

# **FISCAL YEAR 2007 BUDGET HEARINGS**

## **CONTINUATION OF PRELIMINARY HEARING**

**WEDNESDAY, July 19, 2005 – 7:00 P.M.**

**ROOM 201 – COURTHOUSE ANNEX**

The Preliminary Hearing on the Fiscal Year 2007 Budget was reconvened at 7:00 p.m. by Chair Carey. Also present were Commissioner Curtiss, Chief Financial Officer Dale Bickell and Chief Administrative Officer Ann Mary Dussault. Commissioner Evans was on vacation.

Dale Bickell: presented a general overview of the financial condition of the County. A handout with budget information for Fiscal Year 2007 was available.

### **FY 2006 Financial Highlights**

Development Park - Land sales totaled over \$2,100,000.

Fair – Final Ice Rink Project expenditures totaled \$356,917.

C&R fees - Were approximately \$200,000 below budget in FY05, but appear to have recovered and are expected to return to historical levels.

Partnership Health Center – PHC's preliminary financial statement shows positive cash flow of \$508,000 which eliminates the operating deficit several years ahead of schedule.

Technology Increment District – In December, the BCC created the Missoula County Technology Increment District in the Missoula County Development Park. First tenant of the District will be DIRECTV.

Capital Improvement – FY2006 projects:

Completed Clerk of Court remodel (\$226,227)

Completed Courthouse/Annex ADA access ramp (\$149,797)

Started the Courthouse landscaping project (\$10,853)

Continued ADA compliance work relative to the US Dept of Justice settlement agreement (\$48,285)

Started the upgrade to the Old Courthouse ventilation system (\$11,520). Total project = \$350,000

Technology Program – FY2006 projects include:

Continued implementation of the new criminal justice records management system (\$63,082)

Installed spam monitoring system (\$8,505)

Installed new jail management system (\$37,491)

Installed new court administration system (Full Court) in Justice Court

Health Insurance

The County's self-insured health plan continues to be financially stable heading into FY2007. For FY2006, preliminary financial statements show net income for the Plan totaling \$1,381,000 and trust reserves of approximately \$3.1 million. No premium increase is required in FY 07 and certain benefit components have been enhanced.

### **FY 2007 Issues and Challenges**

Office of Planning and Grants

FY06 was the first year of operations under the new interlocal agreement. This agreement specifies that the County and City contributions to the Current Planning section be allocated on a pro rata basis, based on level of service for each jurisdiction. The actual numbers vary substantially from original estimates and the preliminary budget does not yet reflect the change in allocation.

### District Court Fund

The 2005 Legislature provided for state assumption of the county public defender system and was effective July 1, 2006. Although this bill specified that Missoula County's entitlement share would be reduced by \$172,600 to pay for costs the State is assuming, the bill also provided that this number may be adjusted in the future. The BCC has reserved \$40,000 for unanticipated costs relative to public defender assumption.

### Building Codes Division

The County's Building Codes Program started this spring with permit costs set at the same level as those of the City of Missoula. Once a revenue trend is established fees will be adjusted in order to ensure the program is self-sufficient. It should be noted that the County does not allocate any overhead expenses to the Building Codes Program.

### Public Works

An analysis of the County Road fund for the past five fiscal years showed that a structural imbalance has existed in this fund, even prior to the date of the analysis. This means that ongoing expenditures have exceeded ongoing revenues every year. The analysis concluded that the average deficit totaled \$112,500, and the BCC approved an enhancement request to increase the Road fund levy by 1.4 mills to correct the imbalance.

### Public Safety

The preliminary budget for the Sheriff's Office was submitted with a structural imbalance of approximately \$178,000. The deficit was largely due to an increase in out-of-county prisoner costs, increases in energy costs, and increases in fuel costs. The BCC has agreed to create a \$178,000 contingency in the General Fund that the Sheriff can access if Public Safety cash reserves fall below budget parameters. It is expected that the Sheriff's budget will be able to absorb these costs in FY08 when the Montana Department of Corrections is required to pay the actual costs of housing state prisoners in the Missoula County Detention Center.

### General Revenues

Property Taxes – Growth in property tax revenue has been unpredictable in the past several fiscal years making it difficult to make accurate projections. The Montana Dept of Revenue is expected to provide FY2007 certified valuations by the end of July. Growth from new construction in the preliminary budget totals 3.7% based on historical averages.

### Budget Parameters

**Prior to each budget, the Board of County Commissioners sets Budget Parameters to guide the budget process. The following parameters have been adopted by the Board for FY 07:**

**Cash Reserves** – General Fund reserves are set at 12% of total revenues, Public Safety Fund reserves at 8%, CBO fund reserves (which are all pass-through) at 3%, and all other special funds at 5%.

**Salary Increase** – Base salary increase for county employees is set at 4% at an approximate cost of \$1,155,000.

**Property Taxes** – Additional tax revenues from the inflationary allowance (1.424%) and the reduction in personal property tax reimbursements allowed in MCA 15-10-420 was approved.

**Permissive Medical Levy** – Tax revenues from a permissive medical levy was provided for by the 2001 and 2003 legislatures. The levy is based on the increase in health insurance costs (net of benefit reductions) of tax funded employees. For FY07, this levy is expected to **decrease** due to decrease in number of employees (public defender assumption) and because there is no insurance premium increase.

**Missoula County voters approved three ballot initiatives in June that will be levied for the FY07 budget as follows:**

**Library Levy** – voters approved an additional \$995,000 annually. Net of the decrease in the library levy that expired in 2006, the Library levy will increase 2.05 mills, or \$8.74 annually on a house with an assessed value of \$200,000.

**Search & Rescue** – voters approved \$87,500 annually or 0.49 mills. This will cost \$2.09 annually on a house with an assessed value of \$200,000.

**Aging** – voters approved up to \$350,000 annually. However, the Missoula Aging Services board has determined their FY07 requirements to be an additional \$255,770 or an additional 1.44 mills. This will cost \$6.15 annually on a house with an assessed value of \$200,000.

### **Budget Enhancements**

**The BCC has given preliminary approval to the following significant enhancement requests:**

Missoula Art Museum – increase support by \$61,425 annually;

County Attorney – provides tax funding to replace lost grant funding (\$32,385); increase intern pay (\$26,365);

Clerk & Recorder – upgrade the recording system (\$111,109);

Fair – architect services for master plan (\$40,000); building and bathroom repairs (\$26,267); continue facilitator contract (\$16,000);

Local Government Study Commission –operations funding (\$25,191);

Animal Control – Spay/neuter clinic (\$10,000);

Financial Administration – Special criminal justice assistant to the admin team (\$94,195); Ongoing funding for admin aide (\$34,613); Legislative initiative (\$18,317); MCDC ongoing support (\$10,000);

Facilities Management – increase in utility costs (\$54,500); asphalt sealing of parking lots \$12,975; construction plans and bid documents – Public Safety Center (\$678,000); renovations of the 3rd floor of the Old Courthouse (\$635,500); space needs study (\$75,000); License and source code for DIACS system (\$25,000);

Health Department – decay ordinance – fund clean-up expenses (\$10,000);

Human Resources – establish longevity plan for personnel plan employees (\$42,000);

Information Services – countywide file management system (\$350,000); upgrade training room (\$10,000);

Office of Emergency Services – on-call time (\$31,250 quarter money); interoperable voice radio project (\$60,000 quarter money); Add five FTE 9-1-1 dispatchers (\$163,376 general fund, \$65,351 quarter money);

Rural Initiatives – Add 2 FTE planners (\$105,156 - \$23,025 general fund); Add .5 FTE assoc planner to (\$22,864); add 1 FTE office manager (\$38,477); continue open space initiative (\$13,500);

Public Works – perform inspection and maintenance on the Orchard Homes Levee (\$100,000); provide funding to remedy ongoing shortfall (\$112,500); Surveyor equipment (\$51,000);

Public Safety – fund contingency for Sheriff's Office shortfall (\$178,806); Add 1 FTE registered nurse to medical contract (\$71,564 - \$45,279 in new levy authority); contract increase for Missoula Correctional Services (\$66,259);

Treasurer's Office – increase in postage costs (\$12,000).

**MISSOULA COUNTY****PROPERTY TAX SUMMARY - FY2007**

	Countywide		Unincorporated	
		Mills		Mills
Taxes levied - FY2006	22,272,681	129.11	2,513,249	31.83
New property	585,233	(0.27)	50,861	0.18
Floating Mills	296,246	1.67	33,284	0.42
Permissive Medical Levy	(28,065)	(0.16)	-	-
Public Works	-	-	112,500	1.40
Tax Requirements - FY07	23,126,095	130.35	2,709,894	33.83
Tax increase (decrease)	213,472	1.24	157,893	2.00
Est. cost - house assessed @ \$200,000		5.28		8.54
<b>Voter Approved Initiatives</b>				
Library	995,000	5.61		
Expiring Library Levy	(631,676)	(3.56)		
Library, net	363,324	2.05		
Search & Rescue	87,500	0.49		
Aging	255,770	1.44		
Total voter approved	706,594	3.98		
Est. cost to a house assessed @ \$200,000		17.01		

**Bottom Line**

The FY2007 budget as presented, including the enhancements that have been preliminarily approved by the Board of County Commissioners, could result in a net tax increase of approximately \$213,472 or 1.24 mills countywide (which represents a 1.0% increase over the prior year) and an additional \$157,893 or 2.00 mills in the area outside the city limits (which represents a 6.3% increase over the prior year).

Voter approved initiatives will add an additional 3.98 mills or \$706,594 to the tax rolls. Final results depend largely on the certified taxable value and the amount of newly taxable property in the County. We caution everyone to remember that enhancement approvals are NOT final and are contingent on final budget adoption.

Glen Howard: I've been a resident here in Missoula County for 30 plus years. I'm an avid softball player and I've been interested for a lot of years in trying to get some improvements done at Fort Missoula on their fields. I'm looking at trying to get a budget put in place to light the fields and I was wondering if there's an avenue to start funding a program to provide lighting at Fort Missoula fields? I realize there's an overall plan to redevelop and resituate fields out there, but I'm not sure what the timeline is on that. I would be interested in seeing if we couldn't at least light one or two of the fields and have those active as soon as we could. I would think even putting those lights in place could be moved as the fields got redesigned at a future date. I'm not only a player I'm a coach and an umpire. I've been using the fields a lot. I think it would be a great benefit to our community. We just had the J-O tournament here, a state tournament, where we had teams and parents for the Junior Olympic girls U10-U18 here from all over the state. It brings in, I'm sure, a great deal of revenue to our city. We've had numerous other tournaments where we have a lot of participation from teams from all over the state of Montana. We recently had the Senior Olympics that most of you might be aware of. That was sponsored here in Missoula and they brought in – I think this was the first year for softball, Senior Olympic softball. We had teams from Utah and Washington over here. Again, I believe bringing in revenue into our community. My interest would be that we could develop this a lot more in bringing outside participation into Missoula from other communities if we could bring up our fields to a little higher standards. Have lights so we could have availability to play more night games. I was just wondering if there is an avenue

to start funding this and certainly I'm interested in even spear heading trying to find outside funds. I'm not sure what all the avenues are or even what funds may be available but I think when we have outside teams coming in and they're bringing money in to motels and restaurants there may be availability of funds from private parties too, if we could find a matching fund maybe with the County providing some funds. So that's my interest. I'm not sure, again, what avenues there may be I'm just looking for a starting point to try to spear head this and push it and get it off the ground. It certainly wouldn't be for this field season since we're winding down, but I wouldn't mind seeing if we couldn't sponsor getting one of the fields up and lighted maybe this next year. I play a lot of ball in Coeur d'Alene and they have a sixplex over there where they started with one field with lights and I think they were adding a field every year or every two years and so they have most of their fields over there lighted. I haven't actually visited with them to see how they funded that, but I know they did. They didn't do it all at one time, they worked at it over a period of time.

Commissioner Carey: Do you have an estimate of how much money you're talking about to accomplish at least the one field?

Glen Howard: I do not. I wasn't prepared. I got this kind of last minute and I really didn't realize this was a budget meeting. If I would've known I would've tried to get some numbers. I certainly can do that, though, in the short term. Throughout this next week I could probably come up with some idea.

Commissioner Carey: I was looking more toward next year – having some time to put together a plan. You probably haven't approached the Park Board to talk to them...

Glen Howard: I have not, no.

Commissioner Carey: Do you know if the Park Board has ever looked into this?

Commissioner Curtiss: No. I know at one time the softball folks looked at the possibility of having lights donated when they put new lights at Big Sky High School, wasn't it? And there just wasn't any plan to put them up or hook up the wiring or anything like that.

Commissioner Carey: I know the Park Board has a matching funds program now for park related projects improvements and so on.

Glen Howard: Would that be county or the city parks and rec?

Commissioner Carey: The County. In fact maybe the best bet, Glen, would be to get in touch with Lisa Moisey who's our park person. She's at 258-4877.

Ann Mary Dussault: Jean, there is a long range plan for the Fort Complex, is this included in the long range plan?

Commissioner Curtiss: Improving the softball fields...I can't remember if lights were in there, but I think they were.

Ann Mary Dussault: So the other person may be Donna Gockler with the city.

Commissioner Curtiss: Right and she probably has the best copy of the plans.

Glen Howard: Is there a timeline on the redevelopment of the complex out there?

Ann Mary Dussault: That's a good question for Jean, she participated.

Commissioner Curtiss: It's kind of a complicated thing because part of the plan means to rearrange the softball fields and it's very likely that you could move the lights like you suggested. But in order to improve the softball fields, we need to move one of the soccer fields and the soccer field that needs to be moved was developed with land and water money so it has to be replaced before we can – so it's kind of one of those domino things you have to do this in order to do that. So the plan – I think part of it is we probably need to encourage the Park Board to start looking at it in phases because it is a – I think it was estimated at \$10 million project to do the whole thing, but there are probably pieces of it that could be done in phases.

Commissioner Carey: And it wouldn't hurt to get a hold of Coeur d'Alene I would think and find out what they did.

Glen Howard: Right I think I'll follow up in Coeur d'Alene. I'll be playing in a tournament over there. I play in a plus 45 and I've got a fellow on my team that's 77. I'm hoping – I'm only 56 – I'm hoping that I can be playing at least another 10 years. But my goal would be to play here in Missoula under lights before I retire and I know there's been talk for 20 years for trying to improve the fields and I guess I gotta spur here, maybe now, to see what I can do. I'm just a softball player, but I can see what I can do to try to help spur it along, whatever that might be. Maybe getting interest out of the Missoula Softball Association, out of all the different leagues: Christian Softball League – I'm not sure where it has to go to get the ball rolling, but I would like to try and get something moving so maybe we could implement something by this next year.

Commissioner Carey: Well talking to Lisa and Donna would be good for starters.

Glen Howard: Okay.

Commissioner Curtiss: I think the County Park Board needs to hear from folks, they haven't heard a lot of feedback from people who are in the organized recreation part as much as passage recreation.

Glen Howard: Well we have about 180 teams this year, so we're at about 2000 participants, that's just Missoula residents. Like I say, we bring in throughout the year, a lot of out-of-state teams and I would say if we had a few more lighted fields we could actually develop it even further as far as boosting tournaments into Missoula which obviously brings in outside support to the community. So I think there could be some interest citywide to help support it.

Commissioner Carey: If you each chipped in \$10, you'd have \$20,000 towards the lighting fund.

Glen Howard: Agreed. Yeah, I think there are ways of doing it. I just wasn't sure if this Board is where you'd be in a position if there are monies that can be secured that you could give me a lead on. I'm certainly willing to go out and try to find some avenues for funding as well. Thank you for your time.

Teresa Cowa: I'm the director of the Parenting Place. This has been a project that has been funded in the past by the County and has also been recommended for funding this year. It's good to hear that the County is in good shape. I guess what I would like to say and because I don't have a lot of competition tonight, I'd just like to say a couple of things that I didn't get to say last year. First and foremost, I just want to make sure that you all know how much county funding is appreciated and valued to our small program. By small I mean we have a budget of under \$250,000 each year and that has grown in the last five years from just a mere \$100,000. We were trying to serve anywhere from 200 – 300 parents and children each year with waiting lists miles long. Just this past year we have served over 1200 parents and children, so just to let you know how much our services are needed in the community and how much the families are utilizing the services now. One of the things that I would also like to say is just a critical thing with county funding coming into our program, we are able to use that to leverage so many other dollars out there. It's just amazing what funders look at and one of the things that they find absolutely critical is that you are supported by your city, by your county, by your community. And when we can show that we are supported in our child abuse and neglect prevention efforts, providing the parent education pieces, providing the home visiting pieces, providing the respite child care pieces, they look at that and say WOW if we've got that much funding from our County and City and community this has to be a worth while project. So I just want to say thank you for previous years funding and I hope that this year looks good enough to fund all of the projects. I know that's always the hope, but I just wanted to let you know how much we appreciate that. Thank you.

There being no further business to come before the Board, the preliminary budget meeting for FY07 was closed at 7:26 p.m. The final budget hearing will convene on Wednesday, August 9, 2006 at 2:30 p.m. in the afternoon.