

# MISSOULA COUNTY PRELIMINARY 2020 BUDGET

July 25, 2019

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Missoula County CFO

- ▶ The schedule through Budget adoption
  - ▶ Today is the preliminary Budget hearing
  - ▶ The Commissioners have directed staff to place the FY 2020 budget on each public meeting agenda between now and the final budget hearing to take public comment
  - ▶ Certified Taxable values anticipated from the Department of Revenue by August 5
  - ▶ The final budget hearing will be August 22, 2019

## 2020 BUDGET SCHEDULE

- ▶ Maintaining the County's Strong Credit Rating
  - ▶ All departmental budgets must be structurally balanced
  - ▶ Ongoing revenue is used to cover ongoing expenses
  - ▶ One-time revenue or cash above the minimum reserve requirement is used for one-time expenses
- ▶ The various funds must maintain their minimum reserve requirements
  - ▶ General fund – 12%
  - ▶ Public Safety Fund – 8%
  - ▶ Special Funds – 5%
  - ▶ Grants or Community-Based Funds – 2%

# COUNTY BUDGET REQUIREMENTS

## ▶ Budgeting for Sustainment

- ▶ This budget is created assuming no increase in tax revenue, uses the prior year's total tax revenue
- ▶ The sustainment budget is built to determine the cost of continuing County operations at their current level before considering new budget requests.
- ▶ Shows how many tax dollars (not mills) will be needed to fund current operations and focuses the discussion on new requests
- ▶ Response to a data driven Board of County Commissioners

# CHANGES IN THE 2020 BUDGET PROCESS

## ▶ Sustainment Budget

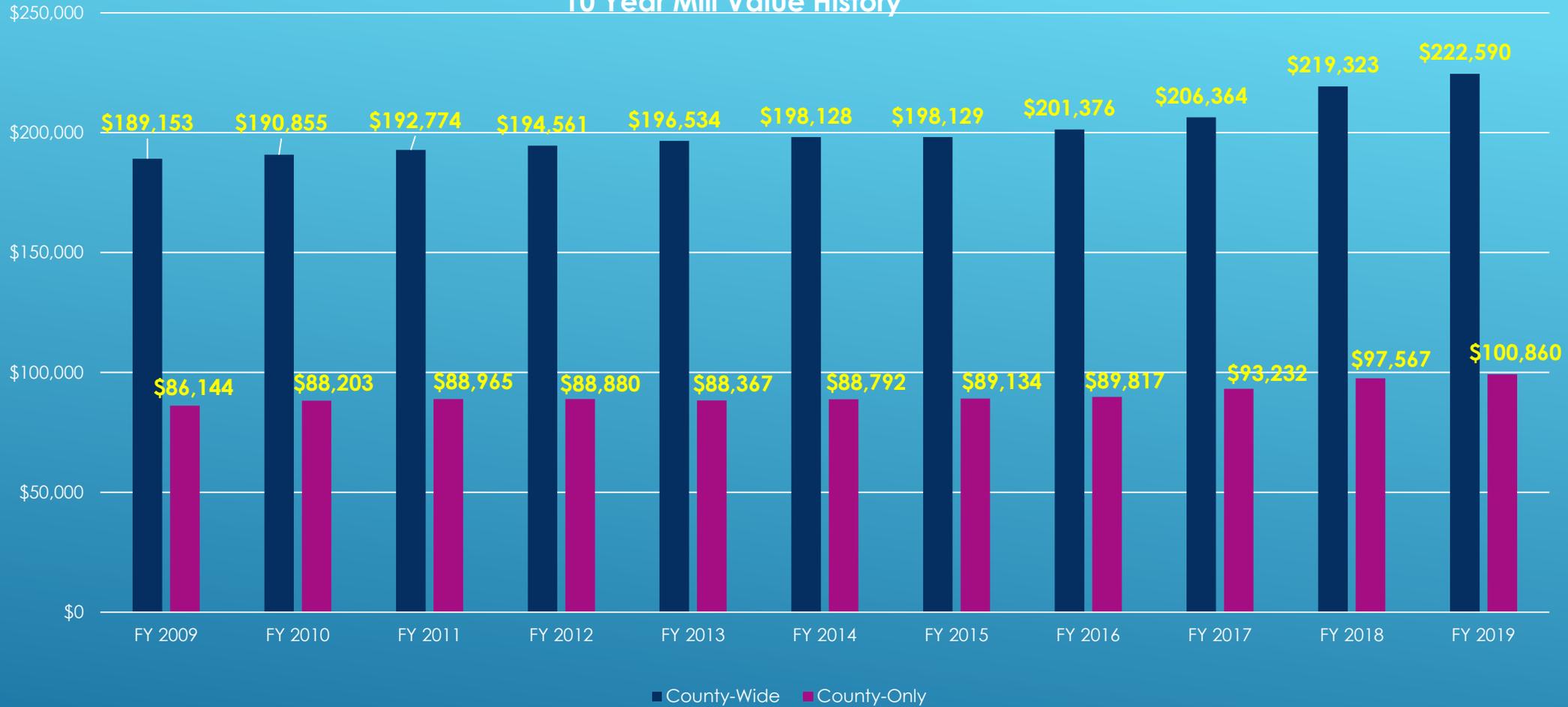
- ▶ Moves internal and external communications away from mills and to dollars
- ▶ Seeks to separate decisions between maintenance of County operations and new programs
- ▶ Shows the tax dollars needed whether they come from an increase in mill value or an increase the number of mills levied
- ▶ Allows the public to see what it will cost to maintain what exists and what new budget requests are being considered
- ▶ Helps the public better understand the budget and provides opportunity make specific comments on budget requests being considered

# SUSTAINMENT BUDGET

- ▶ Certified Taxable Value from the Department of Revenue
  - ▶ The 2015 legislature changed the reappraisal cycle from 6 years to 2 years to more accurately reflect increasing and decreasing property values through economic cycles
  - ▶ 2019 was the first year of a new two-year reappraisal cycle, so additions to the tax base will include both the reappraised property values and new construction or properties recently added to the tax rolls
  - ▶ The DOR sent out in June the “2019 Classification and Appraisal Notice” to property owners throughout the County informing them how their property is classified and valued for property assessment and tax billing

## REAPPRAISAL CYCLE

## 10 Year Mill Value History



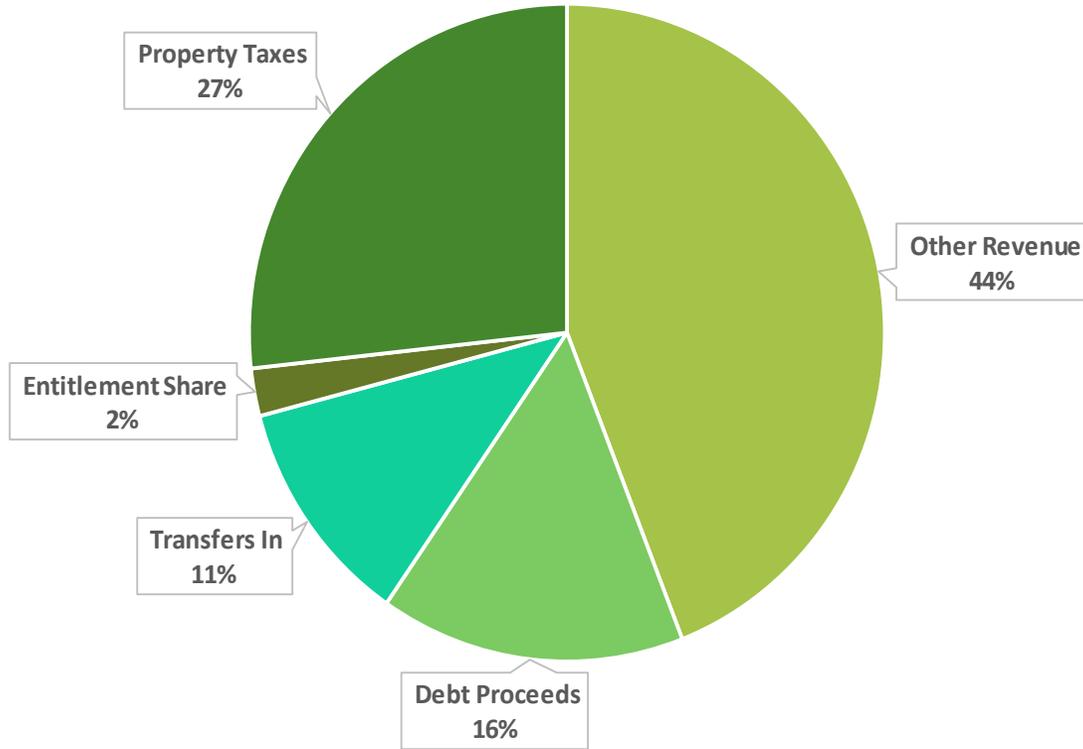
# HISTORICAL MILL VALUES

- ▶ Lower Revenue projected in FY 2020
  - ▶ \$408,655 decrease in PILT revenue from the Department of the Interior
  - ▶ Approximate shortfall of \$250,000 due to insufficient per diem rate paid to the County from the State to house state inmates
  - ▶ Legislature capped the entitlement share growth rate at 3%. Counties receive entitlement share funds from the state to compensate for state services performed at the county level, such as vehicle titling and registration
  - ▶ Bond proceeds reduced after issuing Library bonds

## PROJECTED REVENUE

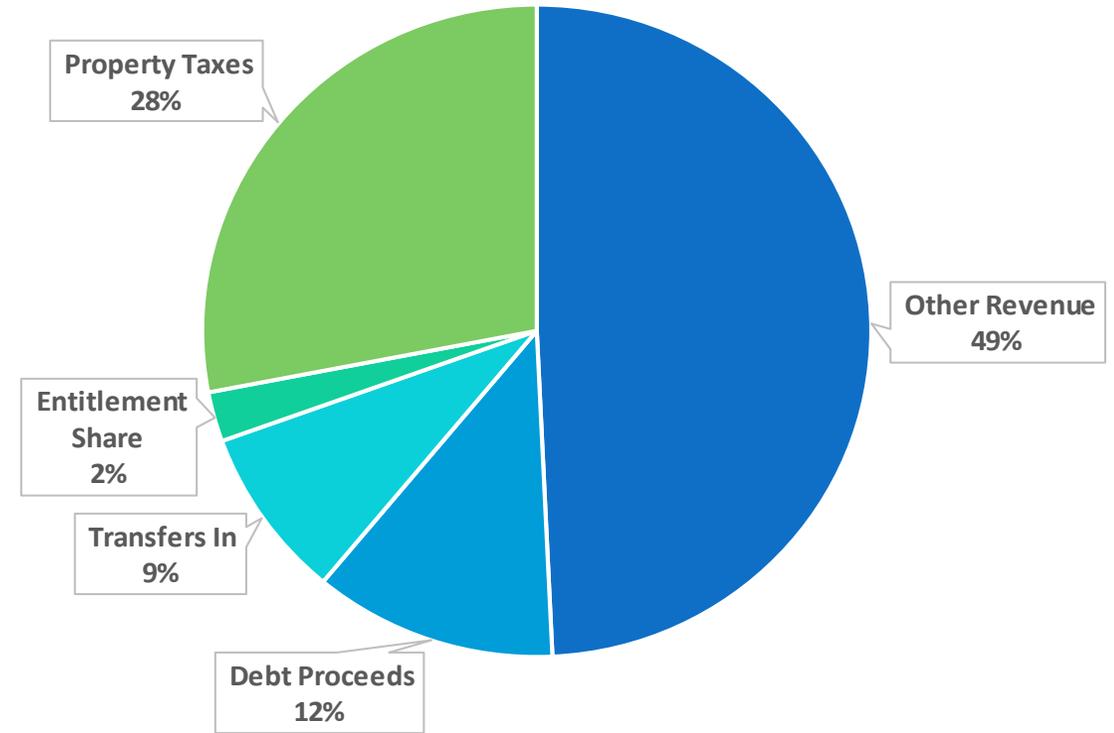
### 2019 Amended Budget Revenues

\$179.4 million total



### 2020 Preliminary Budget Revenues

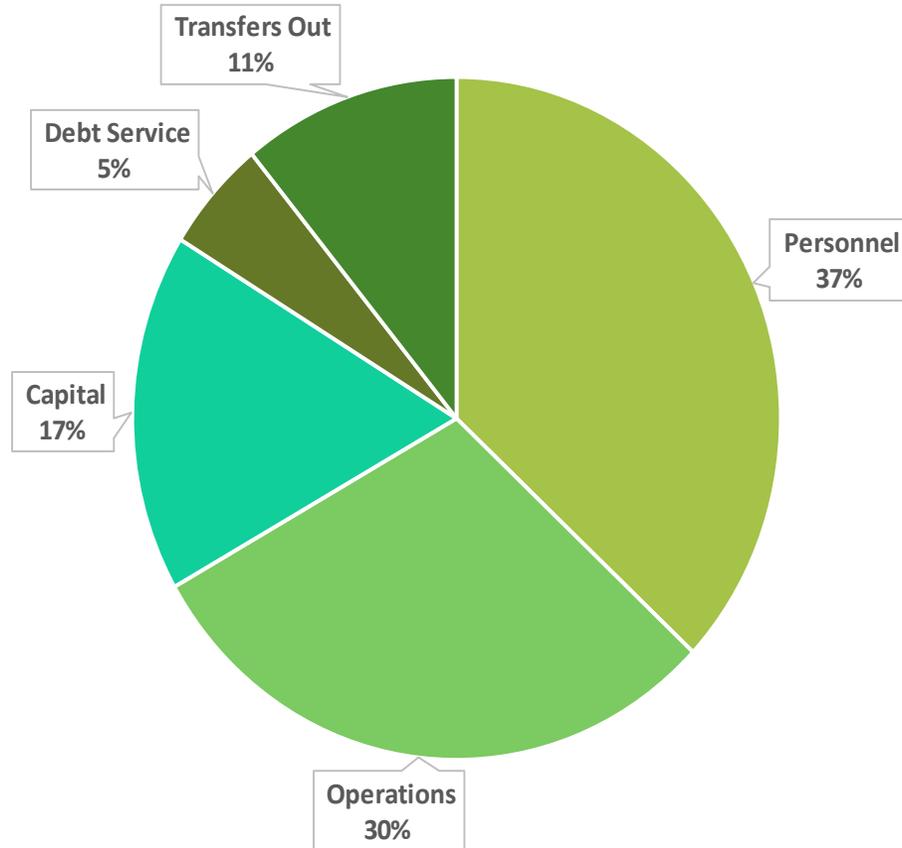
\$167.5 million



# 2019 VS 2020 REVENUES

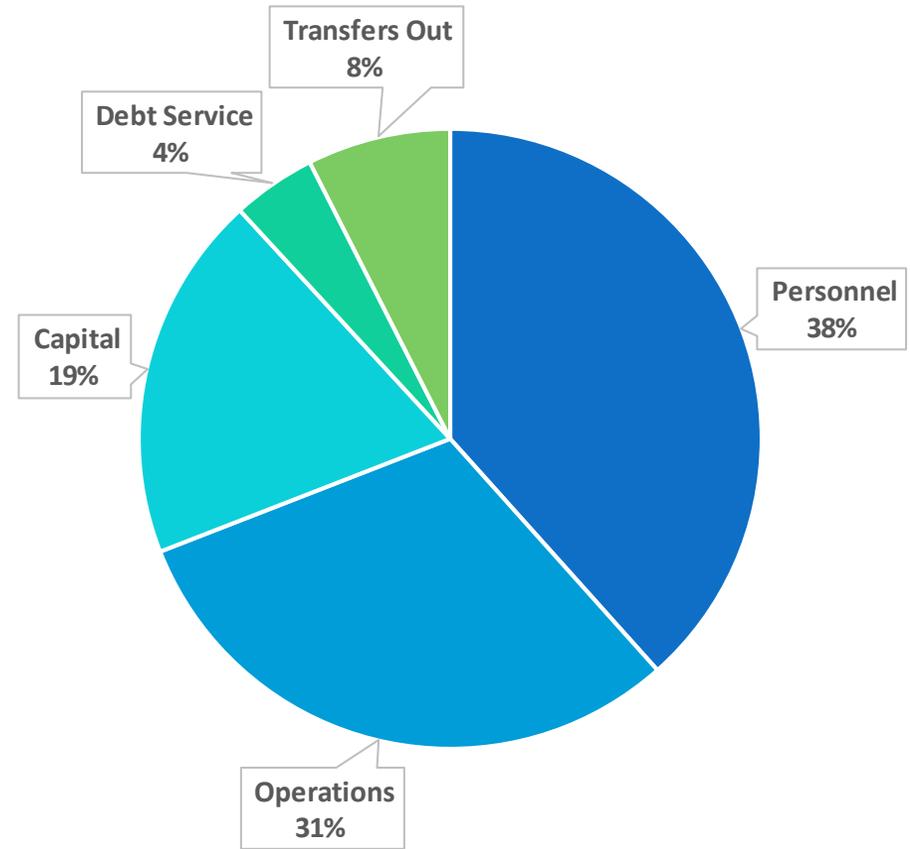
### 2019 Amended Budget Expenditures

\$182.8 million total



### 2020 Preliminary Budget Expenditures

\$183.9 million total



# 2019 VS 2020 EXPENDITURE OVERVIEW

- ▶ The largest individual budget category in any County is personnel, Missoula County is no exception with the projected total personnel cost at \$70.6 million.
- ▶ Approximately 85% of the 867 employees at Missoula County belong to collective bargaining units and Missoula County negotiates in good faith with each one.
- ▶ The drivers behind the increase are:
  - ▶ Increases in health insurance and SRS and PERS contributions
  - ▶ Salary increases based on the collective bargaining agreements
  - ▶ The addition of two School Resource/River Recreation Access Deputies
  - ▶ Additional personnel at Partnership Health Center
  - ▶ A wage increase for entry level employees to drive down costs of failed recruitments and provide a living wage

## INCREASED COSTS IN THE SUSTAINMENT BUDGET - PERSONNEL

- ▶ Projected operational expenses of \$56.4 million
- ▶ The drivers behind the increase are:
  - ▶ Partnership Health Center - \$2.2 million (not funded by property taxes)
  - ▶ Community and Planning Services \$100,000
  - ▶ Relationship Violence Services - \$100,000

## INCREASED COSTS IN THE SUSTAINMENT BUDGET - OPERATIONS

- ▶ Projected Capital Expenditures of \$35.2 million
  - ▶ The drivers behind the increase are:
    - ▶ \$2.78 million purchase of the property at 140 North Russell for a centrally located elections center combined with purchase of elections equipment
    - ▶ \$20.2 million for completing construction of the new City-County Library (voter-approved)
    - ▶ Repair and maintenance costs at various County buildings, which include:
      - ▶ Health department HVAC
      - ▶ Courthouse boilers
      - ▶ Exterior repairs and paint for Admin building and Records Center
      - ▶ Brick sealing for RVS and Youth Court buildings
      - ▶ Detention center roof and security updates

INCREASED COSTS IN THE  
SUSTAINMENT BUDGET - CAPITAL

- ▶ What's been presented today is the total County budget needed to just sustain current operations and provide the same level of services to the public
- ▶ Budget requests, which are online and included with the handouts today, are the additions to the sustainment budget that departments have submitted for commissioner consideration
- ▶ These requests will be considered once the Certified Taxable Values are received from the Department of Revenue
- ▶ Over the next month, the public is encouraged to provide comment to the Commissioners on these requests. They will take those comments into consideration when deciding to approve or deny requests

## BUDGET REQUESTS FOR FY2020

- ▶ At public meetings (Schedule: <http://missoula.co/bccmeetings>)
- ▶ Call Commissioners' Office at 406-258-4877
- ▶ Email [bcc@missoulacounty.us](mailto:bcc@missoulacounty.us)
- ▶ Mail comments to the Commissioners' Office, 200 W. Broadway St. Missoula, MT 59802

## HOW TO COMMENT