

# Budget Public Hearing

## Fiscal Year 2026



August 18, 2025  
City Council

# Mayor's Budget

Commitment to financial stability, responsible investment, and responsive public service

- Cost of living lens
- Project \$2.4 million savings from original FY25 budget
- Advancing housing-focused model
- Fair and competitive police compensation
- New street maintenance positions using state gas tax
- Infrastructure projects



# Budget Changes

- Addition of police digital analysis tool for digital forensics (following Councilperson Campbell's request) - \$6,800 from fund balance
- Fee revenue estimates changed & tax revenues came in lower than expected, increasing structural deficit from the original estimate of \$2.4 million to \$2.5 million
- City Council did not approve any requests for budget changes

# Budget Strategies

## Innovations

- Every general fund job opening reviewed by administration prior to posting
- Consolidating and standardizing specialized software licensing
- Using special service officers instead of overtime officers in Police Department to perform background checks

## Long-term Planning

- 5-year proforma to forecast and planning in Road District funds, including gas tax and grant planning, and combining electrification specialist with open transportation planning position
- Longer-term contracts to get better rates

## Funding Sources

- Used federal CMAQ for new street sweepers to free up Road District funds for new staff
- Gas tax funding to support street maintenance staff combine this with 5-year item above

# Community Investment Program - Key Projects

## Transportation

- Orange & Clegg signal project
- Scott & Philips roundabout
- South Avenue Safe Streets for All
- Trail lighting

## Facilities

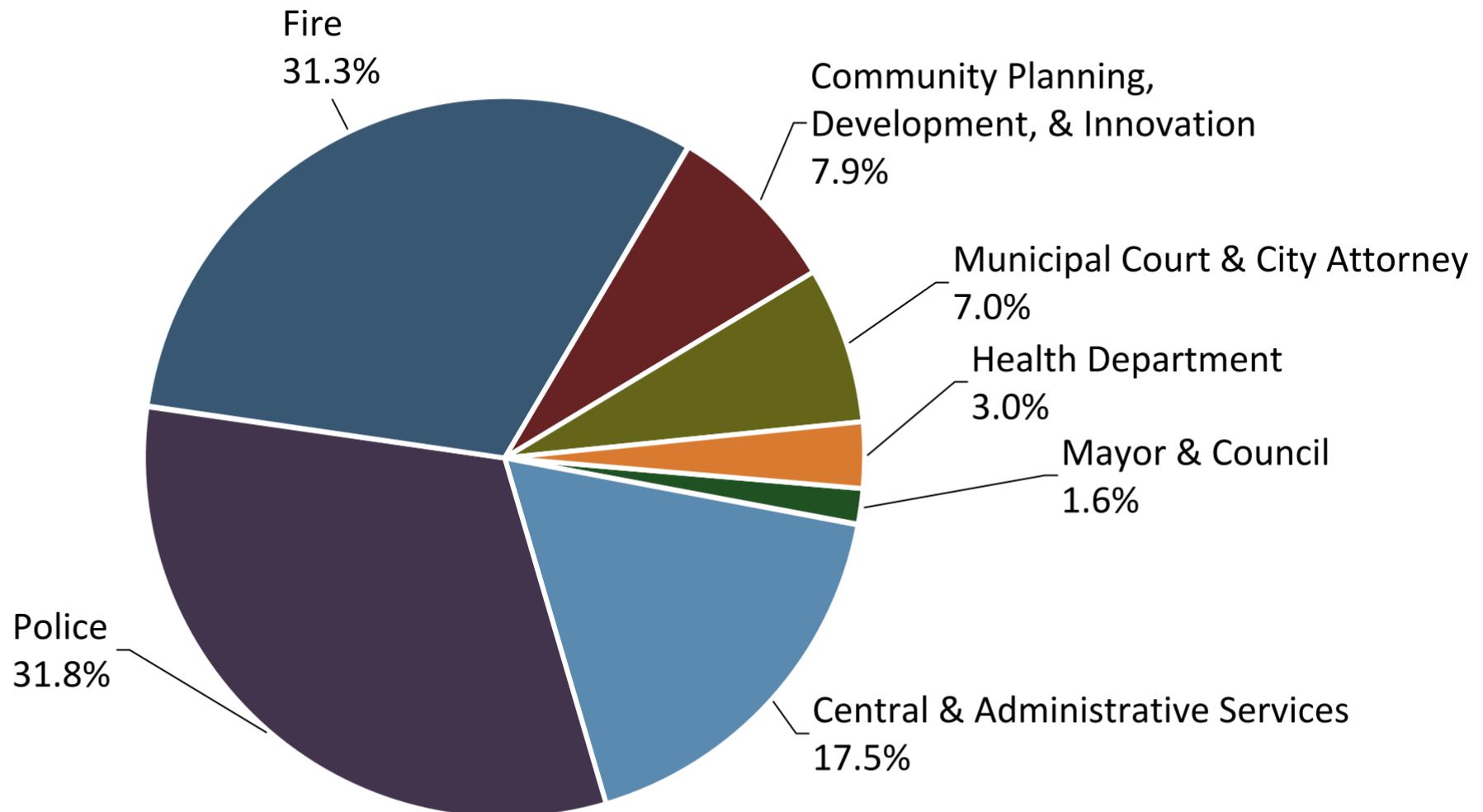
- Fire Station 6
- Animal Services facility expansion
- Engen Building
- Public Works (Broadway) building
- Compost facility

## Miscellaneous

- Grant Creek restoration

# Expenditures in General Fund

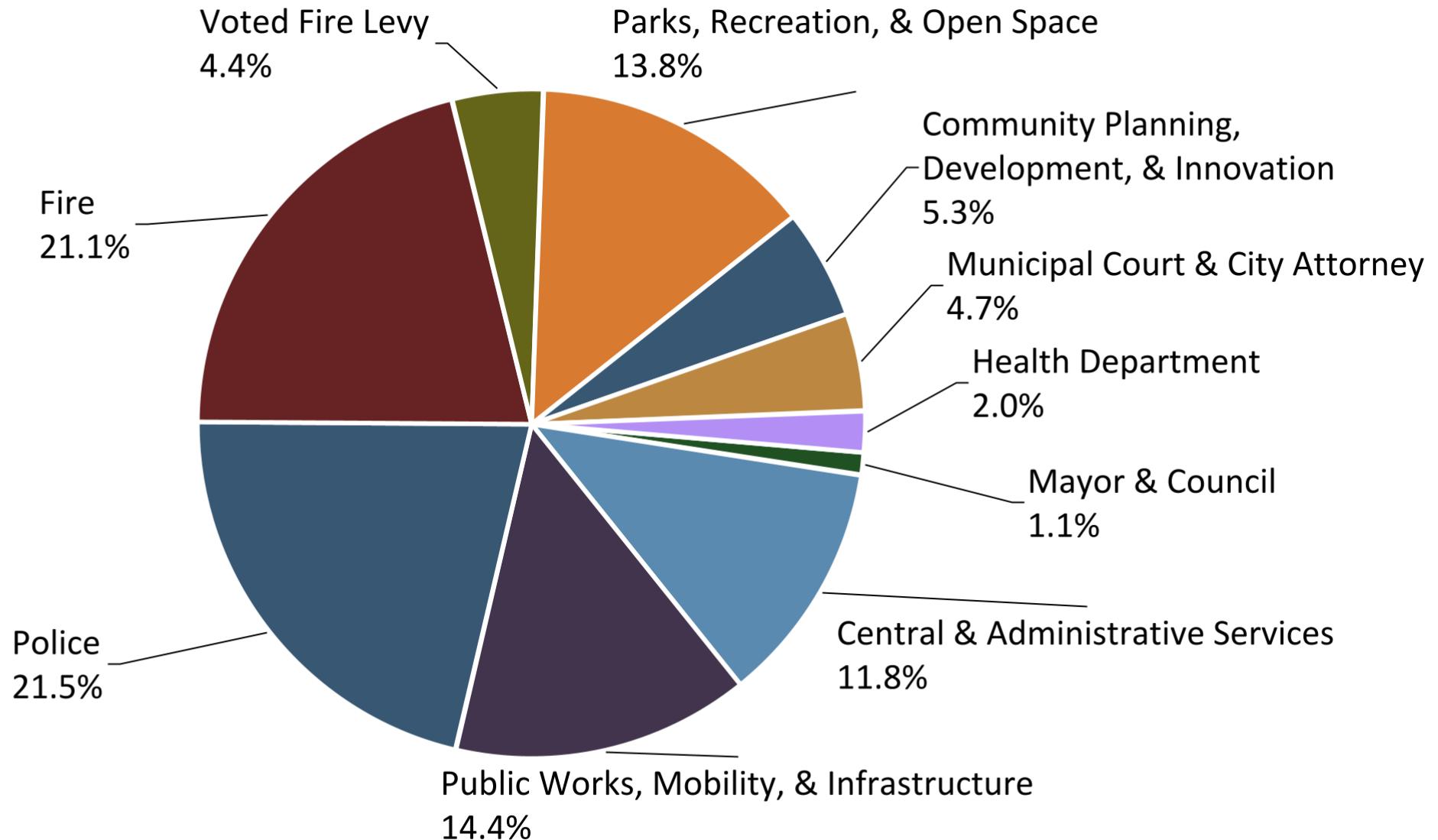
Total Expenditures  
\$88,161,562



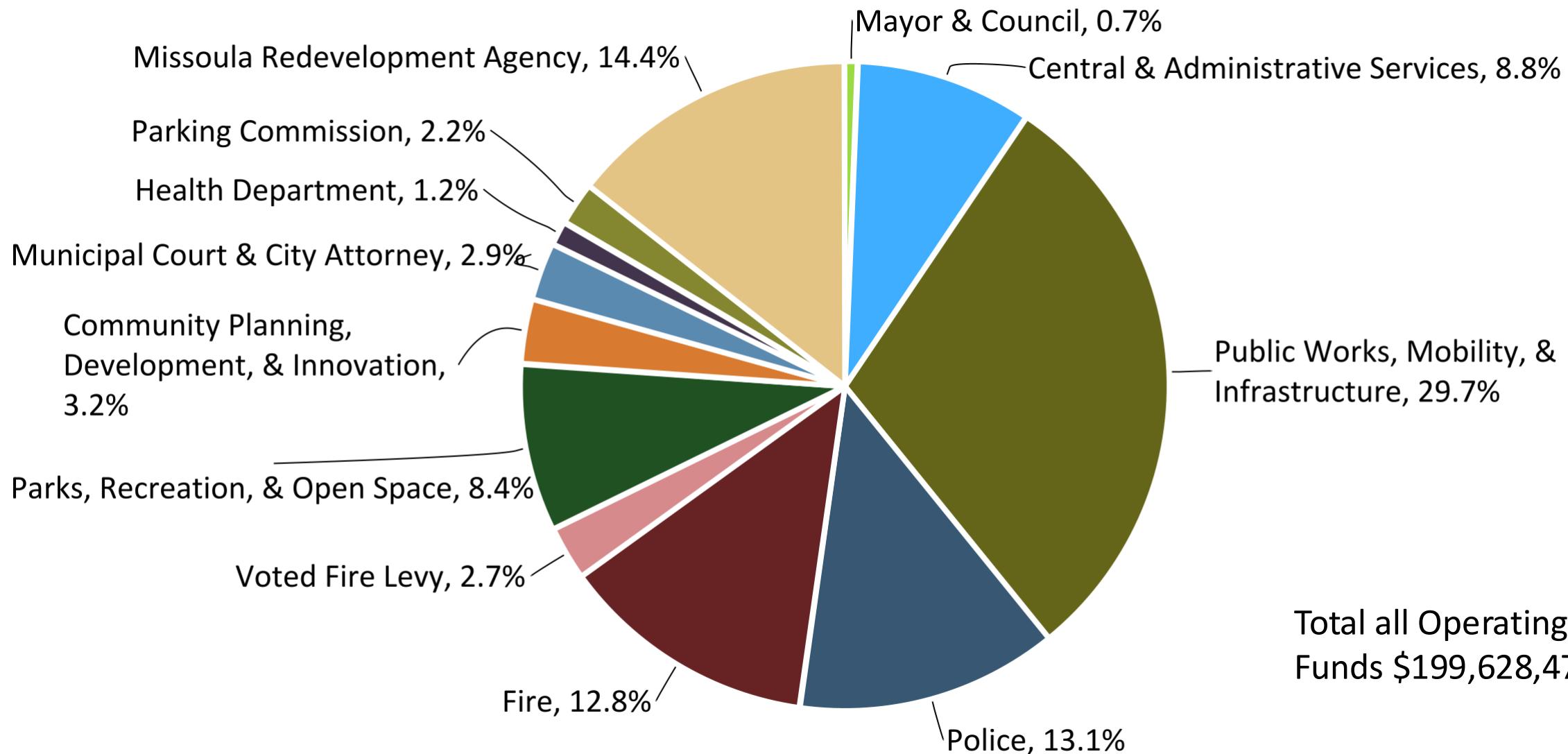
# Expenditures in General Fund, Road & Park Districts, & Fire Levy

These are the funds that show up on tax bills

Total Expenditures  
\$121,444,595.45



# Expenditures for All Operations



# General Fund Financial Condition

Fund Balance Goal - 7% of Ongoing Revenues or About \$5.1 million

## Closing the gap

- FY25 estimated fund balance \$1.4 million higher than original budget
- FY26 estimated ending fund balance is projected to be \$3.4 million, meaningful progress toward cash reserve policy
- Structural deficit improving from \$3 million to \$2.5 million

# Property Tax Impact

Anticipate a total 3.39% increase in property tax funds. This includes the Fire Levy, General Fund, and Road and Park Districts.

Most residential property owners will see a decrease in City taxes.

Individual tax impact will vary by property due to reappraisals from Montana Department of Revenue

# Tax Impact on Median Home



## City Taxes

2024: \$1,799.04

2025: \$1,541.65

**\$257.39**



**Lower**

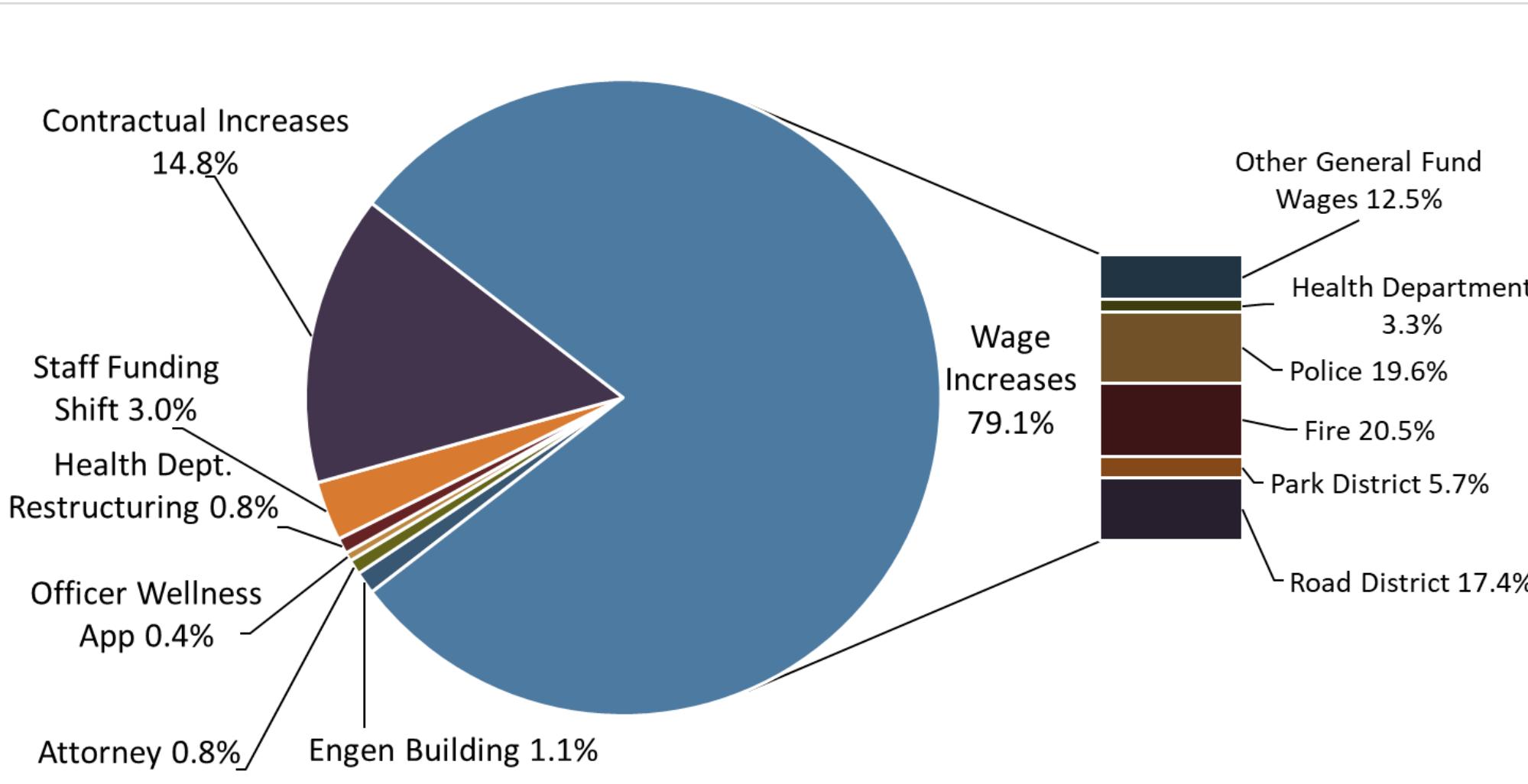
- The market value of this home went up by nearly 30%.
- The new, lower tax rate means that this home has a **lower taxable value** than last year
- This property will pay **less** in City taxes than last year

	2024	2025	Percent Increase/ (Decrease)
<b>Market value</b>	\$399,000.00	\$507,000.00	27.1%
<b>Taxable value</b>	\$5,386.50	\$4,217.00	(21.7%)
<b>City taxes</b>	\$1,799.04	\$1,541.65	(14.3%)

\*Note that market value and **assessed** value are not the same. In the current appraisal cycle, the Department of Revenue shows that the median **assessed** home value in Missoula County was \$507,000. The Missoula Organization of Realtors shows the current median home price at \$560,000.

# Distribution of 3.39% Tax & Assessment Increase

## \$2.4 Million Increase



This chart shows how the 3.39% increase is allocated. (Note: some of these projects also receive partial funding from fees, grants, or other non-tax sources. The amount of funding from non-tax sources is not included on this page.)

Contractual increases are items such as software contracts and rent, or other increases such as utilities and fuel.

# Goals Met With Non-Tax Dollars

## Shift in revenue sources or use of fund balance

- Street maintenance positions funded by state gas tax
- Municipal elections paid from fund balance \$400,000

## Emphasis on meeting City goals

- Affordable Housing Trust Fund Allocation
- Shift toward housing-focused approach
  - Houseless operations specialist
  - Property engagement specialist

# Resolutions

- Fixing the annual appropriations and the Capital Improvement Program
  - Park District 1 work plan and budget
  - Road District 1 work plan and budget
  - Tourism Business Improvement District work plan and budget
  - Business Improvement District work plan and budget
  - Permissive Medical Levy (Employee Health Insurance Levy)
  - Missoula Local Government Building Special District work plan and budget
- Resolutions levying assessments
  - Park District 1
  - Road District Number 1
  - Tourism Business Improvement District
  - Downtown Business Improvement District
- Resolutions adopting fees
  - Parks and Recreation
  - Public Works
  - Business licensing, land use and planning
  - Fire
- Street Maintenance District #1
- Street Lighting Improvement Districts
- Voter-approved mill levy transition
- Resolution levying taxes for municipal and administrative purposes