



June 26, 2019

Members of the Missoula City Council:

I'm writing today to convey the City of Missoula's preliminary executive budget in advance of your review of revenues, expenditures and new requests for Fiscal Year 2020.

In keeping with the practice we established last year, the preliminary budget is based on known numbers and informed by our strategic goals, resident survey, ongoing financial and operational obligations and past budget performance.

The good news is that FY19 was a successful year in terms of revenues and expenses. We are performing well within our approved budget authority, adding to our fund balance and will begin the fiscal year in a strong position.

The preliminary budget includes the nuts and bolts of maintaining the level of service Missoulians expect, meets our contractual obligations to our employees, addresses commitments made to enhance public safety and newly annexed parts of the city, manages for increases in health-care and workers' compensation premiums and pays for necessary enhancements in a number of departments that were deferred in last year's budget.

The enhancements to our programs I'm recommending in this budget are consistent with priorities of residents as expressed in our surveys, correspondence, public testimony and what we hear daily from those we serve. In addition, we're responding to budget requests from staff who do the work of the City and know what resources are necessary to serve Missoulians and the interest of council members as expressed through conversations and strategic planning processes.

Public safety is a fundamental responsibility of local government. This budget adds three full-time police officers to our ranks that the council and I committed to during last year's deliberations. I'm recommending funding an additional three full-time officers, as well. Increasing calls for service and our expanded jurisdiction require additional investment in policing and this budget makes that investment.

You recently reviewed the Missoula Fire Department's master plan, and this budget proposal begins to meet some of the needs expressed in that plan. We're adding an assistant mechanic to maintain critical equipment and extend the life of expensive apparatus. We're increasing overtime to create a pilot program for a Peak Activity Unit to handle lower priority calls for service during our busiest times. We're also investing in a program with Missoula College to train more of our firefighters as paramedics with the intention of ensuring that when we're first on scene, we have the training to save lives in emergency situations.

And because we're a growing city, we're seeing increased activity in the criminal justice system. In order to better serve citizens in our courts, we're adding a deputy court manager to help administer the work of Montana's busiest municipal court. In our attorneys' office, we're adding an additional deputy attorney, a position that's been deferred for a number of years.

Housing is a clear priority for all of us and our residents, so we're investing in implementation of our housing policy and funding a portion of community-wide winter shelter efforts for homeless residents.

Climate change and sustainability continue to be critical issues, and we're adding a program specialist to our energy conservation office, which manages our climate resiliency and sustainability efforts.

We made important organizational changes this year to our Public Works department, consolidating management of street and traffic services departments, which has allowed more flexibility for managers to deploy resources where they're needed in keeping our streets in good condition. This budget builds on that organizational reform and invests heavily in staff and materials to improve our transportation system. We're recommending funding for five new, full-time maintenance employees in Streets and Traffic Services and adding funding for the materials our crews need to improve and maintain our system. Based on recommendations from staff, we're adding a small fleet of light-duty plowing vehicles to address berms and other inconveniences snow creates. Our plan is to dramatically improve our response in residential areas when the snow falls. And all of the rolling stock that our team puts to hard use day in and day out needs maintenance. We're adding a fleet technician to maintain equipment and protect the public investment in that equipment.

Last year, we deferred a contract for a comprehensive pavement analysis, which will go a long way in establishing existing conditions and provide a framework for setting maintenance priorities. We're recommending funding for that project again this year, with the help of some planning funds from Missoula County and the Metropolitan Planning Organization.

We're expanding a best practice that's improved service and performance in other departments by recommending funding for a business manager in Public Works. The position saves time and money and allows managers to lead programs with confidence that the financial health and accountability of their departments are in good hands.

In Development Services, our engineering section is working at capacity, and our ability to get projects on the ground has been stalled. We're proposing adding an engineer to the team to ensure that both public and private projects are getting done.

Parks, conservation and trails programs benefit from a voter-approved mill levy, but there are still maintenance deficits system-wide. We're proposing an increase in maintenance funds of \$200,000 that the parks team can deploy as priorities and opportunities emerge.

We continue to invest in the Capital Improvement Program, which addresses significant public interest in maintaining and improving infrastructure. Water and wastewater projects are funded through those utilities. Parks and streets improvements are paid through special districts, and equipment replacement is paid for by the general fund, utilities, and enterprise funds on a shared basis. Here's what's proposed in the CIP:

- Street and sidewalk projects: \$ 7,640,478
- Parks construction and upgrades: \$ 2,433,245
- Water system improvements: \$5,969,624
- Wastewater system improvements: \$ 4,508,142
- Equipment replacement: \$2,178,950

Along with this letter, I've included our updated strategic goals, which help inform the decisions made manifest in this budget.

In the coming weeks, you'll be hearing about these requests and proposals in detail. In addition, we'll begin the public-hearing process to hear from the folks we serve about these proposals.

As you know, our final revenue numbers arrive in August, and I will make adjustments based on those numbers and present a final budget for your review.

We've prepared this budget while recognizing a clear community sensitivity around the property-tax investments our residents pay to support a thriving city. In that context, we're striking a balance between increasing demands for service, the increasing cost of those services and our collective ability to pay for those services.

As it stands, I'm optimistic with regard to this budget. Our estimates suggest that we can move the city forward in a thoughtful, balanced, progressive way.

Sincerely,

A handwritten signature in black ink, appearing to read "John Engen". The signature is fluid and cursive, with a large loop at the beginning and a long, sweeping tail.

John Engen,
Mayor