



Council Memorandum

REPORT TO: Honorable Mayor and City Council

FROM: City Administrator

SUBJECT: 2020 Public Safety Mill Levy

MEETING DATE: December 2, 2019

AGENDA ITEM TYPE: Work Session discussion

RECOMMENDATION: Develop a strategy to improve the safety of Billings. The discussion will include scaling back from the previously presented immediate and 5 year anticipated needs for law enforcement, fire services and prosecution as requested by the Council during the November 4 policy work session.

BACKGROUND: On March 11, 2019, the City Council unanimously adopted the 2019/2020 priorities identifying the need to improve the safety of Billings as our highest priority. In fact, “improving the safety of Billings” was the only priority that ranked high among all 11 Council members.

Although our objective has remained unchanged to improve the safety of Billings, we continue to refine the level of investments to take to the voters in 2020 to accomplish this goal. During the Council work sessions on October 7 and November 4, the staff presented the challenges Billings’ faces and the investments that are needed based on an internal analysis of workloads for the criminal justice and 911 communication systems. The fire department’s needs are based on the 2018 Long Range Fire Master Plan. Each of the division’s needs were separated into three categories, immediate, anticipated five year and anticipated ten year needs.

During our last discussion, the Council generally supported a plan to address our immediate needs and the projected 5-year needs. We also heard a number of Council members ask us to reduce the size of the five-year plan; find additional revenue sources, smooth the cost impacts over each of the five years; and separate the facility costs into its own category.

Scale Back the Public Safety Investment Plan

The changes in fire and legal are relatively minor cutting 5.5 positions or approx. \$500,000 per year. We reduced the law enforcement requests by twelve officers saving approx. \$1 million per year. The proposed changes to police focus on providing two additional officers around the clock for each of the first three years and one additional officer for each of the final two years.

In order to accomplish this we need to add 40 officers (10, 10, 10, 5, 5 – it takes 5.1 officers to add 1 24/7/365).

- Fire
 - Reduced by 3 FTE from the immediate need request (2 Firefighters and 1 Facilities Maintenance)
 - Removed 2 vehicles
 - Added capital funding for 5 years for deferred maintenance stations 1-7
- Police
 - Reduced by 11 officers over 5 years
 - Removed 1 Animal Control Officer
- Legal
 - Removed 2.5 FTE's and associated space needs

Additional Revenue Sources

Billings Urban Fire Service Area (BUFSA) – Generally, the formula for calculating how much the City charges the BUFSA for fire services has not changed since 1988. Residents within the BUFSA currently receive the same level of service as residents within the City. In addition to the current formula, at least two new approaches need to be analyzed and considered to more equitably charge for our fire services. The first idea is to change the calculation for the cost of fire protection to be based on the taxable value of property. If this change were made, the BUFSA would be charged approximately 10% of the Fire Department budget (Less 9-1-1/Dispatch) or approx. \$1.7 million. The second approach is to conduct an in-depth cost of service analysis. The goal is to be fair and equitable for both the property owners inside the city limits and for those who live within the BUFSA. The City does not determine how the BUFSA charges are collected, but rather, sends a bill to the County for a single amount due to the City.

Public Safety System Development Fees (SDF) – System development/impact fees are well established in Montana law. Billings refers to impact fees as SDF and currently uses them to help offset capacity expansion costs impacted by growth for our water and waste water utilities. SDF must be based on a comprehensive analysis detailing the cost impacts of growth on public safety capital investments. They cannot be used to pay for personnel, operational expenses or replacement costs. We estimate SDF for public safety could generate between \$200,000 and \$450,000 annually. If the Council chooses to pursue this revenue source, the public safety SDF study will be included in the proposed 2021 fiscal year budget.

Increase Municipal Infractions – Municipal infractions in Billings typically cost \$110 per offense. In 2018 approximately 4300 municipal infractions were received by Municipal Court generating an estimated \$475,000. Under Billings Municipal Code 18-1304 a civil penalty up to \$300 shall be imposed. If the Council adopted local code changes increasing the minimum fee, each additional \$50 would generate an estimated \$200,000 annually.

Cost Recovery for Police and Fire Services – We have more research to do to determine the legality and impacts of cost recovery fees. In conversations local insurance brokers we are learning that some insurance carriers may only be willing to pay for fire service costs if the property is outside of a fire service district. Therefore, no property owners within the city limits

or BUFSA could file a claim. We are not aware of any Montana community that is using a similar fee with the exception of false alarms.

If a \$100 charge was created for public safety's response to traffic accidents. The police department would likely generate \$175,000 and the fire department \$350,000 for rescue and emergency responses. This assumes that we would collect approx. 50% of the fees charged. We estimate a 25% loss due to failure to pay and the collection firms who do this work take 25% for their fee. This idea needs further investigation if the Council wants to continue pursuing it.

Smoothing the Levy Increases More Evenly over the Five Years

Smoothing the Levy - We have tried to make sure the mill levy ask is sufficient to provide funding for the coming years. Due to the immediate budget deficit, there is an initial increase in tax revenue needed within the first year. By removing fire station 8 until an additional mill levy vote you can smooth the remaining four years. See chart under Fiscal Effects.

Separate City Hall Facility Costs

City Hall/Criminal Justice Center Facility Needs - The original mill levy presentation included funding for City Hall/Criminal Justice Center space needs. Some concern was expressed about the fact that the funding for this should be temporary, and not permanent. The dollars for the facility needs have been separated within this presentation and would need to be asked for through a General Obligation Bond question. This would allow the City to borrow at the lowest interest rate possible, which would be the best use of tax dollars and lowest cost to the residents of Billings

Strategy to Reduce Crime

An approved PSL will allow the police department to increase investments into three key areas to improve the safety of Billings. We would use the additional Forty officers in the following assignments:

1. Specialized units target specific crime activity
 - Street Crime Unit
 - Drug Unit – focus supply & distribution
2. Downtown Presence
 - Foot Patrol & Bike Patrol
 - Community Policing Through Environmental Design (CPTED)
3. Traffic Enforcement
 - Traffic Enforcement Unit
 - DUI units
4. Implement Lean Six Sigma principals for efficiencies and the recommendations from the Center for Public Safety Management.
5. Invest in addiction prevention education

Addiction Prevention Education - Addiction is the single largest driver of criminal activity in our community. Methamphetamine, alcohol, heroin and opioids are indiscriminately harming nearly all aspects of our City. Annually, the City spends over \$25 million dollars providing law

enforcement services responding to the effects of addiction and crime and very few dollars educating our community on the negative effects of addiction. We cannot and should not be relied upon to carry this issue ourselves. However, due to the cost impacts alone, we need to become a financial partner in reducing the prevalence of addiction. We need to change the negative trends of addiction and criminal activity effecting Billings. Our original proposal recommended 1 mill (~\$200k). As we discuss this with our community, several have suggested this investment needs to be increased substantially in order to gain their support.

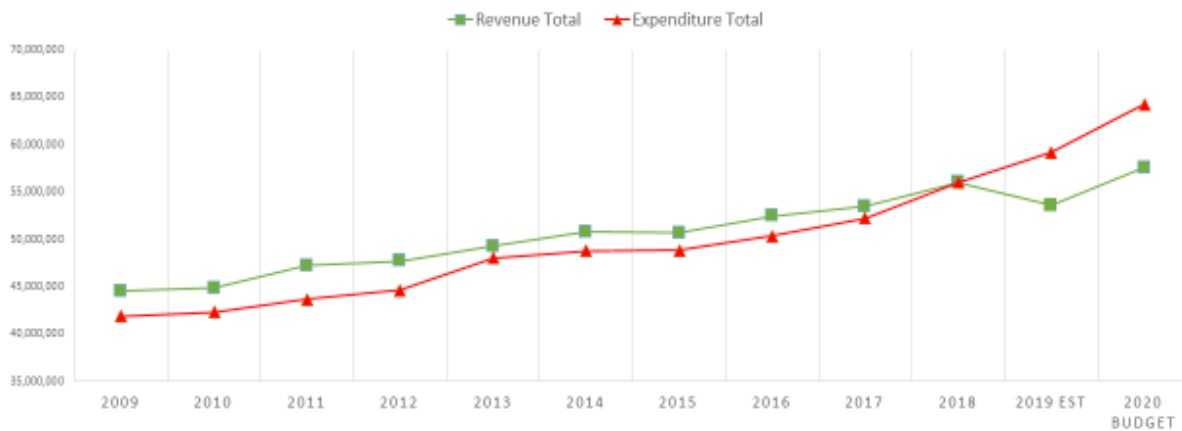
Strategy to reduce the loss of life and lower property losses

Investment recommendations are based on the 2018 Long Range Fire Master Plan.

1. Reduce time to dispatch calls through 911 emergency communications center through additional resources, training and effectiveness.
2. Reduce the turn-out time for firefighters to leave the station after being dispatched.
3. Add personnel resources and improve facilities to better respond from stations 1-7
4. Add fire station 8 with, equipment and staff to reduce response times in the Heights
5. Implement Lean Six Sigma principals for efficiencies and the recommendations from the Center for Public Safety Management.
6. Increase investments into fire and emergency prevention education

Steps to Reduce the General Fund Deficit

General Fund & Public Safety Fund Combined



PD1 - Currently the majority of the Parks & Recreation budget is within the General Fund. If Council were to shift all Parks and Rec costs from the General Fund and into the Park District 1 Fund, this would free up \$3.5 million within the General Fund that could be used for Public Safety. This would require an increase in the PD1 assessment from \$2 million up to approximately \$5.5 million. The impact of this shift is \$23/year/\$100,000 in value, which is equivalent to 17 mills. We would also recommend that this amount be adjusted annually to at

least offset inflation. Additionally, this would help draw a more clear line between the funding mechanisms and expenses within the parks department and public safety expenditures.

ALTERNATIVES: Billings will not thrive as the least safe city in MT (2019 Q2 story based on FBI statistics). The immediate needs are too acute to risk failure by overreaching into the future. This may require us to separate this mill levy discussion into two separate election issues within the next five years. The first would focus on the criminal justice system needs and the second could focus on fire/emergency services.

The implementation of Lean Six Sigma and the Center for Public Safety Management Analysis will improve efficiency and help us continue implementing industry best practices over the next five years. These changes will have an effect on future public safety resource needs.

Our current tax structure, resulting from the City Charter and the State of MT tight grip on taxation, Billings will likely need to ask voters for increased investments in public safety every 5-7 years.

FISCAL EFFECTS: As we refine the scope of the project, it will have a significant impact on the fiscal effects of the PSL. The following chart includes the following assumptions: The proposed reductions described above are included; all general fund parks, recreation and cemetery costs have been shifted to PD1; and all city hall facility costs are not included.

	2021	2022	2023	2024	2025
New Mills for Public Safety	26	20	15	10	6
City Hall/Criminal Justice Center	10	0	0	0	0
Cumulative Mills	36	56	71	81	87

The impact of shifting costs from the City's general fund over to PD1 will cost \$23/year/\$100,000 in value. If Parks and Rec are left in the general fund, 17 mills will need to be added to the above chart for a total of 104 mills

If station 8 were removed for a future mill levy ballot, you could reduce the levy request by approximately 12 mills for a total of 75 mills.

Attachments: Power point slide deck

Report compiled on: November 27, 2019