



OFFICE OF THE MAYOR

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Introducing the FY26 Budget

When I presented my first City budget last year, I was candid about the challenges we faced—particularly the structural budget deficit I inherited in the City’s general fund. Since then, our team has worked hard to right the ship. While we still have work to do, I’m proud of the meaningful progress we’ve made.

Thanks to disciplined fiscal management, we’re projecting to spend \$2.4 million less for fiscal year 2025 than originally budgeted. Combined with stronger-than-expected revenue performance, this positions us to end the fiscal year with \$3.1 million in our cash reserves—about \$1 million more than we anticipated. That’s a tangible step toward rebuilding a healthier financial foundation for Missoula.

We’re also chipping away at the structural deficit—the gap between what it costs to run the City and what we bring in through ongoing revenues. This budget reduces that gap from \$3.1 million to \$2.4 million—a 22% improvement over last year.

That said, our work is far from over. We are still \$1.9 million short of meeting our cash reserve policy, which calls for 7% of ongoing revenues to be held in reserve. And we must stay focused on eliminating the remaining budget deficit. I am committed to doing so responsibly and thoughtfully—without sudden disruptions to City staff or the essential services our residents rely on.

Even as we stabilize our finances, this budget moves us forward in key service areas—often through creative, non-property tax funded strategies. A few highlights:

- The decision to close the temporary emergency shelter at Johnson Street was a difficult one, but it was necessary given limited resources and the need to protect core services. At the same time, we’re continuing to invest in our Housing and Houselessness Program, advancing our goal of establishing housing-focused solutions under the umbrella of the Housing First philosophy here in Missoula.
- While we weren’t able to fund many new requests from the Police Department, we’re making meaningful progress where it matters most—ensuring our officers are fairly and competitively compensated under a newly ratified collective bargaining agreement.
- Our Public Works team will add much-needed street maintenance positions funded entirely through existing gas tax revenues—not new property taxes.
- We’re also making real infrastructure improvements. Projects like the Grant Creek restoration, the Animal Control Facility expansion, the Orange/Clegg signal project, and the Scott/Philips Roundabout will strengthen our community and improve

quality of life for years to come. And I'm especially excited to break ground on Fire Station #6—approved by voters last year.

This budget reflects our commitment to financial stability, responsible investment, and responsive public service. We've made steady, meaningful progress while maintaining essential services, and we're doing it with the aim of a minimal impact to taxpayers. The rest of this report outlines how we're achieving these goals—and where we're going next.

Thank you for your engagement and continued support.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrea Davis".

Andrea Davis

Mayor, City of Missoula