



## OFFICE OF THE MAYOR

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August 5, 2024

Members of the Missoula City Council,

This letter conveys my executive budget for Fiscal Year 2025, my first as your mayor of the City of Missoula. This budget reflects hours of diligent work to deliver essential services that our residents deserve and strives to innovate for the future through our strategic goals.

Simply put, I have inherited a budget deficit. I knew this while I was running for mayor, and I am committed to addressing this. This FY25 budget sets the stage for the coming years. A major priority of mine is to implement new budgeting practices in this inflationary environment to keep people's property taxes as low as possible. This is an unenviable position yet a challenge I am up to tackling.

To start, I changed the timing of this executive budget to closer to the end of the process. It allowed me to hear feedback from the public and Council members as we heard various department presentations and received other information. Council members were encouraged to submit their priorities as department presentations were made. I am hopeful this resulted in a more collaborative process.

In the spring, my directive was for our departments to provide a comprehensive program inventory for all their operating budget activities. My instructions emphasized this budget cycle would be the last to use our remaining American Rescue Plan Act (ARPA) funds and asked for reinforced focus on establishing a baseline budget that reflects the diligent work and strategic planning undertaken by the City. This program inventory gives me, the Council and the public the "what and the why" for each of the City's programs.

Departments were charged with analyzing budgets to hold costs down, knowing we have unavoidable increases, and I challenged my team to find ways to meet crucial needs while managing a budget that persistently has greater expenses than available revenues. I am pleased that all required, contractual items are included in this budget.

This budget is lean, as intended, and it reflects our values as a community by investing strategically in programs and projects that make a difference in people's lives.

### **Community Safety, Health, and Well-being**

The City of Missoula focuses its efforts on public safety, health and well-being by ensuring that our core levels of service are maintained, our programs are innovative and efficient and outcomes are clear and measurable.

- The City will implement the Master Fire Plan after Missoulians voted in favor of the Fire Levy. We will add 20 new firefighters, ensure firefighter compensation is competitive, fund the Mobile Support Team and locate station 6.
- This community recognizes and prioritizes quality public safety. As a result, we will ensure police officer wages are competitive, continue to fund the Crisis Intervention Team and grant spending authorization to purchase the Emergency Rescue and Response Vehicle to be used for critical incidents and natural disasters.
- We will continue support for our Houseless Operations Specialist to ensure functionality of a wide scope of work in our Houseless Programs and grant spending authority for the Built for Zero Specialist.
- A continuing priority is to fund the year-round Johnson Street Temporary Emergency Shelter. Council has directed the City to begin the master planning process for redevelopment of this parcel this fall of 2024. In the meantime, this location will be used for temporary shelter. The Poverello Center will continue to staff and operate the shelter with an FY25 request of \$1,819,725, which reflects an additional \$100,000 over FY24, largely for equipment and furnishings in the form of beds and lockers. This will be funded by the mills authorized by the City's Emergency Housing Levy and Missoula County's contribution. Members of Missoula's nonprofit and public collaboration, Houseless Leaders, urge this request.
- Another priority is continued funding to address public health and safety concerns related to encampments at \$352,000. Additionally, we're making a new funding request to implement elements of ordinance 12.60 supporting people crisis camping on City rights-of-way and other City property \$350,000. These new program costs will stand up a vehicle permit program, additional portable toilets, trash and syringe disposal and contracted services.
- Efforts made around Justice, Equity, Diversity and Inclusion are evolving to focus on inclusion of City services for all people and a full-time position shifting to Community Experience and Culture in the Parks Department. This strategic shift meets people where they are by ensuring everyone from disabled children to people aging in place, of all ethnicities and creeds, find Missoula's services welcoming and available.
- With the volume the Prosecuting Attorney's Office is handling and the intentional reorganization shift to create a City Attorney for Civil Services and City Attorney for Prosecution, this budget provides for a Victim Witness Coordinator (partial tax and grant) and legal support specialist for the Prosecuting Attorney's Office.

## **Economic Health**

The City of Missoula fosters an environment that creates partnerships that result in increased economic vitality for the community.

- A key strategic priority to optimize housing and job creation opportunities is catalyzed through the Missoula Redevelopment Agency's strategic land acquisition of 10 acres for an estimated \$6 million, known as Southgate Crossing. This furthers partnership with the Midtown Association and implements goals in the Midtown Master Plan with a major focus on the transformation of the Brooks Street corridor.
- In January 2024, the MRA board authorized funding (including bonds) of \$9.8 million to pay for earthwork, infrastructure and related contingencies to reach goals of construction of 89 new for-sale homes, located on a Community Land Trust, of which 47 homes or 53% will be income-restricted. This project, located on the Scott Street parcel in partnership with Ravara Development, will also produce up to 225 market-rate apartments and an estimated 35,000 square feet of commercial space.
- This budget includes a proactive lobbying strategy for work leading up to and during the state legislative session to align policy priorities including tax reform, homelessness, Medicaid expansion and tax increment financing.

## **Organizational Excellence and Resilience**

The City of Missoula fosters an inclusive, transparent and nimble organization that provides support and training for its employees and works collaboratively to provide high-quality, responsive and innovative services efficiently and effectively.

- Building on our current communication channels, a Digital Communications Initiative is included for \$35K. With specialized expertise, a professional social media manager will enhance the City's online presence leveraging platform algorithms, content strategy and audience targeting to communicate government initiatives by an additional means—thereby providing greater value for taxpayers.
- We will acquire and implement key system upgrades, including human resources and payroll, finance and asset management.
- We are committed to retaining our talented staff. A 3% cost of living adjustment is included for non-union employees as well as increases that are part of existing union contracts.
- We are providing critical staff transition support in Parks and Public Works. This will allow for additional capacity ahead of planned retirements and ensure institutional knowledge is preserved. Both districts are using fund balance, so no impact on taxes.
- Progress will continue rehabilitation of the John Engen Local Government Building rehab project supported by significant grant and non-tax revenues totaling \$1.8 million for this budget.

## **Community Design and Livability**

The City of Missoula will create policy and support development that promotes economically and environmentally responsible growth that prioritizes equitable, responsive and adaptive outcomes that prioritize people and place.

- We are finalizing our code reform project by spring of 2025 and ensuring we have the resources to continue the high level of engagement with the public, so we're budgeting continued funding for the Community Engagement Specialist.
- We're increasing capacity of our Urban Forestry team by one full-time-employee to inspect and maintain our vital tree canopy.

The Community Design and Livability strategic pillar includes the City's infrastructure work. Capital investments are made as a normal course of business, for example continuing to reduce our Missoula Water leakage rates and up-keep with Wastewater solids handling. Noted below includes innovative infrastructure projects, many of which have been funded through competitive federal and state grants. Our team will continue to position itself to leverage grant opportunities and effectively administer them.

Notable infrastructure projects set for FY2025 include:

- We'll complete infrastructure in the Sxwtpqyen area totaling \$3.4 million.
- Sidewalks and Mobility Program will continue with \$5.9 million invested in sidewalk and greenway programs. This includes initiating an Alternative Materials Sidewalk Pilot Project at \$65,000.
- Missoula Redevelopment Agency will continue investing in water and sidewalk infrastructure in URD II and III for \$2.2 million and URD II and III Bitterroot Trail and MRL Bridge Project for \$6 million.
- We'll invest over \$8.5 million in various roadway and lighting improvements, including the Orange/Craig Traffic Signal, Scott Street Phase 1, elements of Downtown SAM and Lower Miller Creek Road Reconstruction.
- Missoula Water continues to make investments in our drinking water system with \$23 million planned for FY25. We continue our commitment to reduce and eliminate greenhouse gas emissions through solar installation at 8 to 10 pumping stations.
- Missoula Wastewater will complete Garden City Compost phase 2, using \$3,987,000 in dedicated ARPA funding and \$4,409,944 in a State Revolving Fund (SRF) loan for the remainder. We will be constructing hard services to protect water quality and install an innovative air filtration system that will reduce odors.
- Our Stormwater Utility will invest \$3.6 million, including \$283,885 to advance the Missoula Public Library living roof project. This initiative has several benefits as our urban core

develops, including filtering stormwater, cooling the roof and reducing reflective heat and the urban heat island effect.

- Missoula Parking Commission will rebuild the Bank Street Parking Structure, adding additional parking for downtown and incorporating beautification elements such as public art.
- The Parks Department has a total of \$12 million in capital projects planned for this year. Caras Park and Clark Fork River restoration projects total \$2.3 million of that. White Pine Park relocation and development for this budget year is \$2.6 million. Additionally, \$700,000 to complete Northside Ped Bridge which opened to the public August 2024 and now reconnects the Northside neighborhood and downtown.
- Rattlesnake Dam decommissioning project just wrapped up, including the decommissioning of McKinley Lake dam, which took several years to permit. There are nine more lakes to either decommission or reconstruct and use the water to store to provide additional stream flows for Rattlesnake Creek. The FY25 budget will make progress on permitting the next project.

This budget is shaped around goals of the strategic plan that further the mission and vision of the City while keeping core services our top priority. While this budget starts in earnest to address the structural deficit, we will focus on this going forward by assessing expenses, looking at additional revenue tools and potential legislation.

For FY25 we are projecting a 5.96% tax increase, including the general fund, Road District, and Park District. This is in addition to the voter-approved fire levy. I recognize these increases represent an additional burden on our residents. They are necessary investments to keep our community moving forward. I'm proud to work alongside a talented and dedicated group of professionals who make our city a great place to live, work and play. As we move forward, this group of staff and our thoughtful elected leaders will continue to provide a solid foundation on which our community will thrive and be nimble in an era of unforeseen circumstances and opportunities.

Sincerely,



Andrea Davis  
Mayor