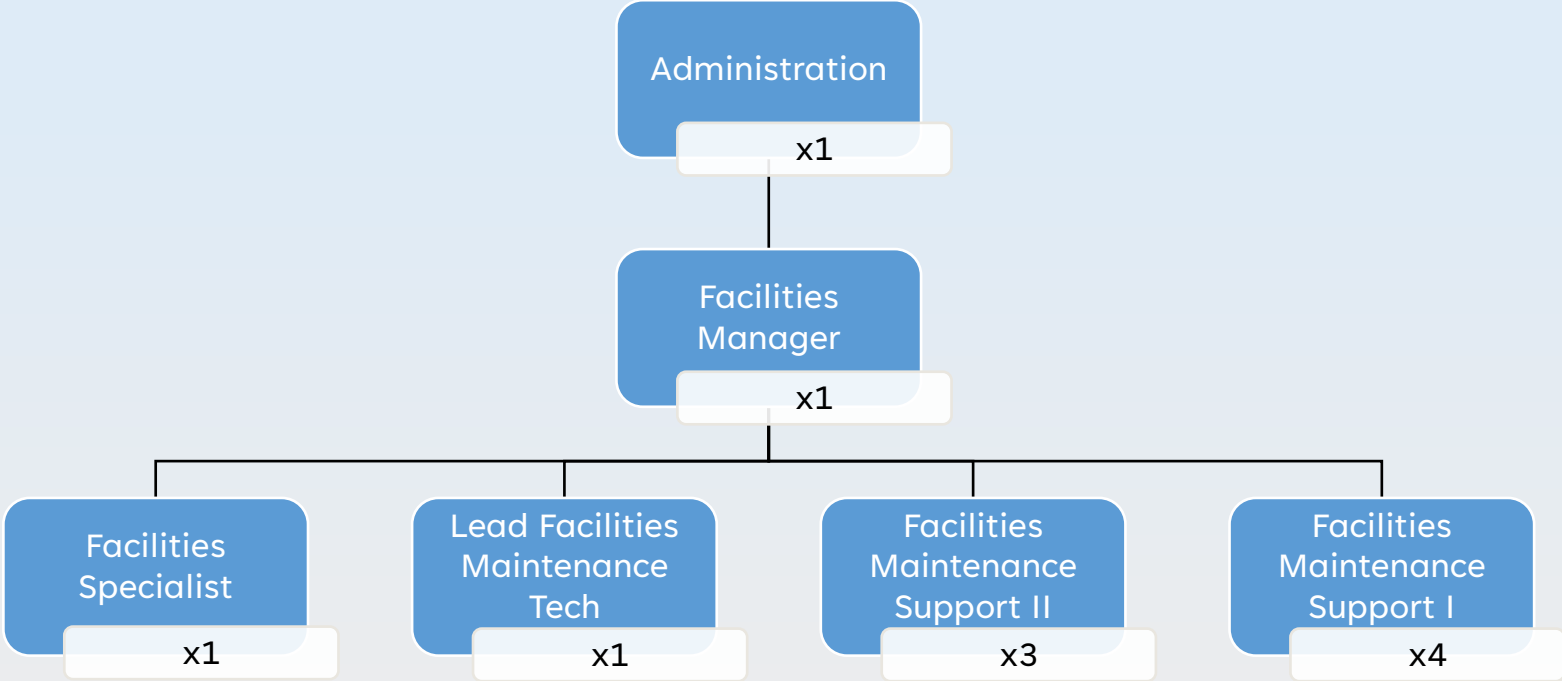
# WHERE WE DO IT

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

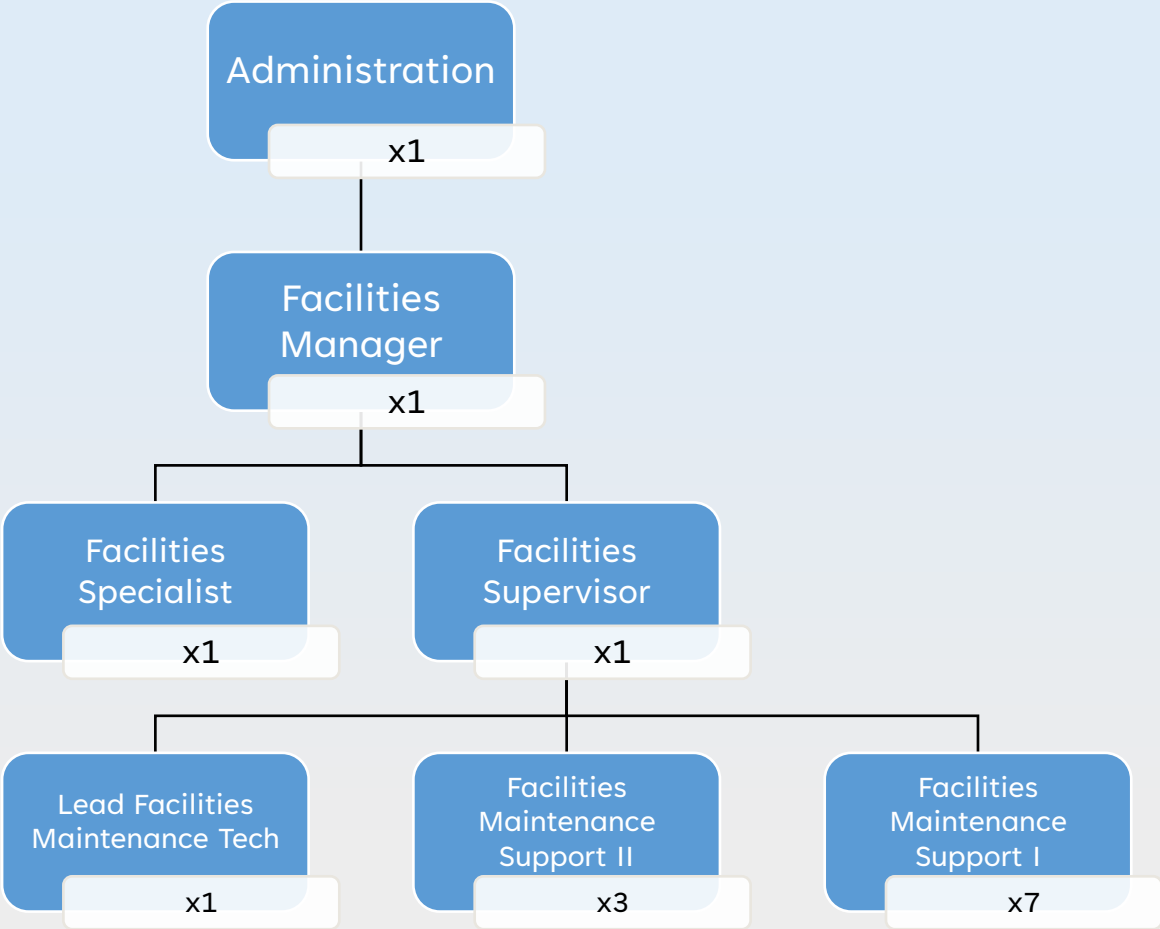
\*Hard services focus on physical elements such as buildings and infrastructure, while soft services focus on enhancing user experience such as custodial, security, and landscaping

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

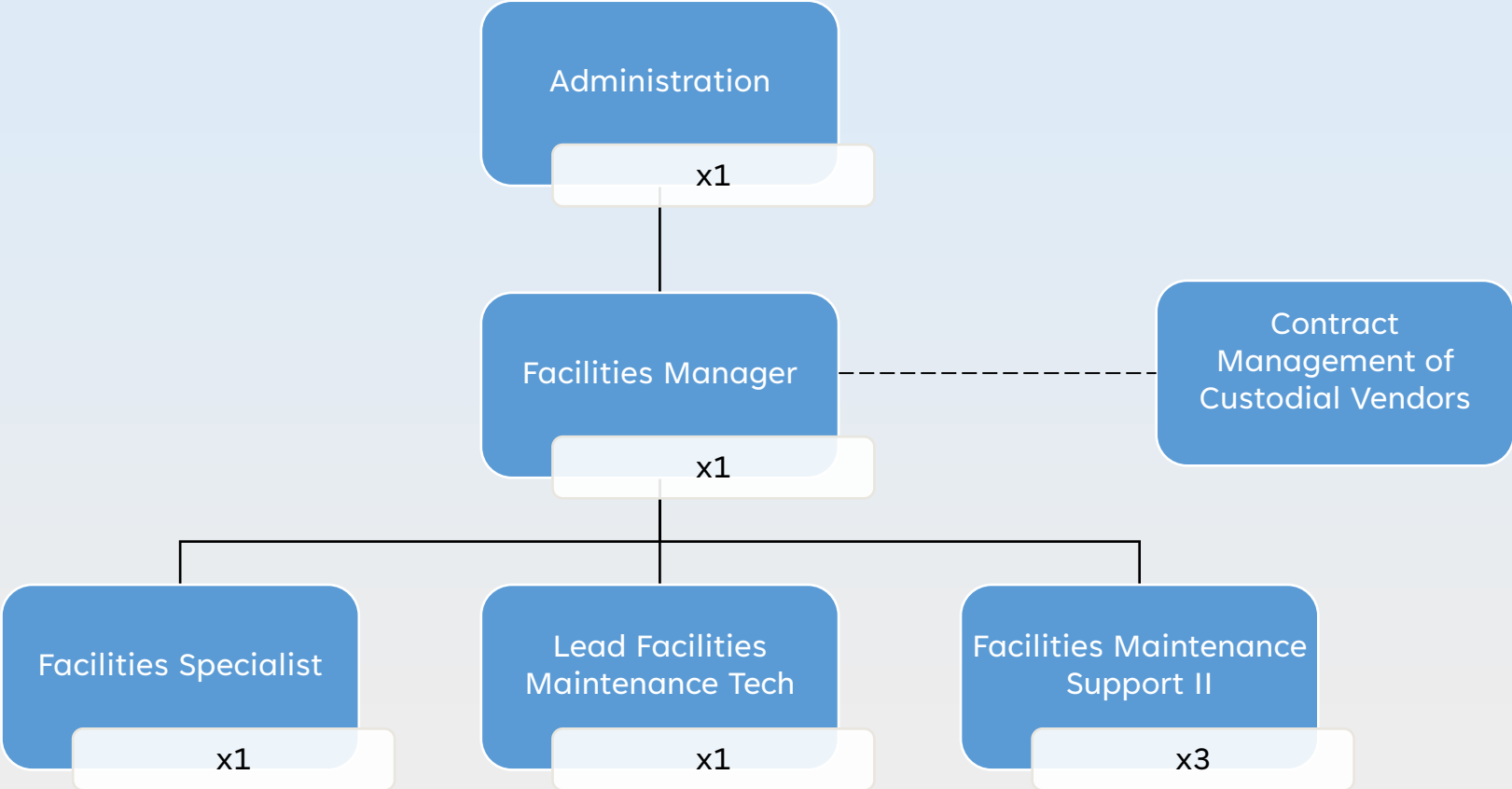
# ORG CHART – EXISTING FY25 BUDGET



# 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

<b>FACILITIES PROJECTS</b>						
<b>Project Name</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>	<b>FY 2030</b>	<b>Total</b>
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
<b>Total Facilities Projects</b>	<b>53,000</b>	<b>-</b>	<b>6,967,540</b>	<b>5,150,000</b>	<b>-</b>	<b>12,170,540</b>

- 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
<b>Beginning Balance</b>	<b>\$ 4,383,492</b>	<b>\$ 4,383,492</b>
<b>Revenue</b>		
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
	<b>\$ 3,318,678</b>	<b>\$ 3,318,678</b>
<b>Expense</b>		
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
	<b>\$ 3,095,799</b>	<b>\$ 2,876,338</b>
<b>Ending Balance</b>	<b>\$ 4,606,371</b>	<b>\$ 4,825,832</b>
<b>Cash Accumulation</b>	<b>\$ 222,879</b>	<b>\$ 442,340</b>

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

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



## SERVICES AGREEMENT

**THIS AGREEMENT** is made and entered into \_\_\_\_\_, by and between the **CITY OF BILLINGS, MONTANA**, a municipal corporation organized and existing under the laws of the State of Montana, P.O. Box 1178, Billings, Montana 59103, hereinafter referred to as "**CITY**," and **PRIDE OF MONTANA INC.**, of 175 N 27<sup>TH</sup> St., Suite 1310, Billings, MT 59101 hereinafter referred to as "**CONTRACTOR**."

In consideration of the mutual covenants and agreements herein contained, the receipt and sufficiency whereof being hereby acknowledged, the parties hereto agree as follows:

1. **PURPOSE**: **CITY** agrees to hire **CONTRACTOR** as an independent contractor to perform the services of custodial services described in the Scope of Work attached hereto as Exhibit "A" and by this reference made a part hereof.
2. **EFFECTIVE DATE**: This **AGREEMENT** is effective upon the date of its execution and will terminate on April 30, 2028. The parties may extend this **AGREEMENT**, by mutual written concurrence for two one-year renewal options. Renewals must be signed no later than the final day of each term.
3. **SCOPE OF WORK**: The **CONTRACTOR** shall perform the services set forth in Exhibit "A". In performing these services, the **CONTRACTOR** shall comply with all applicable federal, state and local statutes, rules and ordinances. These services and all duties incidental or necessary therefore shall be performed diligently and completely and in accordance with professional standards of conduct and performance.
4. **INCORPORATION BY REFERENCE**: All exhibits and addenda attached hereto, as well as any bid or proposal referenced, are hereby incorporated into this **AGREEMENT** and made a part hereof. If there is any conflict between such exhibits or addenda and the terms of this **AGREEMENT**, the terms of this **AGREEMENT** shall control.
5. **PAYMENT**: **CITY** agrees to pay **CONTRACTOR** an amount not to exceed six hundred thirteen thousand four hundred thirty-eight dollars and nineteen cents (\$613,438.19) for the work described in the Scope of Work in Exhibit "A". **CITY** will pay **CONTRACTOR** in twelve equal monthly payments in each **AGREEMENT** year as set forth in the pricing breakdown below. **CITY** will issue payment to **CONTRACTOR** within 30 days of receiving **CONTRACTOR's** monthly invoice. Any alteration or deviation from the described work that involves extra costs will be executed only upon written request by the **CITY** to **CONTRACTOR** and will become an extra charge over and above the contract



amount. The parties must agree in writing upon any extra charges before any extra charges are incurred.

Year	Price	Monthly Payments
1	\$198,660.00	\$16,555.00
2	\$204,619.80	\$17,051.65
3	\$210,758.39	11 payments of \$17,563.20, and 12 <sup>th</sup> payment of \$17,563.19
4	\$217,081.15	11 payments of \$18,090.09, and 12 <sup>th</sup> payment of \$18,090.16
5	\$223,593.58	11 payments of \$18,632.80, and 12 <sup>th</sup> payment of \$18,632.78

The prices established in this **AGREEMENT** may be extended to other political subdivisions within the State of Montana solely at the **CONTRACTOR'S** discretion.

6. **INDEPENDENT CONTRACTOR STATUS:** The parties agree that **CONTRACTOR** is an independent contractor for purposes of this **AGREEMENT**. The parties agree that neither **CONTRACTOR** nor any of **CONTRACTOR's** owners, officers, employees or agents are employees of the **CITY** for any purpose. **CONTRACTOR** and **CONTRACTOR's** owners, officers, employees or agents are not subject to the terms and provisions of the **CITY's** personnel policies handbook and may not be considered a **CITY** employee for workers' compensation or any other purpose. **CONTRACTOR** is not authorized to represent the **CITY** or otherwise bind the **CITY** in any dealings between **CONTRACTOR** and any third parties.

7. **INDEMNITY:**

The **CONTRACTOR** SHALL:

- A. Indemnify and hold **CITY**, its officers, agents and employees harmless from any and all losses, damage and liability to the extent caused by any intentional, reckless or negligent act on the part of **CONTRACTOR** or its owners, officers, agents or employees.
- B. Not indemnify and hold the **CITY** harmless from claims, causes of action, lawsuits, damages, judgments, liabilities, and litigation costs and expenses or reasonable attorneys' fees, expert fees and costs to the extent caused by the wrongful, reckless or negligent acts, error or omission of the **CITY** occurring during the course of or as a result of the performance of the **AGREEMENT**.



- C. Where claims, lawsuits or liability, including reasonable attorneys' fees, expert fees and costs arise from any wrongful, reckless or negligent act of both the **CITY** and the **CONTRACTOR**, the **CONTRACTOR** shall indemnify and hold the **CITY** harmless from only that portion of claims, causes of action, lawsuits, damages, judgments, liabilities, and litigation costs and expenses including reasonable attorneys' fees, expert fees and costs, to the extent caused by the **CONTRACTOR'S** or any subcontractor's wrongful, reckless or negligent acts occurring as a result from the **CONTRACTOR'S** performance pursuant to this **AGREEMENT**.

The **CITY** SHALL:

- D. Indemnify and hold **CONTRACTOR**, its officers, agents and employees harmless from any and all losses, damage and liability to the extent caused by any intentional, reckless or negligent act on the part of **CITY** or its agents or employees.
- E. Not indemnify and hold the **CONTRACTOR** harmless from claims, causes of action, lawsuits, damages, judgments, liabilities, and litigation costs and expenses or reasonable attorneys' fees and costs to the extent caused by the wrongful, reckless or negligent acts, error or omission of the **CONTRACTOR** occurring during the course of or as a result of the performance of the **AGREEMENT**.
- F. Where claims, lawsuits or liability, including reasonable attorneys' fees and costs arise from any wrongful or negligent act of both the **CONTRACTOR** and the **CITY**, the **CITY** shall indemnify and hold the **CONTRACTOR** harmless from only that portion of claims, causes of action, lawsuits, damages, judgments, liabilities, and litigation costs and expenses including attorneys' fees and costs, to the extent caused by the **CITY'S** wrongful, reckless or negligent acts occurring as a result from the **CITY'S** performance pursuant to this **AGREEMENT**.

## **8. INSURANCE:**

- A. The **CONTRACTOR** shall maintain in good standing the insurance described in this Section. Before rendering any services under this **AGREEMENT**, the **CONTRACTOR** shall furnish the **CITY** with proof of insurance in accordance with this Section.

The **CONTRACTOR** shall provide the following insurance:

1. Workers' compensation and employer's liability coverage as required by Montana law.
2. Commercial general liability, including contractual liability assumed under an insured agreement and personal injury



coverage's -- \$750,000 per claim and \$1,500,000 per occurrence.

3. Automobile liability -- \$1,500,000 per accident.

Each policy of insurance required by this Section shall provide for no less than 30 days' advance written notice to the **CITY** prior to cancellation.

The **CITY** shall be listed as an additional insured on all policies except Worker's Compensation Policies.

**CONTRACTOR** shall comply with the applicable requirements of the Workers' Compensation Act, Title 39, Chapter 71, MCA, and the Occupational Disease Act of Montana, Title 39, Chapter 71, MCA.

**CONTRACTOR** shall maintain workers' compensation insurance coverage for all members and employees of **CONTRACTOR's** business, except for those members who are exempted as independent contractors under the provisions of §39-71-401, MCA.

**CONTRACTOR** shall furnish **CITY** with copies showing one of the following: **(1)** proof of registration as an independent contractor under Title 39, Chapter 71, MCA; **(2)** a binder for workers' compensation coverage by an insurer licensed and authorized to provide workers' compensation insurance in the State of Montana; or **(3)** proof of exemption from workers' compensation granted by law for independent contractors.

9. **COMPLIANCE WITH LAWS:** **CONTRACTOR** agrees to comply with all applicable federal, state, and local laws, ordinances, rules, and regulations. **CONTRACTOR** agrees to purchase a **CITY** business license.
10. **PREVAILING WAGE RATES:** Unless superseded by federal law, Montana law requires that contractors and subcontractors give preference to the employment of Montana residents for any public works contract in excess of \$25,000 for construction or nonconstruction services in accordance with sections 18-2-401 through 18-2-432, MCA, and all administrative rules adopted pursuant thereto. Unless superseded by federal law, each contractor shall ensure that at least 50% of the contractor's workers performing labor on a construction project are bona fide Montana residents. The Commissioner of the Montana Department of Labor and Industry has established the resident requirements in accordance with sections 18-2-403 and 18-2-409, MCA. Any and all questions concerning prevailing wage and Montana resident issues should be directed to the Montana Department of Labor and Industry.

In addition, unless superseded by federal law, all employees working on a public works contract shall be paid prevailing wage rates in accordance with sections 18-2-401 through 18-2-432, MCA, and all administrative rules adopted pursuant



thereto. Montana law requires that all public works contracts, as defined in section 18-2-401, MCA, in which the total cost of the contract is in excess of \$25,000, contain a provision stating for each job classification the standard prevailing wage rate, including fringe benefits, travel, per diem, and zone pay that the contractors, subcontractors, and employers shall pay during the public works contract.

Section 18-2-406, MCA, requires that all contractors, subcontractors, and employers who are performing work or providing services under a public works contract post in a prominent and accessible site on the project staging area or work area, no later than the first day of work and continuing for the entire duration of the contract, a legible statement of all wages and fringe benefits to be paid to the employees in compliance with section 18-2-423, MCA. Section 18-2-423, MCA, requires that employees receiving an hourly wage must be paid on a weekly basis.

Furthermore, Section 18-2-417, requires allowance for a 3% annual increase in wages for a multiyear contract. (1) Any public works contract that by the terms of the original contract calls for more than 30 months to fully perform must include a provision to adjust, as provided in subsection (2), the standard prevailing rate of wages to be paid to the workers performing the contract. (2) The standard prevailing rate of wages paid to workers under a contract subject to this section must be adjusted 12 months after the date of the award of the public works contract. The amount of the adjustment must be a 3% increase. The adjustment must be made and applied every 12 months for the term of the contract. (3) Any increase in the standard rate of prevailing wages for workers under this section is the sole responsibility of the contractor and any subcontractors and not the contracting agency.

Each contractor, subcontractor, and employer must maintain payroll records in a manner readily capable of being certified for submission under section 18-2-423, MCA, for not less than three years after the contractor's, subcontractor's, or employer's completion of work on the public works contract.

The nature of the work performed or services provided under this contract meets the statutory definition of a "public works contract" under section 18-2-401(11)(a), MCA, The booklet is attached and may also be found at <http://erd.dli.mt.gov/labor-standards/state-prevailing-wage-rates>.

## **11. NONDISCRIMINATION:**

- A. **CONTRACTOR** shall, in performance of work under this **AGREEMENT**, fully comply with all applicable federal, state, or local laws, rules, regulations, and executive orders including but not limited to, the Montana Human Rights Act, the Equal Pay Act of 1963, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. **CONTRACTOR** is the employer for the purpose of providing healthcare benefits and paying



any applicable penalties, fees and taxes under the Patient Protection and Affordable Care Act [P.L. 111-148, 124 Stat. 119]. Any subletting or subcontracting by **CONTRACTOR** subjects subcontractors to the same provisions. In accordance with 49-3-207, MCA, and Executive Order No. 04-2016. **CONTRACTOR** agrees that the hiring of persons to perform this Contract will be made on the basis of merit and qualifications and there will be no discrimination based on race, color, sex, pregnancy, childbirth or medical conditions related to pregnancy or childbirth, political or religious affiliation or ideas, culture, creed, social origin or condition, genetic information, sexual orientation, gender identity or expression, national origin, ancestry, age, physical or mental disability, military service or veteran status, or marital status by the persons performing this **AGREEMENT**. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion, or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

- B. The **CONTRACTOR** shall state, in all solicitations or advertisements for employees to work on jobs, that all qualified applicants will receive equal consideration for employment without regard to race, color, sex, pregnancy, childbirth or medical conditions related to pregnancy or childbirth, political or religious affiliation or ideas, culture, creed, social origin or condition, genetic information, sexual orientation, gender identity or expression, national origin, ancestry, age, physical or mental disability, military service or veteran status, or marital status

The **CONTRACTOR** and subcontractor shall abide by the requirements of 41 CFR 60-300.5(a) and 41 CFR 60-741.5(a), which prohibit discrimination against qualified protected veterans and/or qualified individuals on the basis of disability, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans and individuals with disabilities.

The **CONTRACTOR** and any subcontractor shall abide by the requirements of 41 CFR 60-1.4, which states employees or applicants may not be discharged or in any other manner discriminated against because they have inquired about, discussed, or disclosed their own pay or the pay of another employee or applicant. However, employees who have access to the compensation information of other employees or applicants as a part of their



essential job functions cannot disclose the pay of other employees or applicants to individuals who do not otherwise have access to compensation information, unless the disclosure is (a) in response to a formal complaint or charge, (b) in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or (c) consistent with the **CONTRACTOR'S** legal duty to furnish information.

- C. The contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under section 202 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- D. The **CONTRACTOR** shall comply with any and all reporting requirements that may apply to it that the **CITY** may establish by regulation. The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- E. The **CONTRACTOR** shall comply with all applicable federal, state, and city laws concerning the prohibition of discrimination. This includes complying with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- F. In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of Sept 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- G. The **CONTRACTOR** shall include the provisions of Subsections A through F of this Section in every subcontract or purchase order under this **AGREEMENT**, so as to be binding upon every such subcontractor or vendor of the **CONTRACTOR** under this **AGREEMENT**. The contractor will take such action with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a means of enforcing such



provisions including sanctions for noncompliance: Provided, however, that in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

- H. The **CONTRACTOR** agrees to post, in conspicuous places available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause.
12. **CONTRACTOR PERSONNEL:** A list of personnel who will be onsite for work shall be provided by **CONTRACTOR** to **CITY** within 10 business days of contract execution, including:
- A. First and last name;
  - B. Duration onsite; and,
  - C. Personnel responsibilities.
13. **BACKGROUND CHECKS:** **CONTRACTOR** to have all employees fingerprint-based felony background check and CJIN certification approved before working in Police, Courts, City Attorney, and IT areas of City Hall.
14. **SAFETY PROGRAM:** **CONTRACTOR** to provide **CITY** with safety program within 10 business days of contract execution.
15. **TERMINATION:** This **AGREEMENT** may be terminated by either party for any reason and at any time upon giving the other party thirty (30) days' prior written notice of termination, with the effective date of termination occurring thirty (30) days following the date of the written notice. Notices shall be provided in writing and hand-delivered or mailed to the parties at the addresses set forth in the first paragraph of this **AGREEMENT**.
16. **LIAISON:** The **CITY's** designated liaison for this **AGREEMENT** is John Caterino and the **CONTRACTOR's** designated liaison for this **AGREEMENT** is Tom Iverson.
17. **GOVERNING LAW AND VENUE:** This **AGREEMENT** shall be construed and enforced in accordance with the laws of the State of Montana. Venue for any suit between the parties arising out of this **AGREEMENT** shall be the State of Montana Thirteenth Judicial District Court, Yellowstone County.
18. **SEVERABILITY:** Any provision or part of the **AGREEMENT** held to be void or unenforceable under any law or regulation shall be deemed stricken and all remaining provisions shall continue to be valid and binding upon the **CITY** and the **CONTRACTOR**, who agree that the **AGREEMENT** shall be reformed to replace such stricken provision or part thereof with a valid and enforceable



provision that comes as close as possible to expressing the intention of the parties as pertains to the stricken provision.

19. **SUCCESSORS AND ASSIGNS:** Neither the **CITY** nor the **CONTRACTOR** shall assign, transfer or encumber any rights, duties or interests accruing from this **AGREEMENT** without the written consent of the other.
  
20. **OWNERSHIP OF DOCUMENTS:** All documents, data, drawings, specifications, software applications and other products or materials produced by the **CONTRACTOR** in connection with the services rendered under this **AGREEMENT** shall be the property of the **CITY** whether the project for which they are made is executed or not. All such documents, products and materials shall be forwarded to the **CITY** at its request and may be used by the **CITY** as it sees fit. The **CITY** agrees that if the documents, products, and materials prepared by the **CONTRACTOR** are used for purposes other than those intended by the **AGREEMENT**, the **CITY** does so at its sole risk and agrees to hold the **CONTRACTOR** harmless for such use. All or any portions of materials, products and documents produced under this **AGREEMENT** may be used by the **CONTRACTOR** upon confirmation from the **CITY** that they are subject to disclosure under the Public Disclosure Act. All services performed under this **AGREEMENT** will be conducted solely for the benefit of the **CITY** and will not be used for any other purpose without written consent of the **CITY**. Any information relating to the services will not be released without the written permission of the **CITY**. The **CONTRACTOR** shall preserve the confidentiality of all **CITY** documents and data accessed for use in **CONTRACTOR**'s work product.



**IN WITNESS WHEREOF**, the parties hereto have executed this instrument the day and year first above written.

**CITY OF BILLINGS, MONTANA**

**PRIDE OF MONTANA INC.**

\_\_\_\_\_  
**WILLIAM A. COLE,  
MAYOR**

\_\_\_\_\_  
**SIGNATURE**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
**PRINT NAME**

\_\_\_\_\_  
**CITY ATTORNEY'S OFFICE**

\_\_\_\_\_  
**PRINT TITLE**

**ATTEST:**

\_\_\_\_\_  
**DENISE BOHLMAN, CITY CLERK**



## EXHIBIT A – CLEANING SCOPE

All services to be rendered at

**Site Name:** City Hall

**Site Address:** 316 N 26<sup>th</sup> St., Billings, MT 59101

**Tax ID:** A00251

**Item:** Custodial Services

Services to be provided Monday through Friday, less City holidays, and include 3 hours of day porting. Hours of operations: 10am-2pm for day porting. 5pm and on for nightly services.

Owner to supply consumables, vendor to supply equipment and operating chemicals.

Vacuuming scope to be 3 times a week with space vac wide area carpet M/W/F, and 2 times a week with upright T/TH.

Area	Frequency			
	Weekly	Monthly	Quarterly	Yearly
Restrooms and Locker Rooms				
Check and stock consumables	5			
Empty trash and replace can liners	5			
Clean/disinfect urinals and toilets	5			
Clean/disinfect sinks, sink fixtures, and brightwork	5			
Clean mirrors	5			
Mop floors, dust and vacuum as needed	5			
Spot clean as necessary	5			
Spot clean/disinfect walls, urinal partitions, and toilet partitions	1			
Clean/disinfect shower stalls and walls		1		
Deep clean of grout and tile			1	
Machine scrub floors				2
Deep clean shower stalls				1



Area	Frequency			
	Weekly	Monthly	Quarterly	Yearly
<b>Break Rooms</b>				
Check and stock consumables	5			
Empty trash and replace can liners	5			
Spot clean LVP flooring	5			
Clean/disinfect sinks and countertops	5			
Clean/disinfect door hardware	5			
Clean windows	5			
Wipe down tables	5			
Wipe chairs		1		

Area	Frequency			
	Weekly	Monthly	Quarterly	Yearly
<b>Offices, Workstations, Private Areas</b>				
Vacuum carpet floors	5			
Spot clean as necessary	5			
Wipe door handles	1			
Clean windows	1			
Wipe partition tops and glass ledges	1			
Dust windowsills		2		
Dust surfaces between shoulder and knees, as necessary		1		
Dust surfaces above shoulder and below knees, as necessary		1		



Area	Frequency			
	Weekly	Monthly	Quarterly	Yearly
Entry Ways and Lobbies				
Empty trash and replace can liners	5			
Mop terrazzo floors and vacuum carpet	5			
Clean glass entry doors inside/outside	5			
Vacuum carpet floor mats	5			
Spot clean as necessary	5			
Shampoo carpet				1

Area	Frequency			
	Weekly	Monthly	Quarterly	Yearly
Hallways/Common Areas				
Mop terrazzo and tile floors, and vacuum carpet	5			
Spot clean lobby furniture	5			
Spot clean walls from floor to shoulder	1			
Clean baseboards		1		



Area	Frequency			
	Weekly	Monthly	Quarterly	Yearly
Elevators				
Vacuum floors	5			
Wipe elevator controls	5			
Spot clean interior car and hall doors as necessary	5			

Area	Frequency			
	Weekly	Monthly	Quarterly	Yearly
Courtrooms				
Vacuum floors	5			
Wipe benches	5			
Wipe counter	5			
Clean/disinfect door hardware	5			

Area	Frequency			
	Weekly	Monthly	Quarterly	Yearly
Meeting Rooms				
Vacuum floors	5			
Wipe tables	5			
Clean glass	5			
Clean/disinfect door hardware	5			



<b>Area</b>	<b>Frequency</b>			
Customer Counters	Weekly	Monthly	Quarterly	Yearly
Wipe counter	5			
Clean glass	5			
Clean/disinfect door hardware	5			

<b>Area</b>	<b>Frequency</b>			
Stairwells	Weekly	Monthly	Quarterly	Yearly
Spot clean	5			

<b>Area</b>	<b>Frequency</b>			
Council Chambers	Weekly	Monthly	Quarterly	Yearly
Vacuum carpet	1			
Clean glass	1			
Wipe chairs, as necessary	1			
Wipe counters	1			
Clean/disinfect door hardware	1			



**Floor Areas – Total**

<b>Floor</b>	<b>Area</b>
1 <sup>st</sup> floor	26,159 square feet
2 <sup>nd</sup> floor	34,295 square feet
3 <sup>rd</sup> floor	34,295 square feet
4 <sup>th</sup> floor	34,295 square feet
5 <sup>th</sup> floor	34,295 square feet

**Floor Areas – Total Built Out and Occupied**

<b>Floor</b>	<b>Area</b>
1 <sup>st</sup> floor	19,402 square feet
2 <sup>nd</sup> floor	29,326 square feet
3 <sup>rd</sup> floor	18,930 square feet
4 <sup>th</sup> floor	23,057 square feet
5 <sup>th</sup> floor	30,162 square feet

**Floor Areas – Common Areas (shared TR and lobbies)**

<b>Floor</b>	<b>Area</b>
1 <sup>st</sup> floor	6,074 square feet
2 <sup>nd</sup> floor	3,538 square feet
3 <sup>rd</sup> floor	3,000 square feet
4 <sup>th</sup> floor	2,254 square feet
5 <sup>th</sup> floor	3,773 square feet



**Toilet Rooms – Fixtures**

Floor	Lavs	Water Closets	Urinals	Water Coolers	Showers
Lower Basement	3	3	0	0	2
1 <sup>st</sup> floor	5	7	2	2	0
2 <sup>nd</sup> floor	9	9	2	2	0
3 <sup>rd</sup> floor	8	11	3	2	0
4 <sup>th</sup> floor	10	13	3	2	0
5 <sup>th</sup> floor	8	10	3	2	0

**Toilet Rooms – Dispensers**

Floor	Soap	Toilet Paper	Paper Towels	Seat Covers	Napkin Cans
Lower Basement	3	3	3	0	0
1 <sup>st</sup> floor	7	7	7	7	4
2 <sup>nd</sup> floor	14	10	14	10	4
3 <sup>rd</sup> floor	2	9	4	9	6
4 <sup>th</sup> floor	9	13	9	11	7
5 <sup>th</sup> floor	12	10	10	10	7

**Breakrooms – Fixtures and Dispensers**

Floor	Soap	Paper Towels	Sinks
Lower Basement	0	0	0
1 <sup>st</sup> floor	2	2	2
2 <sup>nd</sup> floor	2	2	2
3 <sup>rd</sup> floor	0	0	0
4 <sup>th</sup> floor	3	3	3
5 <sup>th</sup> floor	4	4	4



### Waste Cans

1 <sup>st</sup> floor	
Size	Quantity
7 gallon	1
16 gallon	10
23 gallon	4
35 gallon	4

2 <sup>nd</sup> floor	
Size	Quantity
7 gallon	7
16 gallon	6
23 gallon	0
30 gallon	10
35 gallon	17

3 <sup>rd</sup> floor	
Size	Quantity
7 gallon	0
16 gallon	4
23 gallon	0
35 gallon	0

4 <sup>th</sup> floor	
Size	Quantity
7 gallon	3
16 gallon	5
23 gallon	0
30 gallon	4
35 gallon	13



5 <sup>th</sup> floor	
Size	Quantity
7 gallon	7
16 gallon	15
23 gallon	6
30 gallon	10
35 gallon	3



## **SERVICES AGREEMENT**

**THIS AGREEMENT** is made and entered into \_\_\_\_\_, by and between the **CITY OF BILLINGS, MONTANA**, a municipal corporation organized and existing under the laws of the State of Montana, P.O. Box 1178, Billings, Montana 59103, hereinafter referred to as "**CITY**," and **ABM INDUSTRY GROUPS, LLC**, of 4151 Ashford Dunwoody Road, Suite 600, Atlanta, GA 30319 hereinafter referred to as "**CONTRACTOR**."

In consideration of the mutual covenants and agreements herein contained, the receipt and sufficiency whereof being hereby acknowledged, the parties hereto agree as follows:

1. **PURPOSE**: **CITY** agrees to hire **CONTRACTOR** as an independent contractor to perform the services of custodial services described in the Scope of Work attached hereto as Exhibit "A" and by this reference made a part hereof.
2. **EFFECTIVE DATE**: This **AGREEMENT** is effective upon the date of its execution and will terminate on April 30, 2028. The parties may extend this **AGREEMENT**, by mutual written concurrence for two one-year renewal options. Renewals must be signed no later than the final day of each term.
3. **SCOPE OF WORK**: The **CONTRACTOR** shall perform the services set forth in Exhibit "A". In performing these services, the **CONTRACTOR** shall comply with all applicable federal, state and local statutes, rules and ordinances. These services and all duties incidental or necessary therefore shall be performed diligently and completely and in accordance with professional standards of conduct and performance.
4. **INCORPORATION BY REFERENCE**: All exhibits and addenda attached hereto, as well as any bid or proposal referenced, are hereby incorporated into this **AGREEMENT** and made a part hereof. If there is any conflict between such exhibits or addenda and the terms of this **AGREEMENT**, the terms of this **AGREEMENT** shall control.
5. **PAYMENT**: **CITY** agrees to pay **CONTRACTOR** an amount not to exceed four hundred thirty-nine thousand six dollars and seventy-one cents (\$439,006.71) for the work described in the Scope of Work in Exhibit "A". **CITY** will pay **CONTRACTOR** in twelve equal monthly payments in each **AGREEMENT** year as set forth in the pricing breakdown below. **CITY** will issue payment to **CONTRACTOR** within 30 days of receiving **CONTRACTOR's** monthly invoice. Any alteration or deviation from the described work that involves extra costs will be executed only upon written request by the **CITY** to **CONTRACTOR** and will become an extra charge over and above the contract amount. The parties must agree in writing upon any extra charges before any extra charges are incurred.



Year	Price	Monthly Payments
1	\$142,032.00	\$11,836.00
2	\$146,292.96	\$12,191.08
3	\$150,681.75	11 payments of \$12,556.81, and 12 <sup>th</sup> payment of \$12,556.84
4	\$155,202.20	11 payments of \$12,933.51, and 12 <sup>th</sup> payment of \$12,933.59
5	\$159,858.27	11 payments of \$13,321.52, and 12 <sup>th</sup> payment of \$13,321.55

The prices established in this **AGREEMENT** may be extended to other political subdivisions within the State of Montana solely at the **CONTRACTOR'S** discretion.

6. **INDEPENDENT CONTRACTOR STATUS:** The parties agree that **CONTRACTOR** is an independent contractor for purposes of this **AGREEMENT**. The parties agree that neither **CONTRACTOR** nor any of **CONTRACTOR's** owners, officers, employees or agents are employees of the **CITY** for any purpose. **CONTRACTOR** and **CONTRACTOR's** owners, officers, employees or agents are not subject to the terms and provisions of the **CITY's** personnel policies handbook and may not be considered a **CITY** employee for workers' compensation or any other purpose. **CONTRACTOR** is not authorized to represent the **CITY** or otherwise bind the **CITY** in any dealings between **CONTRACTOR** and any third parties.

7. **INDEMNITY:**

The **CONTRACTOR** SHALL:

- A. Indemnify and hold **CITY**, its officers, agents and employees harmless from any and all losses, damage and liability to the extent caused by any intentional, reckless or negligent act on the part of **CONTRACTOR** or its owners, officers, agents or employees.
- B. Not indemnify and hold the **CITY** harmless from claims, causes of action, lawsuits, damages, judgments, liabilities, and litigation costs and expenses or reasonable attorneys' fees, expert fees and costs to the extent caused by the wrongful, reckless or negligent acts, error or omission of the **CITY** occurring during the course of or as a result of the performance of the **AGREEMENT**.
- C. Where claims, lawsuits or liability, including reasonable attorneys' fees, expert fees and costs arise from any wrongful, reckless or negligent act of



both the **CITY** and the **CONTRACTOR**, the **CONTRACTOR** shall indemnify and hold the **CITY** harmless from only that portion of claims, causes of action, lawsuits, damages, judgments, liabilities, and litigation costs and expenses including reasonable attorneys' fees, expert fees and costs, to the extent caused by the **CONTRACTOR'S** or any subcontractor's wrongful, reckless or negligent acts occurring as a result from the **CONTRACTOR'S** performance pursuant to this **AGREEMENT**.

The **CITY** SHALL:

- D. Indemnify and hold **CONTRACTOR**, its officers, agents and employees harmless from any and all losses, damage and liability to the extent caused by any intentional, reckless or negligent act on the part of **CITY** or its agents or employees.
- E. Not indemnify and hold the **CONTRACTOR** harmless from claims, causes of action, lawsuits, damages, judgments, liabilities, and litigation costs and expenses or reasonable attorneys' fees and costs to the extent caused by the wrongful, reckless or negligent acts, error or omission of the **CONTRACTOR** occurring during the course of or as a result of the performance of the **AGREEMENT**.
- F. Where claims, lawsuits or liability, including reasonable attorneys' fees and costs arise from any wrongful or negligent act of both the **CONTRACTOR** and the **CITY**, the **CITY** shall indemnify and hold the **CONTRACTOR** harmless from only that portion of claims, causes of action, lawsuits, damages, judgments, liabilities, and litigation costs and expenses including attorneys' fees and costs, to the extent caused by the **CITY'S** wrongful, reckless or negligent acts occurring as a result from the **CITY'S** performance pursuant to this **AGREEMENT**.

#### **8. INSURANCE:**

- A. The **CONTRACTOR** shall maintain in good standing the insurance described in this Section. Before rendering any services under this **AGREEMENT**, the **CONTRACTOR** shall furnish the **CITY** with proof of insurance in accordance with this Section.

The **CONTRACTOR** shall provide the following insurance:

1. Workers' compensation and employer's liability coverage as required by Montana law.
2. Commercial general liability, including contractual liability assumed under an insured agreement and personal injury coverage's -- \$750,000 per claim and \$1,500,000 per occurrence.
3. Automobile liability -- \$1,500,000 per accident.



Each policy of insurance required by this Section shall provide for no less than 30 days' advance written notice to the **CITY** prior to cancellation.

The **CITY** shall be listed as an additional insured on all policies except Worker's Compensation Policies.

**CONTRACTOR** shall comply with the applicable requirements of the Workers' Compensation Act, Title 39, Chapter 71, MCA, and the Occupational Disease Act of Montana, Title 39, Chapter 71, MCA.

**CONTRACTOR** shall maintain workers' compensation insurance coverage for all members and employees of **CONTRACTOR's** business, except for those members who are exempted as independent contractors under the provisions of §39-71-401, MCA.

**CONTRACTOR** shall furnish **CITY** with copies showing one of the following: **(1)** proof of registration as an independent contractor under Title 39, Chapter 71, MCA; **(2)** a binder for workers' compensation coverage by an insurer licensed and authorized to provide workers' compensation insurance in the State of Montana; or **(3)** proof of exemption from workers' compensation granted by law for independent contractors.

9. **COMPLIANCE WITH LAWS:** **CONTRACTOR** agrees to comply with all applicable federal, state, and local laws, ordinances, rules, and regulations. **CONTRACTOR** agrees to purchase a **CITY** business license.
10. **PREVAILING WAGE RATES:** Unless superseded by federal law, Montana law requires that contractors and subcontractors give preference to the employment of Montana residents for any public works contract in excess of \$25,000 for construction or nonconstruction services in accordance with sections 18-2-401 through 18-2-432, MCA, and all administrative rules adopted pursuant thereto. Unless superseded by federal law, each contractor shall ensure that at least 50% of the contractor's workers performing labor on a construction project are bona fide Montana residents. The Commissioner of the Montana Department of Labor and Industry has established the resident requirements in accordance with sections 18-2-403 and 18-2-409, MCA. Any and all questions concerning prevailing wage and Montana resident issues should be directed to the Montana Department of Labor and Industry.

In addition, unless superseded by federal law, all employees working on a public works contract shall be paid prevailing wage rates in accordance with sections 18-2-401 through 18-2-432, MCA, and all administrative rules adopted pursuant thereto. Montana law requires that all public works contracts, as defined in section 18-2-401, MCA, in which the total cost of the contract is in excess of \$25,000, contain a provision stating for each job classification the standard prevailing wage



rate, including fringe benefits, travel, per diem, and zone pay that the contractors, subcontractors, and employers shall pay during the public works contract.

Section 18-2-406, MCA, requires that all contractors, subcontractors, and employers who are performing work or providing services under a public works contract post in a prominent and accessible site on the project staging area or work area, no later than the first day of work and continuing for the entire duration of the contract, a legible statement of all wages and fringe benefits to be paid to the employees in compliance with section 18-2-423, MCA. Section 18-2-423, MCA, requires that employees receiving an hourly wage must be paid on a weekly basis.

Furthermore, Section 18-2-417, requires allowance for a 3% annual increase in wages for a multiyear contract. (1) Any public works contract that by the terms of the original contract calls for more than 30 months to fully perform must include a provision to adjust, as provided in subsection (2), the standard prevailing rate of wages to be paid to the workers performing the contract. (2) The standard prevailing rate of wages paid to workers under a contract subject to this section must be adjusted 12 months after the date of the award of the public works contract. The amount of the adjustment must be a 3% increase. The adjustment must be made and applied every 12 months for the term of the contract. (3) Any increase in the standard rate of prevailing wages for workers under this section is the sole responsibility of the contractor and any subcontractors and not the contracting agency.

Each contractor, subcontractor, and employer must maintain payroll records in a manner readily capable of being certified for submission under section 18-2-423, MCA, for not less than three years after the contractor's, subcontractor's, or employer's completion of work on the public works contract.

The nature of the work performed or services provided under this contract meets the statutory definition of a "public works contract" under section 18-2-401(11)(a), MCA, The booklet is attached and may also be found at <http://erd.dli.mt.gov/labor-standards/state-prevailing-wage-rates>.

## **11. NONDISCRIMINATION:**

- A. **CONTRACTOR** shall, in performance of work under this **AGREEMENT**, fully comply with all applicable federal, state, or local laws, rules, regulations, and executive orders including but not limited to, the Montana Human Rights Act, the Equal Pay Act of 1963, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. **CONTRACTOR** is the employer for the purpose of providing healthcare benefits and paying any applicable penalties, fees and taxes under the Patient Protection and Affordable Care Act [P.L. 111-148, 124 Stat. 119]. Any subletting or subcontracting by **CONTRACTOR** subjects subcontractors to the same

provisions. In accordance with 49-3-207, MCA, and Executive Order No. 04-2016. **CONTRACTOR** agrees that the hiring of persons to perform this Contract will be made on the basis of merit and qualifications and there will be no discrimination based on race, color, sex, pregnancy, childbirth or medical conditions related to pregnancy or childbirth, political or religious affiliation or ideas, culture, creed, social origin or condition, genetic information, sexual orientation, gender identity or expression, national origin, ancestry, age, physical or mental disability, military service or veteran status, or marital status by the persons performing this **AGREEMENT**. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion, or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

- B. The **CONTRACTOR** shall state, in all solicitations or advertisements for employees to work on jobs, that all qualified applicants will receive equal consideration for employment without regard to race, color, sex, pregnancy, childbirth or medical conditions related to pregnancy or childbirth, political or religious affiliation or ideas, culture, creed, social origin or condition, genetic information, sexual orientation, gender identity or expression, national origin, ancestry, age, physical or mental disability, military service or veteran status, or marital status

The **CONTRACTOR** and subcontractor shall abide by the requirements of 41 CFR 60-300.5(a) and 41 CFR 60-741.5(a), which prohibit discrimination against qualified protected veterans and/or qualified individuals on the basis of disability, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans and individuals with disabilities.

The **CONTRACTOR** and any subcontractor shall abide by the requirements of 41 CRF 60-1.4, which states employees or applicants may not be discharged or in any other manner discriminated against because they have inquired about, discussed, or disclosed their own pay or the pay of another employee or applicant. However, employees who have access to the compensation information of other employees or applicants as a part of their essential job functions cannot disclose the pay of other employees or applicants to individuals who do not otherwise have access to compensation information, unless the disclosure is (a) in response to a



formal complaint or charge, (b) in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or (c) consistent with the **CONTRACTOR'S** legal duty to furnish information.

- C. The contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under section 202 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- D. The **CONTRACTOR** shall comply with any and all reporting requirements that may apply to it that the **CITY** may establish by regulation. The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- E. The **CONTRACTOR** shall comply with all applicable federal, state, and city laws concerning the prohibition of discrimination. This includes complying with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- F. In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of Sept 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- G. The **CONTRACTOR** shall include the provisions of Subsections A through F of this Section in every subcontract or purchase order under this **AGREEMENT**, so as to be binding upon every such subcontractor or vendor of the **CONTRACTOR** under this **AGREEMENT**. The contractor will take such action with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, that in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction, the



contractor may request the United States to enter into such litigation to protect the interests of the United States.

- H. The **CONTRACTOR** agrees to post, in conspicuous places available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause.
12. **CONTRACTOR PERSONNEL:** A list of personnel who will be onsite for work shall be provided by **CONTRACTOR** to **CITY** within 10 business days of contract execution, including:
- A. First and last name;
  - B. Duration onsite; and,
  - C. Personnel responsibilities.
13. **BACKGROUND CHECKS:** **CONTRACTOR** to have all employees fingerprint-based felony background check and CJIN certification approved before working in Police, areas of Billings Operations Center.
14. **SAFETY PROGRAM:** **CONTRACTOR** to provide **CITY** with safety program within 10 business days of contract execution.
15. **TERMINATION:** This **AGREEMENT** may be terminated by either party for any reason and at any time upon giving the other party thirty (30) days' prior written notice of termination, with the effective date of termination occurring thirty (30) days following the date of the written notice. Notices shall be provided in writing and hand-delivered or mailed to the parties at the addresses set forth in the first paragraph of this **AGREEMENT**.
16. **LIAISON:** The **CITY's** designated liaison for this **AGREEMENT** is John Caterino and the **CONTRACTOR's** designated liaison for this **AGREEMENT** is Chris Rietdorf.
17. **GOVERNING LAW AND VENUE:** This **AGREEMENT** shall be construed and enforced in accordance with the laws of the State of Montana. Venue for any suit between the parties arising out of this **AGREEMENT** shall be the State of Montana Thirteenth Judicial District Court, Yellowstone County.
18. **SEVERABILITY:** Any provision or part of the **AGREEMENT** held to be void or unenforceable under any law or regulation shall be deemed stricken and all remaining provisions shall continue to be valid and binding upon the **CITY** and the **CONTRACTOR**, who agree that the **AGREEMENT** shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the parties as pertains to the stricken provision.



19. **SUCCESSORS AND ASSIGNS:** Neither the **CITY** nor the **CONTRACTOR** shall assign, transfer or encumber any rights, duties or interests accruing from this **AGREEMENT** without the written consent of the other.
20. **OWNERSHIP OF DOCUMENTS:** All documents, data, drawings, specifications, software applications and other products or materials produced by the **CONTRACTOR** in connection with the services rendered under this **AGREEMENT** shall be the property of the **CITY** whether the project for which they are made is executed or not. All such documents, products and materials shall be forwarded to the **CITY** at its request and may be used by the **CITY** as it sees fit. The **CITY** agrees that if the documents, products, and materials prepared by the **CONTRACTOR** are used for purposes other than those intended by the **AGREEMENT**, the **CITY** does so at its sole risk and agrees to hold the **CONTRACTOR** harmless for such use. All or any portions of materials, products and documents produced under this **AGREEMENT** may be used by the **CONTRACTOR** upon confirmation from the **CITY** that they are subject to disclosure under the Public Disclosure Act. All services performed under this **AGREEMENT** will be conducted solely for the benefit of the **CITY** and will not be used for any other purpose without written consent of the **CITY**. Any information relating to the services will not be released without the written permission of the **CITY**. The **CONTRACTOR** shall preserve the confidentiality of all **CITY** documents and data accessed for use in **CONTRACTOR**'s work product.



**IN WITNESS WHEREOF**, the parties hereto have executed this instrument the day and year first above written.

**CITY OF BILLINGS, MONTANA**

**AMB INDUSTRY GROUP, LLC**

\_\_\_\_\_  
**WILLIAM A. COLE,  
MAYOR**

\_\_\_\_\_  
**SIGNATURE**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
**PRINT NAME**

\_\_\_\_\_  
**CITY ATTORNEY'S OFFICE**

\_\_\_\_\_  
**PRINT TITLE**

**ATTEST:**

\_\_\_\_\_  
**DENISE BOHLMAN, CITY CLERK**



## EXHIBIT A – CLEANING SCOPE

All services to be rendered at

**Site Name:** Billings Operations Center

**Site Address:** 4810, 4845, 4848, and 4850 Midland Rd., Billings, MT 59101

**Tax ID:** A30494

**Item:** Custodial Services

**Location:** Billings Operations Center – 4810 Midland Rd

Services to be provided Monday through Friday. Hours of operations: 10am-2pm for day porting. 5pm and on for nightly services.

Owner to supply consumables, vendor to supply equipment and operating chemicals.

Vacuuuming scope to be 3 times a week with space vac wide area carpet M/W/F, and 2 times a week with upright T/TH.

Area	Frequency			
	Weekly	Monthly	Quarterly	Yearly
Restrooms and Locker Rooms				
Check and stock consumables	5			
Empty trash and replace can liners	5			
Clean/disinfect shower stalls and walls	5			
Clean/disinfect sinks and fixtures	5			
Clean/disinfect toilets and urinals	5			
Clean mirrors	5			
Clean/polish brightwork	5			
Vacuum, mop, or dust floors	5			
Pour water down floor drains		1		
Dust/wipe down lockers		1		
Clean door kickplates		1		
Deep clean of grout and tile				2
Deep clean shower stalls				1



Area	Frequency			
	Weekly	Monthly	Quarterly	Yearly
Briefing, Training, and Processing Rooms				
Empty trash and replace can liners	5			
Vacuum, and scrub floors	5			
Clean/disinfect sinks	5			
Wipe down tables	5			
Wipe underside of tables	1			
Wipe chairs		1		
Strip/wax floors				2

Area	Frequency			
	Weekly	Monthly	Quarterly	Yearly
Office – By Request Only				
Empty trash and replace can liners	5			
Vacuum, and scrub floors	5			

Area	Frequency			
	Weekly	Monthly	Quarterly	Yearly
Kitchen Areas				
Empty trash and replace can liners	5			
Clean/disinfect sinks	5			
Wipe tables and countertops	5			



Area	Frequency			
	Weekly	Monthly	Quarterly	Yearly
Entry Ways				
Vacuum carpet	5			
Clean glass entry doors inside/outside	1			

Area	Frequency			
	Weekly	Monthly	Quarterly	Yearly
Hallways/Common Areas				
Vacuum, mop, or dust floors	5			
Clean baseboards			1	
Strip/wax floors				1

**Floor Areas – Total**

Floor	Area
1 <sup>st</sup> floor	13,137 square feet

**Floor Areas – Common Areas (shared TR and lobbies)**

Floor	Area
1 <sup>st</sup> floor	9,626 square feet

**Toilet Rooms – Fixtures**

Floor	Lavs	Water Closets	Urinals	Water Coolers	Showers
1 <sup>st</sup> floor	5	5	3	2	5



**Toilet Rooms – Dispensers**

Floor	Soap	Toilet Paper	Paper Towels	Seat Covers	Napkin Cans	Napkin Dispenser
1 <sup>st</sup> floor	13	5	2	5	2	1

**Breakrooms – Fixtures and Dispensers**

Floor	Soap	Toilet Paper	Paper Towels	Sinks
1 <sup>st</sup> floor	2		1	1

**Waste Cans**

1 <sup>st</sup> floor	
Size	Quantity
7 gallon	4
16 gallon	4
23 gallon	2
35 gallon	0



**Location: Billings Operations Center – 4845 Midland Rd**

Services to be provided on Tuesday and Thursday between the hours of 10am-2pm.  
 Owner to supply consumables, vendor to supply equipment and operating chemicals.

Area	Frequency			
	Weekly	Monthly	Quarterly	Yearly
<b>Restrooms and Locker Rooms</b>				
Check and stock consumables	2			
Empty trash and replace can liners	2			
Clean/disinfect sinks and fixtures	2			
Clean/disinfect toilets and urinals	2			
Clean mirrors	2			
Clean/polish brightwork	2			
Vacuum, mop, or dust floors	2			
Pour water down floor drains		1		
Clean door kickplates		1		
Clean baseboards			1	
Deep clean of grout and tile				1

Area	Frequency			
	Weekly	Monthly	Quarterly	Yearly
<b>Hallways/Common Areas</b>				
Vacuum, mop, dust, and scrub floors	2			
Clean baseboards			1	



Area	Frequency			
	Weekly	Monthly	Quarterly	Yearly
Meeting Room				
Check and stock consumables	2			
Empty trash and replace can liners	2			
Vacuum floors	2			
Clean/disinfect sinks	2			
Clean/polish brightwork	2			
Clean/disinfect door hardware	2			
Wipe down tables	2			
Wipe chairs		1		

Area	Frequency			
	Weekly	Monthly	Quarterly	Yearly
Offices – By Request Only				
Empty trash and replace can liners	2			
Vacuum, mop, dust, and scrub floors	2			
Wipe door handles	1			
Clean windows	1			
Dust blinds		1		
Dust windowsills		1		



Area	Frequency			
	Weekly	Monthly	Quarterly	Yearly
Kitchen Area				
Empty trash and replace can liners	2			
Clean/disinfect sinks	2			
Wipe tables and countertops	2			

Area	Frequency			
	Weekly	Monthly	Quarterly	Yearly
Entry Ways				
Clean glass entry doors inside/outside	2			
Vacuum carpet	2			

**Floor Areas – Total**

Floor	Area
1 <sup>st</sup> floor	18,745 square feet

**Floor Areas – Common Areas (shared TR and lobbies)**

Floor	Area
1 <sup>st</sup> floor	5,000 square feet

**Toilet Rooms – Fixtures**

Floor	Lavs	Water Closets	Urinals	Water Coolers	Showers
1 <sup>st</sup> floor	3	3	1	0	1

**Toilet Rooms – Dispensers**



Floor	Soap	Toilet Paper	Paper Towels	Seat Covers	Napkin Cans
1 <sup>st</sup> floor	3	2	3	1	0

**Breakrooms – Fixtures and Dispensers**

Floor	Soap	Paper Towels	Sinks
1 <sup>st</sup> floor	1	1	1

Evidence Processing Areas x2

Floor	Soap	Paper Towels	Sinks
1 <sup>st</sup> floor	2	2	2

**Waste Cans**

1 <sup>st</sup> floor	
Size	Quantity
7 gallon	4
16 gallon	4
23 gallon	4
35 gallon	0



**Location: Billings Operations Center – 4848 Midland Rd**

Services to be provided Monday through Friday and include 3 hours of day porting M-F. Hours of operations: 10am-2pm for day porting. 5pm and on for nightly services.

Owner to supply consumables, vendor to supply equipment and operating chemicals.

Area	Frequency			
	Weekly	Monthly	Quarterly	Yearly
Restrooms and Locker Rooms				
Check and stock consumables	5			
Empty trash and replace can liners	5			
Clean/disinfect shower stalls and walls	5			
Clean/disinfect sinks and fixtures	5			
Clean/disinfect toilets and urinals	5			
Clean mirrors	5			
Clean/polish brightwork	5			
Vacuum, mop, or dust floors	5			
Pour water down floor drains		1		
Dust/wipe down lockers		1		
Clean door kickplates		1		
Deep clean of grout and tile				2
Deep clean shower stalls				1



Area	Frequency			
	Weekly	Monthly	Quarterly	Yearly
Break Rooms				
Check and stock consumables	5			
Empty trash and replace can liners	5			
Vacuum, mop, or dust floors	5			
Clean/disinfect sinks	5			
Clean/polish brightwork	5			
Clean/disinfect door hardware	5			
Wipe down tables	5			
Wipe chairs		1		
Strip/wax floors				1

Area	Frequency			
	Weekly	Monthly	Quarterly	Yearly
Offices				
Vacuum, mop, or dust floors	5			
Wipe door handles	1			

Area	Frequency			
	Weekly	Monthly	Quarterly	Yearly
Kitchen Areas				
Empty trash and replace can liners	5			
Clean/disinfect sinks	5			
Wipe tables and countertops	5			



Area	Frequency			
	Weekly	Monthly	Quarterly	Yearly
Entry Ways				
Clean glass entry doors inside/outside	5			
Vacuum carpet	5			

Area	Frequency			
	Weekly	Monthly	Quarterly	Yearly
Hallways/Common Areas				
Vacuum, mop, dust, and scrub floors	5			
Clean baseboards			1	
Strip/wax floors				1

**Floor Areas – Total**

Floor	Area
1 <sup>st</sup> floor	26,159 square feet

**Floor Areas – Common Areas (shared TR and lobbies)**

Floor	Area
1 <sup>st</sup> floor	15,000 square feet

**Toilet Rooms – Fixtures**

Floor	Lavs	Water Closets	Urinals	Water Coolers	Showers
1 <sup>st</sup> floor	21	21	12	3	10

**Toilet Rooms – Dispensers**



Floor	Soap	Toilet Paper	Paper Towels	Seat Covers	Napkin Cans	Napkin Dispenser
1 <sup>st</sup> floor	34	21	13	28	8	2

Breakrooms/Kitchenettes

Floor	Lavs	Soap	Paper Towels
1 <sup>st</sup> floor	7	14	7

Waste Cans

1 <sup>st</sup> floor	
Size	Quantity
7 gallon	2
16 gallon	10
23 gallon	0
35 gallon	10



**Location: Billings Operations Center – 4850 Midland Rd**

Services to be provided Monday through Friday. Hours of operations: 10am-2pm for day porting. 5pm and on for nightly services.  
 Owner to supply consumables, vendor to supply equipment and operating chemicals.

Area	Frequency			
	Weekly	Monthly	Quarterly	Yearly
Restrooms and Locker Rooms				
Check and stock consumables	5			
Empty trash and replace can liners	5			
Clean/disinfect sinks and fixtures	5			
Clean/disinfect toilets and urinals	5			
Clean mirrors	5			
Clean/polish brightwork	5			
Mop floors	5			
Pour water down floor drains		1		

**Floor Areas – Total**

Floor	Area
1 <sup>st</sup> floor	300 square feet

**Toilet Rooms – Fixtures**

Floor	Lavs	Water Closets	Urinals	Water Coolers	Showers
1 <sup>st</sup> floor	2	2	2	0	0

**Toilet Rooms – Dispensers**

Floor	Soap	Toilet Paper	Paper Towels	Seat Covers
1 <sup>st</sup> floor	4	2	2	3



**Waste Cans**

1 <sup>st</sup> floor	
Size	Quantity
7 gallon	0
16 gallon	2
23 gallon	0
35 gallon	0

**ATTACHMENT A**

Option 1 - Current Staffing Model		
Management Staff/Non custodial work tasks*		
	Annual Hours	Expense
N35	104	\$ 8,281
N03	20	\$ 1,166
186	104	\$ 5,438
		\$ 14,885
Custodial Staff		
City Hall	Daily Hours	Expense
FMS II^	8	\$ 84,667
FMS I	8	\$ 63,456
FMS I	4	\$ 31,583
		\$ 179,706
Custodial Staff		
BOC	Daily Hours	Expense
FMS I	8	\$ 68,595
FMS I	8	\$ 61,644
FMS I	4	\$ 31,583
		\$ 161,822
Misc Costs		
Equipment O&M		\$ 3,000
Uniforms and Shoes		\$ 1,500
		\$ 4,500
Total Operating Costs - Year 1		\$ 360,913
Total Operating Costs - Year 2		\$ 371,740
Total Operating Costs - Year 3		\$ 382,893
Total Operating Costs - Year 4		\$ 394,379
Total Operating Costs - Year 5		\$ 406,211

\*Providing clarification that there is only one supervisor/manager for the Division. The hours listed here is the time spent on items that include both management time in addition to other tasks related to custodial work but are not actual custodial duties such as repairing equipment, invoicing, training, compliance, etc. This is not a complete list but a snapshot

Option 2 - Industry Benchmark Staffing Model		
Management Staff/Non custodial work tasks*		
	Annual Hours	Expense
N35	30	\$ 2,388
N03	520	\$ 25,650
		\$ 28,038
Custodial Staff		
City Hall	Daily Hours	Expense
FMS I	8	\$ 63,456
FMS I	8	\$ 63,167
FMS I	8	\$ 61,644
FMS I	8	\$ 61,644
		\$ 249,911
Custodial Staff		
BOC	Daily Hours	Expense
FMS I	8	\$ 68,595
FMS I	8	\$ 61,644
FMS I	8	\$ 61,644
		\$ 191,883
Misc Costs		
Equipment O&M		\$ 5,000
Uniforms and Shoes		\$ 2,100
		\$ 7,100
Total Operating Costs - Year 1		\$ 476,932
Total Operating Costs - Year 2		\$ 491,240
Total Operating Costs - Year 3		\$ 505,977
Total Operating Costs - Year 4		\$ 521,156
Total Operating Costs - Year 5		\$ 536,791

1. ^Current FMS II (maintenance) employee is performing tasks of FMS I (janitorial) . As there is a vacant FMS II maintenance position, this employee would move to that assignment and that janitorial position would be backfilled with a new FMS I  
 2. Hire 2 new FMS I FTE  
 3. Create new Supervisor position

Option 3 - Vendor Ousource Staffing Model		
Management Staff		
	Annual Hours	Expense
N35	30	\$ 2,388
N03	15	\$ 874
		\$ 3,262
Custodial Staff		
City Hall	Pride of Montana	Expense
BOC	ABM	\$ 198,660
		\$ 142,032
		\$ 340,692
Total Operating Costs - Year 1		\$ 343,954
Custodial Staff		
City Hall	Pride of Montana	Expense
BOC	ABM	\$ 204,620
		\$ 146,293
		\$ 350,913
Total Operating Costs - Year 2		\$ 354,273
Custodial Staff		
City Hall	Pride of Montana	Expense
BOC	ABM	\$ 210,758
		\$ 150,682
		\$ 361,440
Total Operating Costs - Year 3		\$ 364,901

Custodial Staff		
City Hall	Pride of Montana	Expense
BOC	ABM	\$ 217,081
		\$ 155,202
		\$ 372,283
Total Operating Costs - Year 4		\$ 375,848

Custodial Staff		
City Hall	Pride of Montana	Expense
BOC	ABM	\$ 223,594
		\$ 159,858
		\$ 383,452
Total Operating Costs - Year 5		\$ 387,123

Year 1 savings	
Vendor versus Current	\$ (16,959)
Vendor versus Industry Benchmark	\$ (132,978)

Year 2 savings	
Vendor versus Current	\$ (17,468)
Vendor versus Industry Benchmark	\$ (136,967)

Year 3 savings	
Vendor versus Current	\$ (17,992)
Vendor versus Industry Benchmark	\$ (141,076)

Year 4 savings	
Vendor versus Current	\$ (18,532)
Vendor versus Industry Benchmark	\$ (145,309)

Year 5 savings	
Vendor versus Current	\$ (19,088)
Vendor versus Industry Benchmark	\$ (149,668)

Total Savings Across Contract Term	
Vendor versus Current	\$ (90,038)
Vendor versus Industry Benchmark	\$ (705,998)

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**OPERATIONS AND MAINTENANCE  
BENCHMARKS**

# Janitorial

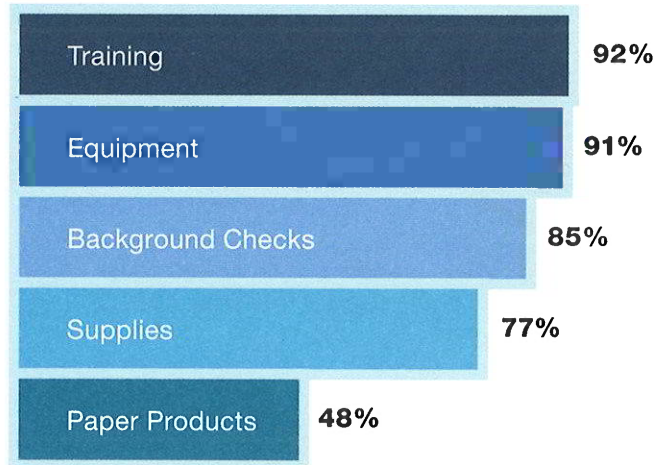
## Janitorial Staffing

The following chart shows the average number of janitors, janitorial supervisors and project cleaners (special cleaning or floor crew) for different facility sizes. The median amount of floor area cleaned per janitor is 27,000 rentable square feet.

Facility Size (RSF)	N	Number of Janitor FTEs	Number of Janitorial Supervisor FTEs	Number of Project Cleaners, Special Cleaning or Floor Crew FTEs
Less than 50,000	85	3.2	1.0	2.2
50,000–100,000	89	3.7	1.0	2.6
100,001–250,000	132	6.7	1.3	2.7
250,001–500,000	109	13.1	1.7	3.3
500,001–750,000	33	18.7	1.8	3.7
750,001–1,000,000	20	23.2	3.0	4.0
1,000,001–1,250,000	12	24.8	3.8	6.1
1,250,001–1,500,000	13	33.4	4.6	6.2
1,500,001–2,000,000	7	41.8	4.0	6.0
2,000,001–3,000,000	12	88.8	5.9	7.8
3,000,001–5,000,000	8	143.7	12.1	19.0
More than 5,000,000	8	247.5	15.0	18.0

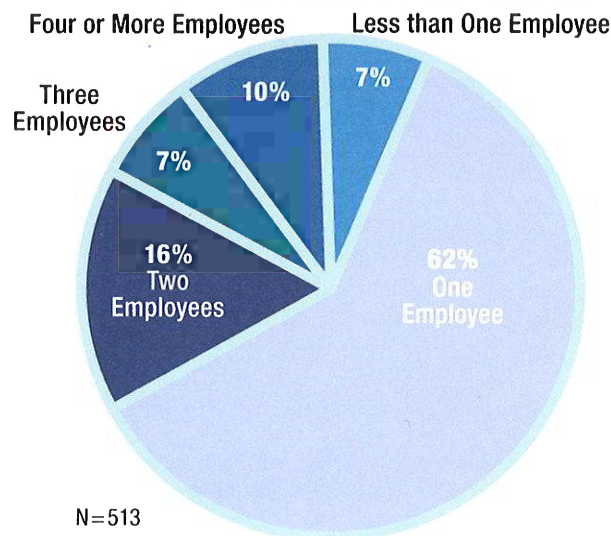
## Contractor Practices

### CONTRACTOR PROVIDES



N=521

### NUMBER OF IN-HOUSE EMPLOYEES SUPERVISING CONTRACT



N=513

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# Facility Staffing Levels: Maintenance, Custodial, and Grounds Care

*National survey provides benchmarks for FTEs per square foot.*

## OTHER PARTS OF THIS ARTICLE

Pt. 1: This Page

## Facilities Management

Pt. 2: Survey: Facility Staffing Levels for Office, Educational, Government, and Health Care Buildings

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Check out updated statistics for staffing levels in the fnPrime "Facility Staffing Report." Average staff sizes for maintenance, janitorial, grounds and security positions are broken out by seven facility types, square footage and operating budget.

fnPrime members can access the report for free [here](#).

Non-members can either join the membership or purchase the report separately for \$29 [here](#).

One way to evaluate whether a facility management department is understaffed is to look at the staffing practices of comparable organizations.

us staffing levels for maintenance, custodial, and grounds care workers in terms of square feet or square acres per full time equivalent (FTE) employees.

That information was drawn from answers to three staffing questions in Building Operating Management's annual FM Pulse survey. Those three questions were:

- What is your staffing level for maintenance in square foot per full time equivalent employees (sq.ft./FTE)?
- What is your staffing level for custodians in square foot per full time equivalent employees (sq.ft./FTE)?
- What is your staffing level for grounds care in acres per full time equivalent employees (sq.ft./FTE)?

Nationally, the median number of square feet per FTE for the maintenance staff is 50,000; 22 percent of respondents reported that they outsourced the function. For custodians, the median is 28,000 square feet per FTE; 62

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acres per FTE; 82 percent said they used outsourcing for to handle grounds care. (The median is the middle point in a set of data; half of the responses are above it and half are below it.)

The responses revealed very wide variations in the practices of different facility management departments. There are many reasons that staffing levels differ from one organization to another. One is the level of cleaning that is acceptable in the space; the definition of “clean” varies among different organizations. Another has to do with the nature of the space involved. For example, custodial services can be provided more efficiently, in terms of square feet covered by a single FTE, in a 500,000 square foot high rise than in a K-12 system that offers pre-kindergarten in a variety of small spaces.

To help facility managers zero in on practices of comparable buildings, this report breaks down the responses by ten different types of facilities: owner-occupied commercial office, multitenant commercial office, higher education, K-12 systems, health care, hospitality, federal government, state government, municipal government, and retail. Even within those segments, however, there are significant variations in staffing levels. Once again, the variations are explained in part by the different ways that the facilities are used and the different expectations that organizations have for their facilities.

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Thus, in reviewing the data from the survey, it's important to pay at least as much attention to the range of responses as to the medians.

The FM Pulse survey was conducted by email by Facilitiesnet.com, the online home of Building Operating Management and Facility Maintenance Decisions magazines. We received 1,925 responses to the survey from August through October 2017.

**Next**

**CONTINUE READING: FM STAFFING**

- 1 Facility Staffing Levels: Maintenance, Custodial, and Grounds Care**
- 2 Survey: Facility Staffing Levels for Office, Educational, Government, and Health Care Buildings**

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**City Council Work Session**

**Date:** 05/05/2025  
**Title:** Property Tax Legislation and Budget Impact  
**Presented by:** Andy Zoeller, Finance Director  
**Department:** Finance  
**Presentation:** Yes  
**Legal Review:** Not Applicable  
**Project Number:** N/A

---

**RECOMMENDATION**

2025 Montana State Legislation, specifically Senate Bill 542 and House Bill 231 (assumed to be signed by the Governor), will reduce the City of Billings' property tax base. This necessitates City Council direction on developing the FY26 budget. Staff will provide information on the impacts of these bills on Billings.

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

See attached memo

**ALTERNATIVES**

Staff is seeking Council direction specific to this property tax legislation, and needs this direction in order to prepare the FY26 budget.

**FISCAL EFFECTS**

The preliminary FY26 budget was built based upon an assumption of a 4% increase in property tax revenue over FY25. This amounts to about \$2.3 million in new property tax revenue. With this legislation, the preliminary budget needs to be reduced by \$2.3 million to remain revenue neutral from FY25 to FY26. Depending upon which direction City Council chooses regarding the number of mills to be levied, the budget may need to be reduced an additional \$8.6 million dollars.

---

**Attachments**

Staff Memo 5-5-25 Work Session  
Presentation

## 2025 Legislation and the Property Tax Implications on the City of Billings

### Key Issue

Recent 2025 Montana State Legislation, specifically Senate Bill 542 and House Bill 231 (assumed to be signed by the Governor), will reduce the City of Billings' property tax base. This necessitates City Council direction on developing the FY26 budget.

With a reduction in the value of Billings' tax base, does the City Council want staff to:

- Develop a budget assuming 2025 tax revenue is maintained; or,
- Develop a budget with \$9-\$10 million in property tax reductions over FY25; or,
- Explore a different option?

### Background

Both Senate Bill 542 and House Bill 231 have passed the legislature and will tax effect once signed by the Governor. These bills will impact our FY2026 property tax revenue.

Currently Billings tax base is made up primarily of Class 4 Residential property and Class 4 Commercial property. These property classes make up 88% of our tax base. Both HB231 and SB542 change the value of these property classes. Currently Class 4 Residential has a taxable value rate of 1.35% up to \$1.5 million in value, and Class 4 Commercial has a taxable value rate of 1.89%. The new bill will implement a tiered structure for both Class 4 Residential and Class 4 Commercial over a 2-year period.

<b>Year 1</b>		
<b>Class 4 Residential</b>		
<b>Min Prop Value</b>	<b>Max Prop Value</b>	<b>Rate</b>
0	400,000	0.76%
400,001	1,500,000	1.10%
1,500,001	greater than 1.5m	2.20%
<b>Class 4 Commercial</b>		
<b>Min</b>	<b>Max</b>	<b>Rate</b>
0	400,000	1.40%
400,001	Greater than \$400k	1.89%

<b>Year 2</b>		
<b>Class 4 Residential</b>		
<b>Max Prop Value</b>	<b>Est Max Prop Value</b>	<b>Rate</b>
Median Home	395,415	0.76%
2x median	790,830	0.90%
4x median	1,581,660	1.10%
greater than 4x		1.90%
<b>Class 4 Commercial</b>		
<b>Max Comm Value</b>	<b>Est Max Comm Value</b>	<b>Rate</b>
6x Median Comm	2,138,940	1.50%
greater than 6x		1.90%

The changes in the property tax values will reduce the value of one mill, levied in Billings to the following:

	<b>Current</b>	<b>FY2026</b>	<b>FY2027</b>
<b>DOR Taxable Value Estimate</b>	273,799,000	229,817,000	224,749,000
<b>Tax Revenue Generated by 1 mill</b>	273,799	229,817	224,749
<b>Change from FY25</b>	-	(43,805)	(48,873)
<b>% Change from FY25</b>	0.00%	-16.01%	-17.86%

The City of Billings Charter, sections 1.02-1.05.2, provide limitations on the City Council's ability to levy mills. These charter provisions limit the Council's authority to levy mills to a maximum of 203 mills.

However, both HB231 (Section 7) & SB542 (Section 4) contain the following language, "A local government with a charter form of government that includes a mill levy limit of a specific number of mills that may be imposed in the charter shall levy the number of mills in fiscal year 2026 and subsequent tax years that will generate the amount of property taxes assessed in fiscal year 2025, without amending or revising the charter."

The City Council has a challenging decision to make with respect to these two pieces of law. The tables below show 3 scenarios. First (Statutory Mill Levy Limitation) estimates the number of mills that would be needed in FY26 to maintain FY25 tax revenue. This would be consistent with the language in HB231 & SB542, and would require the City Council to levy 240.65 mills in FY26, establishing a new cap. Additionally, in FY27, because of the second year implementation and reduction in the value of a mill, it is estimated that the City would experience a \$1.2 million dollar tax revenue reduction:

**Statutory Mill Levy Limitation**

	<b>Current (FY25)</b>	<b>FY26</b>	<b>FY27</b>
<b>TV of one mill</b>	273,799	229,817	224,749
<b>Total Mills</b>	201.99	240.65	240.65
<b>Revenue</b>	55,304,660	55,304,660	54,085,847
<b>Revenue Change from FY25</b>	0	0	-1,218,813

The second chart (Charter Mill Levy Limitation) estimates the property tax revenue loss that would occur in Billings if the 203 mills allowed by the Charter were the maximum levied. This would require a reduction in tax expenditures of \$8.6 million in FY26, and an additional \$1 million in FY27, as year 2 tax rates are implemented.

**Charter Mill Levy Limitation**

	<b>Current (FY25)</b>	<b>FY26</b>	<b>FY27</b>
<b>TV of one mill</b>	273,799	229,817	224,749
<b>Total Mills</b>	201.99	203.00	203
<b>Revenue</b>	55,304,660	46,652,851	45,624,047
<b>Revenue Change from FY25</b>	0	-8,651,809	-9,680,613

The last chart (Revenue Neutral Relative to FY25), estimates the number of mills needed each year to maintain a flat property tax revenue. In order to accomplish this, a mill levy election would need to occur before 2027. If a mill levy election were to occur, to effect a change in FY26 tax revenue, a mill levy election would need to occur before September 4, 2025. That is the date by which City Council must set the number of mills for FY26.

**Revenue Neutral Relative to FY25**

	<b>Current (FY25)</b>	<b>FY26</b>	<b>FY27</b>
<b>TV of one mill</b>	273,799	229,817	224,749
<b>Total Mills</b>	201.99	240.65	246.07
<b>Revenue</b>	55,304,660	55,304,660	55,304,660
<b>Revenue Change from FY25</b>	0	0	0

**Residential Taxpayer Impact**

Under any scenario, the median home in Billings will realize a property tax reduction relative to their 2025 property tax expense. The median home in Billings has a currently assessed value of \$309,900.

**Statutory Mill Levy Limitation**

	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
Median Home Billings	309,900	350,000	350,000
TV Rate	1.35%	0.76%	0.76%
Taxable Value	4,183.65	2,660.00	2,660.00
Mills Levied (excluding GO)	201.99	240.65	240.65
	\$		
Total City Tax	845.06	\$ 640.13	\$ 640.13
		\$	\$
Change from FY25	\$ -	(204.93)	(204.93)

**Charter Mill Levy Limitation**

	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
Median Home Billings	309,900	350,000	350,000
TV Rate	1.35%	0.76%	0.76%
Taxable Value	4,183.65	2,660.00	2,660.00
Mills Levied (excluding GO)	201.99	203	203
Total City Tax	845.06	539.98	539.98
		\$	\$
Change from FY25	\$ -	(305.08)	(305.08)

**Maintain 2025 Tax Revenue**

	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
Median Home Billings	309,900	350,000	350,000
TV Rate	1.35%	0.76%	0.76%
Taxable Value	4,183.65	2,660.00	2,660.00
Mills Levied (excluding GO)	201.99	240.65	246.07
	\$		
Total City Tax	845.06	\$ 640.13	\$ 654.55
		\$	\$
Change from FY25	\$ -	(204.93)	(190.51)

The property tax difference between implementing the statutory limitation and the charter limitation is \$100 per year for the median home.

The City of Billings would need to levy over 300 mills in order for the median home to not realize a property tax reduction under this legislation.

**Mill Levy Election**

MCA 7-6-4036 requires that the City Council set their mill levy by the first Thursday after the first Tuesday in September. For 2025, that will be September 2<sup>nd</sup>. If City Council desires to take a question to the citizens of Billings, the results of that election must be known by September 4<sup>th</sup> 2025 in order to be effective in FY26. The County election office requires 85 days notice, before an election occurs. Additionally, a change to the charter will require an ordinance, which require a first reading to occur approximately 14 days before sending notification to the County election office. At the first reading, ballot language must be finalized.

Legal Advertisement For First Reading approx.	5/15/2025
1st Reading of the Ordinance & Ballot Language	5/26/2025
2nd Reading of the Ordinance & Ballot Language, Resolution for the Election	6/9/2025
Special Election Date	9/2/2025
City Council Special Meeting Setting the number of mills	9/3/2025 or 9/4/2025

**Budget Impacts**

The preliminary FY26 budget was built based upon an assumption of a 4% increase in property tax revenue over FY25. This amounts to about \$2.3 million in new property tax revenue. With this legislation, the preliminary budget needs to be reduced by \$2.3 million to remain revenue neutral from FY25 to FY26. Depending upon which direction City Council chooses regarding the number of mills to be levied, the budget may need to be reduced an additional \$8.6 million dollars.

The impacts of reducing the budget by \$10 million caused by a reduction in property tax revenue will require reductions in multiple departments that are tax supported. If a \$10 million reduction were to be allocated proportionally to the departments based upon their budget size, reductions will need to be made in the following departments.

<b>Department</b>	<b>\$10M Reduction</b>
Police	3,702,453
Fire	3,155,612
Parks	842,151
Legal	379,221
Courts	242,230
Code Enforcement	134,635

Crime Prevention	129,025
Finance	244,811
Human Resources	126,781
Administration	159,879
Mayor & Council	44,878
Non-Departmental	165,488
Library	325,367
Met Transit	347,470

**Requested Action:**

City Council is requested to provide clear direction to staff at the May 5, 2025 meeting regarding the development of the FY26 budget. Specifically, please indicate whether staff should:

- Develop a budget with an approximate \$9-\$10 million property tax reduction compared to FY25 (Charter Mill Levy Limitation)?
- Develop a budget assuming FY25 property tax revenue is maintained (Statutory Mill Levy Limitation)?
- Explore a different option, such as pursuing a mill levy election to maintain revenue neutrality or some other mill levy election option?

Your timely guidance is crucial for staff to prepare a balanced budget for FY26.

**Budget and Finance Committee Recommendations:**

The Budget and Finance Committee met on Wednesday April 30<sup>th</sup> to review some of this information. After discussing the impacts to the City, the following recommendations were made by the committee to the City Council

- 1.) Develop a budget that reflects levying 203 mills, and reduce the property tax revenue by \$10.9 million in FY26. (3 for - 1 against)
- 2.) Put something on the ballot for voters to consider in September. (2 for – 2 against)
- 3.) Adjust the budget calendar to adopt a preliminary budget in June and a final budget in Aug/Sept once final property values are known. (4 for – 0 against)

# HB 231 & SB 542

2025 Legislature and City of Billings Budget Impact

# 2025 Legislature Property Tax Bill

- Reduce Property Taxes for Residents
  - Primarily shifting taxes to 2<sup>nd</sup> homes and short-term rentals
  - Shifting taxes to large industry and commercial business (i.e. utility companies)
- Provide \$400 rebates to Homeowners

# Tax Tiers

## Primary Residence and Single Family Res. & Long-term Rentals

<b>Min</b>	<b>Max</b>	<b>Current</b>	<b>FY2026</b>	<b>FY2027</b>
-	400,000	1.35%	0.76%	0.76%
400,001	790,000	1.35%	1.10%	0.90%
790,000	1,500,000	1.35%	1.10%	1.10%
1,500,000	Greater	1.89%	2.20%	1.90%

# Impact on Billings

	Current	Fiscal Year 2026	Fiscal Year 2027
Taxable Value (less Increment)	273,799,000	229,817,000	224,749,000
Total Mills (1)	201.99	240.65	240.65
Tax Revenue	\$55,304,660	\$55,304,660	\$54,085,847
Total Mills (2)	201.99	203.00	203.00
Tax Revenue	\$55,304,660	\$46,652,851	\$45,624,047
Revenue Loss (relative to 2025)	\$0	\$-8,651,809	\$-9,680,613
Total Mills (3)	201.99	240.65	246.07
Tax Revenue	\$55,304,660	\$55,304,660	\$55,304,660

TV Source: Montana Department of Revenue, Tax Policy and Research

(1) - if provision in law to reset mills is exercised

(2) - if charter cap is maintained

(3) - if 2025 revenue is maintained

# Median Home Impact - \$100

## Statutory Mill Levy Limitation

	FY 2025	FY 2026	FY 2027
Median Home Billings	309,900	350,000	350,000
TV Rate	1.35%	0.76%	0.76%
Taxable Value	4,183.65	2,660.00	2,660.00
Mills Levied (excluding GO)	201.99	240.65	240.65
Total City Tax	\$ 845.06	\$ 640.13	\$ 640.13
Change from FY25	\$ -	\$ (204.93)	\$ (204.93)

## Charter Mill Levy Limitation

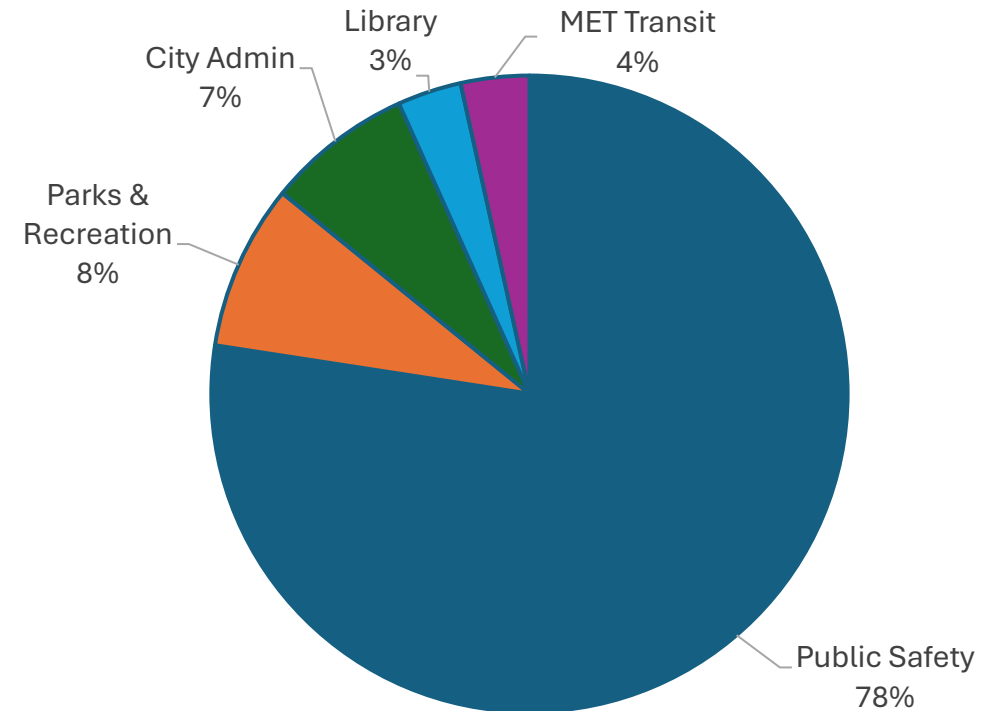
	FY 2025	FY 2026	FY 2027
Median Home Billings	309,900	350,000	350,000
TV Rate	1.35%	0.76%	0.76%
Taxable Value	4,183.65	2,660.00	2,660.00
Mills Levied (excluding GO)	201.99	203	203
Total City Tax	\$ 845.06	\$ 539.98	\$ 539.98
Change from FY25	\$ -	\$ (305.08)	\$ (305.08)

## Maintain 2025 Tax Revenue

	FY 2025	FY 2026	FY 2027
Median Home Billings	309,900	350,000	350,000
TV Rate	1.35%	0.76%	0.76%
Taxable Value	4,183.65	2,660.00	2,660.00
Mills Levied (excluding GO)	201.99	240.65	246.07
Total City Tax	\$ 845.06	\$ 640.13	\$ 654.55
Change from FY25	\$ -	\$ (204.93)	\$ (190.51)

# \$10 Million Reduction in Tax Revenue

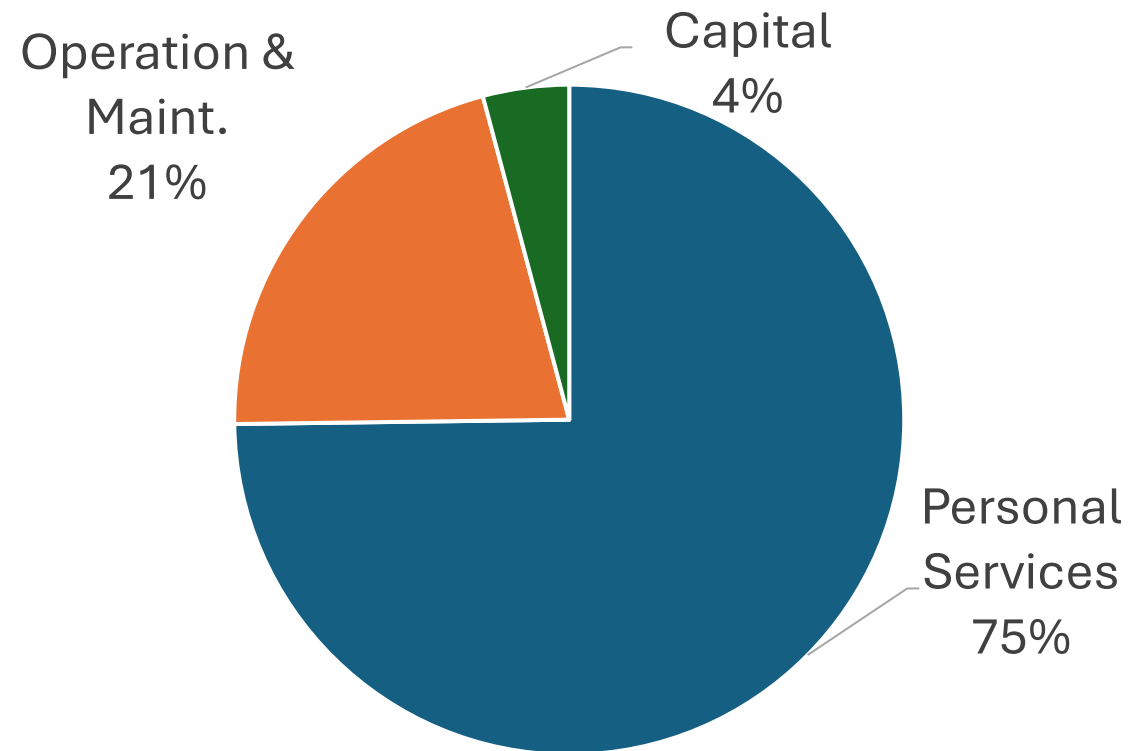
Department	\$10M Proportional Reduction
Police	3,702,453
Fire	3,155,612
Parks	842,151
Legal	379,221
Courts	242,230
Code Enforcement	134,635
Crime Prevention	129,025
Finance	244,811
Human Resources	126,781
Administration	159,879
Mayor & Council	44,878
Non-Departmental	165,488
Library	325,367
Met Transit	347,470



Equivalent to approx. 100 FTE across tax funded departments. 11.2% reduction in every tax funded department

# \$10 Million Reduction in Tax Revenue

- \$5 million for all capital and set asides for future equipment replacement could be eliminated



# Decisions For Council

- Develop a budget with \$9-\$10 Million in reduction over 2025
- Develop a budget assuming 2025 Revenue
  - Exercise charter override language (results in \$1M reduction in FY27)
  - Mill Levy Election
  - Other?
- Other?

# Mill Levy Election Timeline

- Mill levy must be set by 9/4/2025 (MCA 7-6-4036)
- County Election requires 85 days advance notice
- 1<sup>st</sup> Reading Ordinance (Ballot Language) required for Charter amendment
- ~100 days from first reading to election date

# Mill Levy Election Timeline

- Legal Advertisement For First Reading approx. 5/15/2025
- First Reading of the Ordinance & Ballot Language 5/26/2025
- Second Reading of the Ordinance & Ballot Language, Resolution Calling for the Election 6/9/2025
- Special Election Date 9/2/2025
- City Council Special Meeting Setting the number of mills 9/3/2025 or 9/4/2025

# Budget Calendar

- Current budget built on 4% tax revenue growth, will require modifications to balance
- Work Sessions May 19 & 20, June 2 & 3
- Council Preliminary Budget Adoption June 12 or 26
- Council Final Budget Adoption after mill number and tax revenue is known

# Budget and Finance Committee Recommendations

- 4/30/2025 Budget and Finance Committee Meeting

- 1) Develop a budget that reflects levying 203 mills, and reduce the property tax revenue by \$10.9 million in FY26. (3 for - 1 against)
- 2) Put something on the ballot for voters to consider in September. (2 for – 2 against)
- 3) Adjust the budget calendar to adopt a preliminary budget in June and a final budget in Aug/Sept once final property values are known. (4 for – 0 against)

# Questions