

****ATTENTION****

The City Council meeting will be held in a hybrid format that may include both in-person AND virtual attendance via Zoom. Unless they have cause to appear virtually, Councilmembers will attend the meeting in person in Council Chambers, second floor of City Hall, 220 N. 27th Street. In order to honor the Right of Participation and the Right to Know in Article II, Sections 8 and 9, of the Montana Constitution, the City of Billings and City Council are making every effort to meet the requirements of the open meeting laws.

Citizens are invited to:

- . Review the Agenda Packet on the City's website at: www.billingsmt.gov and click on "Your Government," "City Council," and "Agendas & Minutes".
- . View the meeting:
 - . On Community 7 TV - Channel 7 or Channel 507 -- Spectrum Cable. *(On evenings when there is a conflict with School District No. 2 Board meetings, the City Council meeting will be broadcast on Channel 8 - Spectrum Cable.)* Channel 7 or Channel 978 - TDS Fiber.
 - . Online at www.comm7tv.com and click on the "Watch Live" icon. Community 7 also has links to their Facebook page and YouTube channel.
 - . On the City's website at www.billingsmt.gov and click on "Watch Meetings Online" on the homepage.
 - . In-Person.

Citizens may submit public comment via the following methods:

- . Mail: City Clerk, P.O. Box 1178, Billings, MT 59103
- . Email: Council@billingsmt.gov.
 - . Emails received after 3:00 PM on the day of the meeting, may be posted on the Council's webpage the following day for public viewing.
- . Attend the meeting in person

Please contact Denise Bohlman, City Clerk, at bohlmand@billingsmt.gov, or at 406.657.8210, with any questions.



VISION STATEMENT:
"The Magic City: A diverse,
welcoming community
where people prosper and
business succeeds."

WORK SESSION AGENDA

COUNCIL CHAMBERS

MAY 20, 2024

5:30 P.M.

CALL TO ORDER: Mayor Cole

PUBLIC COMMENT ON ALL ITEMS. This is the time to comment on any matter (Agenda or Non-Agenda) falling within the scope of the Billings City Council. There will also be time in conjunction with each agenda item for public comment relating to that item. You may only speak once for each item during the meeting.

Please note, the City Council cannot take action on any item of significant interest to the public that does not appear on the agenda. Comments are limited to three (3) minutes during each public comment period or as set by the Mayor. **Speaker sign-in required.** Please sign the roster at the cart located at the back of the Council chambers or at the podium.

1. Storm Water Program.

-Public Comment

2. FY2025 Departmental Budget Presentations.

- Planning, Code Enforcement, Community Development
- Public Works

-Public Comment

COUNCIL DISCUSSION:

PUBLIC COMMENT on "NON-AGENDA ITEMS". Speaker Sign-in required. *(Restricted to ONLY items not on this printed agenda. Comments are limited to 3 minutes or as set by the Mayor. Please sign the roster at the cart located at the back of the Council chambers or at the podium.)*

ADJOURN:

Note:

- This meeting is an "informal" meeting of the City Council. The content of the Agenda is subject to change at the meeting.
- In the event there is a Closed Executive Session, the sole purpose is to discuss litigation strategy. The other parties to the case(s) discussed are not public bodies or associations as described in Section 2-3-203(1) and (2), MCA. The meeting is closed, as allowed by Section 2-3-203(4) (a), MCA, "to discuss a strategy to be followed with respect to litigation when an open meeting would have a detrimental effect on the litigating position" of the City of Billings.

City Council Work Session

Date: 05/20/2024
Title: Stormwater Program Update
Presented by: Debi Meling
Department: Public Works
Presentation: Yes
Legal Review: Not Applicable
Project Number: N/A

RECOMMENDATION

No formal action is expected at this work session; however, staff is seeking direction from Council on the program rate structure and level of service.

BACKGROUND (Consistency with Adopted Plans and Policies, if applicable)

At the October 2, 2023 Council Work Session, Staff sought direction from Council on three proposed stormwater programmatic changes. After a presentation and discussion, Council directed and endorsed Staff to continue development of the stormwater program by:

- Changing the rate structure to an Equivalent Residential Unit (ERU) based approach.
- Calculate and develop stormwater system development fees (SDF).
- Complete the rate study and calculate rates needed to meet the Level of Service identified by the Budget and Finance Committee.

Staff continued stormwater program development and then presented updated information back to the Budget and Finance Committee at their May 15, 2024 meeting. At that meeting, Staff discussed that further development and implementation of the SDF will occur within the next Fiscal Year. Staff also presented updated information for proposed rates and rate structure. At this meeting, the Budget and Finance Committee recommended implementing an ERU based rate structure and a rate profile commensurate with the level of service package previously recommended by the Budget and Finance Committee.

A memo and presentation providing additional details are attached.

ALTERNATIVES

Council action will not be required at this meeting. Information presented at this meeting is for informational and discussion purposes. A resolution for the rate structure and rates based upon the selected level of service will be on the June 10, 2024, Council agenda.

FISCAL EFFECTS

There are no fiscal impacts associated at this time. Information presented at this meeting is for informational and discussion purposes.

Attachments

May 20, 2024 - Work Session - Stormwater - Memo
Presentation

Stormwater Program Update and Council Direction Needed

To: The Honorable Mayor and Billings City Council
From: Debi Meling, PE; Public Works Director
Date: May 20, 2024
Re: Public Works – Stormwater Program Update

At the October 2, 2023 Council Work Session, Staff sought direction from Council on three proposed stormwater programmatic changes. The three programmatic changes discussed were:

- Is Equivalent Residential Units (ERU) the appropriate rate structure in lieu of the current zoning and gross square-footage rate structure?
- Should the city be charging system development fees (SDFs) on new construction for stormwater similar to the water and wastewater program?
- What is the appropriate level of service for the four primary categories of stormwater services?

At that meeting, Council directed Staff to continue development of the program by:

- Changing the rate structure to an ERU based approach.
- Calculate and develop the resolution for implementation of the storm SDF.
- Completing the rate study and calculating rates needed to meet the Level of Service identified by the Budget and Finance Committee as noted within the memo dated 09/26/23 in Appendix B.

This memo serves as an update to those directions and the next steps to be taken. Following this report are appendices which include A) Stormwater Utility Billing and Rate Adjustment Communications Plan, and B) October 2, 2023 Work Session Memo.

Stormwater Program Update and Council Direction Needed

Stormwater Rate Structure

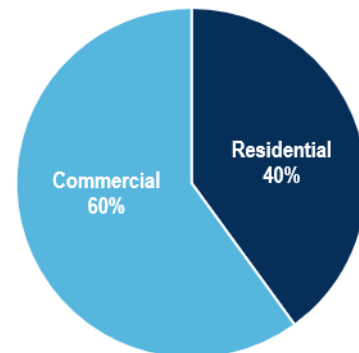
At the October 2, 2023 Work Session, Staff presented Council with the option of updating the stormwater rate structure from the current zoning and gross square footage method to an Equivalent Residential Unit (ERU) method that calculates rates based upon a property's impervious surface area. Under the ERU approach, each single-family residential property would be assessed 1.0 ERU. The rate assigned to multi-family, commercial, governmental, and industrial properties is based on measured impervious surface area expressed as a number of ERUs.

During Phase II of the stormwater program development, a representative ERU was measured to be 2,600 square feet based upon an 80% confidence level data set. Subsequently, the City was able to secure a 97% confidence level data set, which changed the representative ERU to 3,750 square-feet. However, the higher confidence data also measured an overall additional amount of impervious surface within the City, so the relative impact and value of an ERU is not substantially changed.

Additionally, now that the City has higher confidence level data, the draft rate study calculates that approximately 60% of revenue will be collected from commercial property and 40% of revenue will be collected from residential property. This split in collection by residential and commercial classification matches closely with the current revenue split based on the existing rate model.

Based upon previous direction from Council, Staff will bring forth a resolution in June changing the storm assessment method to an ERU approach.

Proposed ERU Structure:
Revenue by Class



Stormwater Program Update and Council Direction Needed

Stormwater System Development Fees

After City-wide impervious surface data was received, it took a substantial amount of staff time and data extraction/manipulation to link the impervious surface data layer to each customer billing account. There are over 38,000 residential and commercial customer accounts. In order generate accurate billing, Staff needed to individually verify over 4,000 of those account. As that effort took longer than anticipated, the City's rate consultant, FCS Group, and Staff recommend development and implementation of the System Development Fee not occur until either later this calendar year, which would result in a mid-Fiscal Year rate change, or until the start of the next Fiscal Year.

Stormwater Program Update and Council Direction Needed

Stormwater Levels of Service and Corresponding Rates

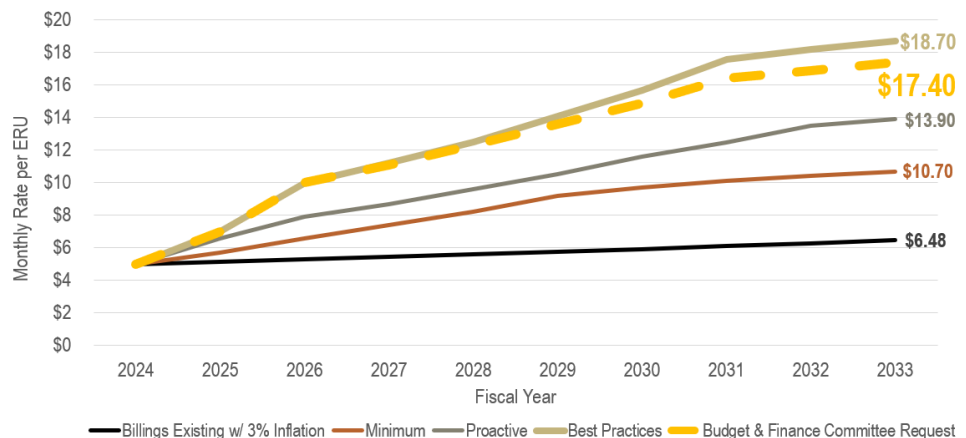
The level of service matrix shown below was presented to Council at the October 2, 2023 Work Session. Council was asked to select a level of service for each of the major stormwater program components. The levels of service are: *Minimum*, *Proactive*, *Best Practice*, or a *modified Best Practice*, as selected by the Budget and Finance Committee. The intent of the matrix is that Council may select any LOS for each individual program component; i.e., Council does not need to select one LOS column.

LOS Matrix Presented to Council 10/2/23

	Total Amount	1. Minimum	2. Proactive	3. Best Practice	4. B.F.C. Requested
Deferred Maintenance	\$73.8 million	25-yr. completion (\$3.0 million / yr.)	20-yr. completion (\$3.7 million / yr.)	15-yr. completion (\$4.9 million / yr.)	15-yr. completion (\$4.9 million / yr.)
City-wide Capital	\$103.7 million	40-yr. completion (\$2.6 million / yr.)	30-yr. completion (\$3.5 million / yr.)	20-yr. completion (\$5.2 million / yr.)	25-yr. completion (\$4.1 million / yr.)
Flood Protection Capital	\$2.9 million (local only)	25-yr. completion (\$0.11 million / yr.)	20-yr. completion (\$0.15 million / yr.)	15-yr. completion (\$0.20 million / yr.)	15-yr. completion (\$0.20 million / yr.)
Water Quality Capital	Varies	\$250,000 / yr.	\$500,000 / yr.	\$500,000 / yr.	\$500,000 / yr.

The LOS matrix has a corresponding rate profile per ERU as shown below. This rate profile includes a seven-year ramp-up period with historical inflation thereafter. Currently, the average residential customer pays an annual rate of approximately \$60; or an equivalent monthly rate of \$5. With the Council-endorsed Budget and Finance Committee's LOS, the average residential customer was anticipated to be charged per the yellow dashed line rate profile shown below.

LOS Rate Profile Presented to Council 10/2/23



At the Work Session, Council endorsed the Budget and Finance Committee's Level of Service Recommendation and Staff is continuing under that direction.

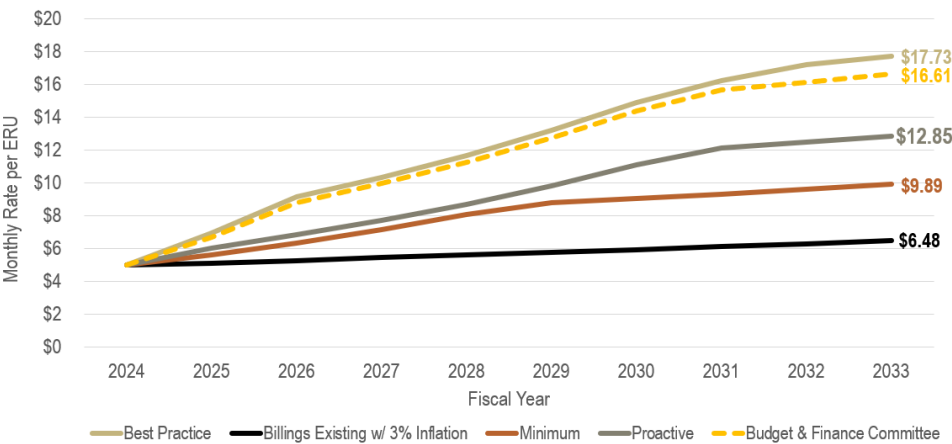
Stormwater Program Update and Council Direction Needed

After the October 2, 2023 Work Session, Staff continued into Phase III of the stormwater program development (this phase) which is the calculation and completion of the final rate study based on updated impervious surface numbers and customer billing data. During this phase, Staff also conducted a high-level reevaluation of capital projects, resulting in a reduced City-wide capital need. The updated level of service matrix and rate profile is shown below:

Updated Level of Service Matrix

	Total Amount	1. Minimum	2. Proactive	3. Best Practice	4. B.F.C. Requested
Deferred Maintenance	\$73.8 million	25-yr. completion (\$3.0 million / yr.)	20-yr. completion (\$3.7 million / yr.)	15-yr. completion (\$4.9 million / yr.)	15-yr. completion (\$4.9 million / yr.)
City-wide Capital	\$83.9 million	40-yr. completion (\$2.1 million / yr.)	30-yr. completion (\$2.8 million / yr.)	20-yr. completion (\$4.2 million / yr.)	25-yr. completion (\$3.4 million / yr.)
Flood Protection Capital	\$2.9 million (local only)	25-yr. completion (\$0.11 million / yr.)	20-yr. completion (\$0.15 million / yr.)	15-yr. completion (\$0.20 million / yr.)	15-yr. completion (\$0.20 million / yr.)
Water Quality Capital	Varies	\$250,000 / yr.	\$500,000 / yr.	\$500,000 / yr.	\$500,000 / yr.

Updated Rate Profile with Seven-Year Ramp Up Period (Option 1)



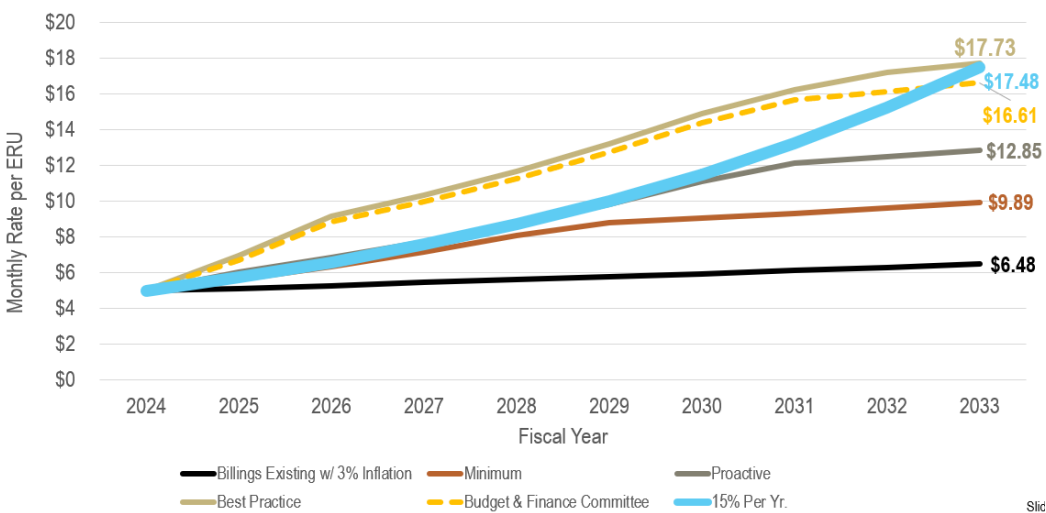
For clarity, the Budget and Finance Committee’s selected rate profile with an updated City-wide capital number is separated by year and is shown below:

Fiscal Year: 7/1 - 6/30 (per year)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
B.F.C. Recommendation	\$4.97	\$6.68	\$8.81	\$9.96	\$11.25	\$12.71	\$14.37	\$15.66	\$16.13	\$16.61

Stormwater Program Update and Council Direction Needed

In addition to the updated LOS matrix and rate profile, Staff added another rate profile option for Council to consider based upon feedback from the Stormwater Advisory Committee. The **Option 1** rate profile shown above matches the Phase II rate profile of including a seven-year ramp-up period with historical inflation thereafter. The **Option 2** rate profile below is a “straight-graded” profile creating a set 15% year-over-year annual increase to arrive at the same general required revenue in the year 2033. Each revenue profile option has its own benefits: Option 1 generates more revenue in the early stages of the program, which increases buying power, but has a steep early year-to-year percentage increase in rates. Option 2 has a much smaller year-to-year percentage increase in rates, but generates less in revenue, which reduces the buying power and available capital needed to complete improvements. This option also extends the time needed to complete the City-wide capital project and deferred maintenance projects. The Option 2 rate profile is shown below:

Updated Rate Profile with 15% Annual Year-Over-Year Increase (Option 2)



For clarity, the Option 2 rate profile is separated by year and is shown below:

Fiscal Year: 7/1 - 6/30 (per year)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
B.F.C. Recommendation	\$4.97	\$5.71	\$6.57	\$7.59	\$8.69	\$10.00	\$11.50	\$13.22	\$15.20	\$17.48

Council is being asked to select one of the rate profiles shown above for the Budget and Finance Committee’s selected level of service. If another level of service is selected by Council, Council is asked to approve that level of service’s commensurate rate profile.

Stormwater Program Update and Council Direction Needed

Previous Meetings and Public Communications

Since the start of the stormwater utility development process in 2020, Staff has engaged Council, the Budget and Finance Committee, the Stormwater Advisory Committee, and multiple Task Forces and interest groups. The following is a summary of those meetings:

Council, Committee, and Interest Group Meetings

- | | |
|----------------------------|--------------------------------------|
| • June 21, 2021 | Council Work Session |
| • July 12, 2023 | Council Budget and Finance Committee |
| • August 16, 2023 | Council Budget and Finance Committee |
| • October 2, 2023 | Council Work Session |
| • August 2022 – March 2024 | Stormwater Advisory Committee |
| • January – March 2024 | Task Force and Interest Groups* |
| • May 15, 2024 | Council Budget and Finance Committee |
| • May 20, 2024 | Council Work Session |

*Task Force and Interest Groups

- | | |
|-------------------------|---------------------------------------|
| - West End Task Force | - Rimrock Neighborhoods |
| - Heights Task Force | - Southside Task Force |
| - North Park Task Force | - Realtors Association |
| - Landlords Association | - Public Works Board (multiple times) |

Additionally, Staff plans to engage individual property owners through two upcoming events: Public Works Week open houses and public meetings held at the library. Those dates are:

Upcoming Public Engagement Opportunities:

- | | |
|----------------|---|
| • May 22, 2024 | Public Works Week – Water Treatment Plant |
| • May 23, 2024 | Public Works Week – Operations Center |
| • May 28, 2024 | Billings Public Library Open House |
| • May 29, 2024 | Billings Public Library Open House |

Staff has also developed the *Stormwater Utility Billing and Rate Adjustment Communication Plan*, which is shown in Appendix A. This communication plan provides further communication channels to the public during these billing and rate changes. By implementing this communication plan, Billings Public Works aims to keep residents well-informed and engaged throughout the changes to the stormwater billing and rate adjustments leading to smoother implementation and increased community support.

Stormwater Program Update and Council Direction Needed

Appendix A

Stormwater Utility Billing and Rate Adjustment Communications Plan

2024 Stormwater Utility Billing and Rate Adjustment Communications Plan



Objective

To effectively communicate the upcoming changes to the stormwater billing methodology and rates to the residents and commercial businesses of Billings.

Communication Channels

1. Letters (Direct Mailing):

- Develop and distribute with the monthly utility bills a letter to all residential and commercial addresses in Billings.
- Highlight key changes and timelines of the changes.
- Provide contact information for further inquiries or concerns.

2. Updates to Public Works Website:

- Post information to PW's main webpage, storm specific webpage and payments and utilities webpage.
- Ensure the website is mobile-friendly and accessible to all residents.

3. Social Media Posts:

- Utilize various social media platforms (e.g., Facebook, Twitter, Instagram, NextDoor, LinkedIn) to disseminate information.
- Share relevant announcements and reminders.

4. Present at Task Force Meetings and Community Groups (Already Completed)

- Present information during Task Force and various community group meetings.
- Address concerns, clarify information, and engage with residents directly.

5. Library Presentation:

- Two informational sessions will be held at the Billings Library to educate residents about the upcoming changes to the stormwater billing methodology and rates.
- Allocate time for questions and answers.

6. Short Videos:

- Create short videos explaining different aspects of the stormwater program changes.
- Publish videos on the Billings Public Works website and social media channels.

Desired Outcome

By implementing this communication plan, Billings Public Works aims to keep residents well-informed and engaged throughout the changes to the stormwater billing and rate adjustments leading to smoother implementation and increased community support.

Stormwater Program Update and Council Direction Needed

Appendix B

October 2, 2023 Council Work Session Memo (Dated 09-26-23)

Stormwater Program Update and Council Direction Needed

To: The Honorable Mayor and Billings City Council
From: Debi Meling, PE; Public Works Director
Date: September 26, 2023
Re: Public Works – Stormwater Program Update and Council Direction Needed

Executive Summary

Historically, the City of Billings has not approached management of our stormwater utility consistent with how we manage the water and sanitary sewer utilities. Over the past decade, additional focus has been on bringing the stormwater program up to a level that is both responsible and sustainable. The goal has been to ensure proper maintenance of existing infrastructure, address problem areas in the City, have the ability to serve new growth, and keep up with regulatory changes. A key factor in being able to improve how we manage our stormwater system is to ensure an appropriate rate system is in place to support this goal. As of now, our rate structure has little nexus between the rate and the impact; has too much burden on the residential property owners; does not capture the cost of new growth in the city; and is not based on an intentional level of service to the community. Currently, the City collects a stormwater fee through property taxes and completes maintenance and capital projects that fall within that budget. In other utilities, the needs of the system are determined and rates are set by those needs. The method that has been used for stormwater in the City of Billings for decades has created a system that is not being managed in a way that ensures it will be operational in the future.

Over the past three years, Public Works has been formalizing the stormwater program by completing and evaluating the following:

- Strengthening rules and regulations
- Conducting a rate structure evaluation that is more equitable
- Managing infrastructure through field maintenance and GIS support
- Focusing city resources to better support this critical infrastructure asset

In 2020, Public Works presented the “development of a dedicated stormwater utility” as one of the three Public Works’ Priority Goals. After that initiative, Public Works contracted with a consulting firm to help evaluate the state of the City’s stormwater program and infrastructure. In June 2021, Public Works presented the findings of that initial assessment at a Council Work Session. Staff then moved into the next phase of the project during which an Advisory Committee was formed. The purpose of the Advisory Committee was to help identify key programmatic components that need updating within the stormwater program, and then formulate appropriate responses

Stormwater Program Update and Council Direction Needed

to the program practices and rates. The Advisory Committee met from August 2022 to March 2023 and identified three independent areas of focus that were then presented to the Council's Budget and Finance Committee in July and August 2023. These three focus areas require City Council action to proceed. The three focus areas presented were:

- Updating the Stormwater Rate Structure
- Implementing a Stormwater System Development Fee
- Selecting an Appropriate Level of Service with Corresponding Rates

After presentations to the Budget and Finance Committee, recommendations for updates to key components of the stormwater program were developed as detailed below. These recommendations will be presented to the full Council on October 2nd.

1) Stormwater Rate Structure

The current rate structure for Billings was created by Council in 1977. This rate structure assesses a fee to each property based upon the parcel's gross lot area and zoning designation. The fee is collected on property tax statements twice per year. The average residential customer is currently assessed \$59.56 per year; an equivalent of \$4.97 per month. The primary limitations of this rate structure model are:

- Representativeness: zoning may not align with actual land use
- Equitability: there is not a direct correlation between the stormwater contribution from individual properties and zoning

Six alternative rate structures were evaluated. A rate structure based on the impervious surface of individual parcels was selected as most equitable since impervious surfaces are a key driver of stormwater runoff (i.e., stormwater runoff from concrete or asphalt driveways and roofs is considerably greater than that from pervious surfaces such as lawns or undeveloped open space). Under this rate structure, the average single-family home's impervious surface area is calculated and all single-family residential properties, regardless of size, would be assessed the same stormwater rate based on the median representative single-family property. While the actual impervious area of each residential home could be measured and used for assessment, the administrative burden to determine the actual impervious area and to ensure that the area is updated regularly is too high given the small change to the residential rate. **The concept of assessing all residential properties based on a representative property is referred to as an *Equivalent Residential Unit (ERU)*.** Based on land cover data for the City of Billings, a representative ERU of 2,600 square feet of impervious surface was measured. Each single-family property would be assessed 1.0 ERU.

Stormwater Program Update and Council Direction Needed

The rate assigned to multi-family, commercial, governmental, and industrial properties is based on measured impervious surface area, expressed as a number of ERUs. As an example: if a commercial property has 15,000 square feet of impervious surface area, they would be assessed at the rate of 5.77 ERUs, $(15,000 \div 2,600)$.

- ❖ **The Advisory Committee and the Council Budget and Finance Committee recommend that Council update the stormwater rate structure and adopt an ERU impervious-based stormwater rate structure model.**

2) Stormwater System Development Fee

The Advisory Committee evaluated the need for Stormwater System Development Fees (SDFs) similar to the City's water and sewer SDFs to help balance the cost of new growth against the stormwater infrastructure needs of this new growth. Currently, the City assesses both water and sewer SDFs for new development per the impact fee statutes outlined in the Montana Code Annotated (MCA). There is no stormwater SDF currently in place for Billings, but the MCA allows for its adoption.

SDFs are a one-time charge to provide revenue for capital improvements as new growth occurs. SDFs recover the proportionate cost share of capacity for future regional stormwater infrastructure; SDFs are not intended to recover the costs for individual subdivision stormwater improvements.

The initial SDF for new property development will be calculated in the next phase of the project if the practice of collecting SDFs is approved. The SDF is estimated to be approximately \$1,000 per ERU based on projected capital needs to support new growth. Commercial and non-single-family residential properties would be assessed a proportionate SDF based upon how many square feet of impervious surface their property has relative to the ERU.

- ❖ **The Advisory Committee and the Council Budget and Finance Committee recommend that Council approve the development of Stormwater SDFs.**

3) Stormwater Levels of Service and Corresponding Rates

The final area of focus for the Advisory Committee was to evaluate the current physical condition and state of operations for the primary components of the City's stormwater program and calculate the needed rates to support different Levels of Service (LOS). The four primary program components are:

- Deferred Maintenance Backlog
- City-Wide Capital Infrastructure Implementation
- Local Flood Risk Mitigation
- Water Quality Improvements

Stormwater Program Update and Council Direction Needed

Currently, stormwater services are based upon available funding. By conducting a LOS approach to stormwater, the relationship between rates and services is switched. Under this LOS approach, stormwater funding will be based upon the services provided.

The time frame for addressing these needs and costs is the key variable in defining the LOS. This translates into a variable annual cost and associated fee. The defined levels of service are “Best Practice”, “Proactive”, or “Minimum”. Below is a matrix of LOS options for each individual stormwater program component:

	Total Amount	Best Practice	Proactive	Minimum
Deferred Maintenance	\$73.8 million	15-yr. completion (\$4.9 million / yr.)	20-yr. completion (\$3.7 million / yr.)	25-yr. completion (\$3.0 million / yr.)
City-wide Capital	\$99.3 million	20-yr. completion (\$5.0 million / yr.)	30-yr. completion (\$3.3 million / yr.)	40-yr. completion (\$2.5 million / yr.)
Flood Protection Capital	\$7.3 million (local only)	15-yr. completion (\$0.5 million / yr.)	20-yr. completion (\$0.4 million / yr.)	25-yr. completion (\$0.3 million / yr.)
Water Quality Capital	Varies	\$500,000 / yr.	\$500,000 / yr.	\$250,000 / yr.

The matrix of options allows Council to select any combination of LOS for the individual stormwater program components.

- ❖ **The Advisory Committee selected the *Best Practice* LOS for each of the four individual stormwater program components. The Council Budget and Finance Committee recommend that Council select the *Best Practice* LOS for Deferred Maintenance, Flood Protection Capital, and Water Quality Capital and select a LOS mid-way between the *Proactive and Best Practice* LOS for City-wide Capital.**

Each LOS option, for each individual program component, has a corresponding rate impact. The Budget and Finance Committee recommended LOS package has the following rate profile for residential customers over the next 10 years. Please note that this rate profile has a seven-year ramp-up period with inflationary increases thereafter.

Fiscal Year: 7/1 – 6/30 (per month)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
A.C. Recommendation	\$4.97	\$7.00	\$10.00	\$11.10	\$12.30	\$13.60	\$14.90	\$16.40	\$16.90	\$17.40

Stormwater Program Update and Council Direction Needed

As stated previously, Council is being asked to provide direction and act upon on three independent stormwater utility programmatic changes:

- Updating the Stormwater Rate Structure
- Implementing a Stormwater System Development Fee
- Selecting a Stormwater Level of Service with Corresponding Rates

A more detailed presentation of this information is provided in the following sections.

Stormwater Program Update and Council Direction Needed

Project Purpose, History And Findings

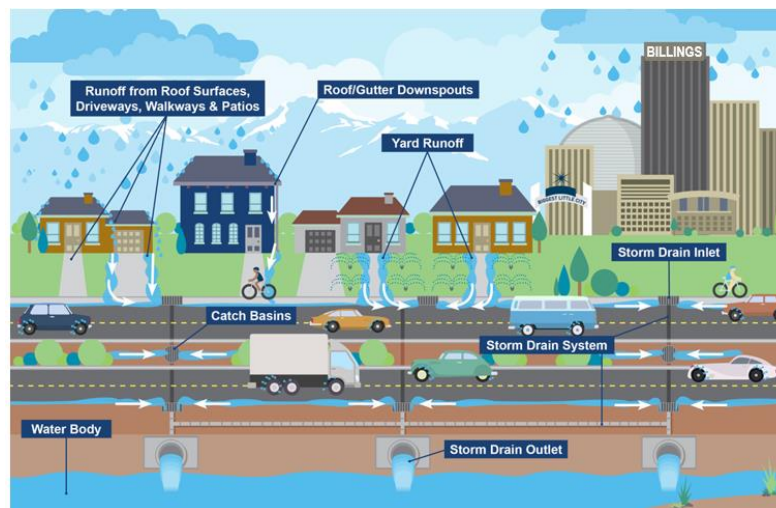
Stormwater Program Update and Council Direction Needed

Project Purpose

The stormwater system in Billings is a critical infrastructure component that serves the public in ways similar to the water and sewer systems. However, the stormwater system has not received the same focus as the other utilities, which results in a storm program that is operational, but largely reactionary and not sustainable in the long term.

Stormwater is being evaluated now because:

- The stormwater system is a critical \$1 billion asset
- Much of the existing system has unknown elements (pipe size, material, condition and lifespan)
- Public roads and homes flood in storm events
- Development is outpacing the existing infrastructure network
- Water quality regulations continue to change
- There is a large backlog of deferred maintenance
- The cost of inaction is too great to do nothing



Components of a Municipal Stormwater System

In response, staff has been working to formalize the programmatic aspect of the stormwater utility and strengthening gaps by:

- Providing focused attention on critical infrastructure
- Providing a manageable plan for deferred maintenance
- Providing a reasonable timeframe to construct capital improvements
- Addressing permit requirements and improving local water quality
- Addressing risk management while being good stewards of taxpayer funds

Stormwater Program Update and Council Direction Needed

Evaluations and Findings: Project History (Phase I and Phase II)

In 2020, Public Works started the process of strategically evaluating gaps in the stormwater program. The purpose of the evaluation was to create a baseline index for the state of the City's stormwater network. This work included:

- ❖ Interviewing department leads in Engineering, Street/Traffic, Environmental Affairs and Administration
- ❖ Determining the needs of people, equipment and budgets
- ❖ Assessing the limitation of the GIS data
- ❖ Performing limited evaluations of deferred maintenance
- ❖ Reviewing previous master plan recommendations
- ❖ Identifying data gaps for a Phase II evaluation

Below are findings of how much storm drain infrastructure the City maintains:

**300 miles of
storm pipe
and 5,200
manholes**



9,300 inlets

**52 miles of
open drains**



**50 acres of
ponds**

Additionally, the City also maintains and performs services on:

**8
miles of
culverts**



**10,800 hours
of street
sweeping
(8 sweepers)**

**16 key
outfalls**



**9 stormwater
pump
stations**

Stormwater Program Update and Council Direction Needed

The Phase II analysis performed a comprehensive analysis of the four major components of the stormwater network.

- Deferred Maintenance Backlog
- City-Wide Capital Infrastructure Implementation
- Local Flood Risk Mitigation
- Water Quality Improvements

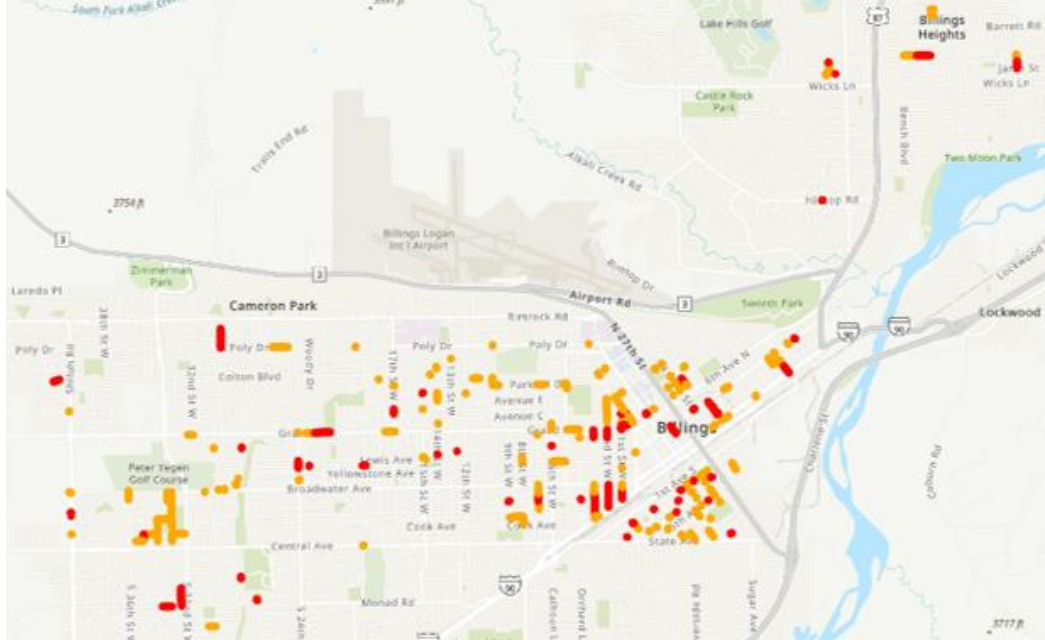
Deferred Maintenance Backlog

During the Phase I evaluation, it was determined that the City had little to no information on 65% of the existing storm drain system. Additionally, as CCTV data was gathered on the system it was found that many pipe segments have reached or exceeded their useful lifespan. The pictures to the right are taken from the City's CCTV camera investigation initiative. These pictures show existing pipes that are greatly impacted by sediment, pipe protrusions or are in the early stages of failure. All these pipes need to be cleaned, repaired and in some cases, replaced. It is estimated that the City currently has 29 miles of storm drain pipes and culverts to replace.



Each of the orange and red areas in the exhibit below are existing storm drain mains that need to be replaced. **The overall estimated cost of deferred maintenance for existing stormwater infrastructure is estimated to be \$73.8 million.**

Stormwater Program Update and Council Direction Needed



Deferred Maintenance Backlog – Reactionary Maintenance Consequences

Currently, approximately 50% of the City's storm drain system has received CCTV video inspection. In some cases, the City is able to identify pipes and culverts that are impacted before they fail. However, as not all of the system has been routinely inspected, there are still culverts and pipe segments that fail before an evaluation can be completed. Below is an example of a failed culvert that resulted in a reactive capital replacement project. Unfortunately, the cost of a project when it is done after a failure instead of during planned maintenance is oftentimes significantly more expensive.



Corroded Culverts



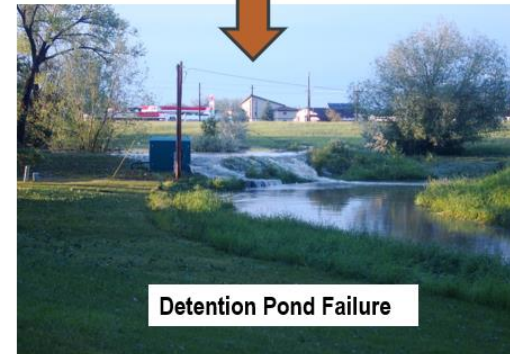
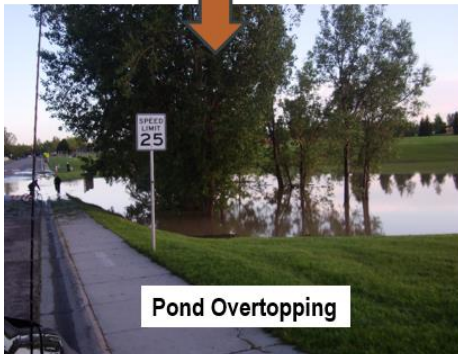
**Road Failure / Emergency
Replacement Project**



June 3, 2023 Storm Event

Stormwater Program Update and Council Direction Needed

The City maintains 50 acres of detention and retention ponds. When stormwater ponds do not receive adequate maintenance, vegetation clogging occurs. Below is an example of failed ponds that resulted in reactive maintenance, which resulted in flooding to roadways and canals.

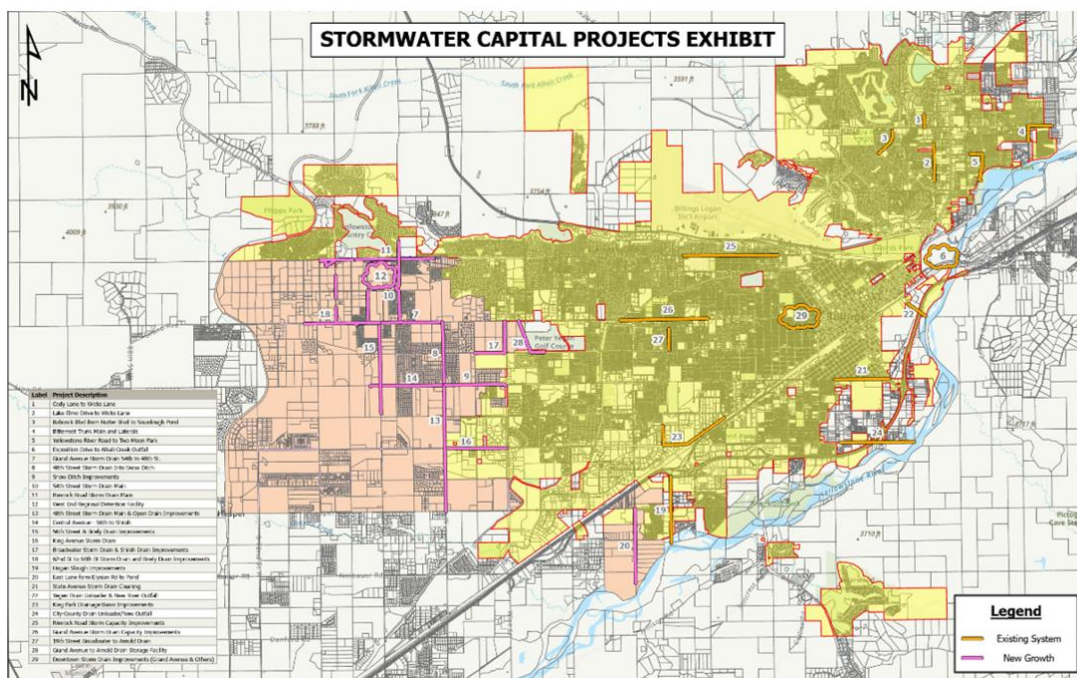


Stormwater Program Update and Council Direction Needed

City-Wide Capital Infrastructure Implementation

The City has completed a number of localized stormwater planning studies dating back to the early 1980s. Some of the projects recommended through those planning studies have been completed, but many have not. Public Works and our consultant compiled a list of all previous planning studies and evaluated which projects have been completed and which projects still need to be completed. The estimated project costs identified in each specific local planning study were updated to current costs to arrive at the needed overall city-wide capital improvement costs. **From this evaluation, 29 stormwater projects were identified totaling \$99.3 million in city-wide projects.**

Below is a visual representation of each project's location.



Each of the yellow and pink highlighted segments are proposed city-wide capital trunk main projects. Additionally, the projects were separated by rough geographical location to identify which projects mostly serve existing developed areas and which projects mostly serve new growth areas. This geographic evaluation and project breakdown was utilized in the evaluation of the proposed System Development Fees.

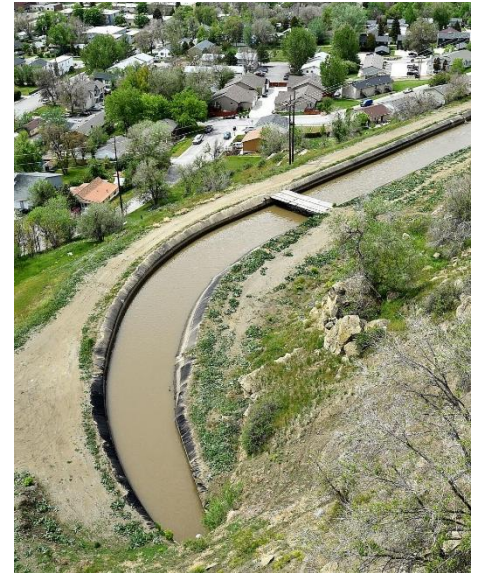
It is important to note that the City's core storm drain infrastructure is designed around the 2-year and 10-year, 24-hour representative storm events. These are standard drainage design parameters common through municipal stormwater design. The City of Billings will continue to experience severe storms, above design

Stormwater Program Update and Council Direction Needed

criteria, that will cause localized flooding. The capital program and associated costs that were developed under this project will not alleviate these problems. If the City Council wants staff to reassess the design storm, it can be done, but rates would need to be raised drastically to accommodate larger design storms.

Local Flood Risk Mitigation

Flood protection as discussed in this section has not been included with the stormwater program previously. While there is flooding associated with large rain events, the flooding referred to in this section is due to irrigation facility failure or river level flooding and not due to storm events. To date, the City has not addressed protection from irrigation facility failures and any planning that has been done assumes the cost to address the problem would come from the General Fund. If the City Council wants to include this type of flooding in stormwater rates, it can be done but the rates would need to be reflective of this added scope as it cannot be added without specific funding under the stormwater umbrella without resulting in loss of service to the remaining system.



A number of large irrigation supply canals flow through Billings. A breach of the largest of these canals, the BBWA canal, was the major contributor to the historic flood of 1937. This canal breached again in 2016, but due to the breach location, there was no impact to the public. Additionally, in June 2023, the Birely Drain breached at the Big Ditch crossing. After discussions with the Advisory Committee, it is recommended that ditch unloaders be added to the storm drain system at key locations throughout the City be installed to unload significant portions of irrigation flows such that impacts to public infrastructure and property is reduced from flooding and canal breach events. **The cost of these flood-risk mitigation canal unloading structures is estimated at \$2.85 million.**

Recent flooding of the Yellowstone River showed that the City does not have significant vulnerabilities related to the level of the river. However, Yellowstone River flood events can compromise the City's primary stormwater outfalls. Projects at the river outfalls are needed to prevent failures and secure the City's outfalls. **The cost of outfall protection at the Yellowstone River is estimated at \$4.4 million.**

Stormwater Program Update and Council Direction Needed

Water Quality Improvements

The City operates under a Municipal Separate Storm Sewer (MS4) permit regulated by the Montana DEQ to satisfy EPA regulations associated with the Clean Water Act. The City's current MS4 permit with DEQ has six minimum control measures that the City must maintain to remain in good standing with the permit. As part of the permit requirements, Billings must demonstrate that incremental water quality improvements, in terms of policy, enforcement and infrastructure, with the system are occurring each year. Public Works already conducts policy and enforcement work; however, incremental water quality infrastructure is needed to remain in good standing with the permit. After discussion, **the Advisory Committee decided to add an annual water quality infrastructure improvement project to the Level of Service matrix.**

Stormwater Program Update and Council Direction Needed

Advisory Committee

The Advisory Committee was formed to provide awareness and transparency to the stormwater program development and to help staff clarify the City's stormwater objectives and determine appropriate levels of service and rate structures to match those objectives.

The Advisory Committee was made of up members with varying community perspectives representing City Council, Public Works Board, citizens, developers, real estate, land development, the agricultural community, consulting staff and City staff from Public Works and Parks and Recreation. The Advisory Committee members are listed in the table to the right.

The Advisory Committee met seven times throughout 2022 and 2023 and provided the following recommendations:

- ❖ Move to an impervious area rate structure, equivalent residential unit (ERU)
- ❖ Adopt a Stormwater System Development Fee
- ❖ Adopt *Best Practice* Level of Service for deferred maintenance, city-wide capital, flood protection and water quality capital
 - As noted previously, the **Budget and Finance Committee recommended *Best Practice* LOS for deferred maintenance, flood protection and water quality capital, and a LOS mid-way between *Best Practice* and *Proactive* for city-wide capital.**

The Advisory Committee made the recommendations because doing so brought:

- ❖ Focused attention to this critical infrastructure
- ❖ Manageable plan to address deferred maintenance
- ❖ Reasonable timeframe to complete capital improvements
- ❖ Addresses permit requirements and improving local water quality
- ❖ Significant increase in service for relatively small increase in rate
- ❖ Balance between citizen services and rates
- ❖ Satisfies risk management objectives and targeted goals
- ❖ Brings a rate-based approach to managing a billion-dollar asset

Committee Member	Title	Organization
Debi Meling	Director of Public Works	City of Billings Public Works
Jennifer Duray	Deputy Director of Public Works	City of Billings Public Works
John Ghilarducci	Utility Rate and Fee Consultant	FCS Group
Wade Irion	Engineering Consultant	DOWL
Aaron Redland	Board Member	Public Works Board
Derick Miller	Street/Traffic Superintendent	City of Billings Public Works
Mike Whitaker	Director	City of Billings Parks and Recreation
Mike Pigg	Director	City of Billings Parks and Recreation
Ed Gulick	City Council Member, Ward 1	Billings City Council
Rick Leuthold	Engineering Development Consultant	Sanderson Stewart
Dan Wells	Owner/Developer	Wells Built Homes
Charlie Yegen	Real Estate Broker/Developer	Peter Yegen Jr., Inc.
Todd Brown	Owner/Developer	Brown Builders

Stormwater Program Update and Council Direction Needed

Rate Structure Analysis and Proposed Changes

Stormwater Program Update and Council Direction Needed

Rate Structure Analysis and Proposed Changes

The current rate structure utilized by Billings was created by Council in 1986. This rate structure assesses a fee to each property based upon the parcel's gross lot area and zoning designation. The fee is collected on property tax statements twice per year. The current rate structure is shown in the table on the right. For reference, the single-family zoning classifications are:

- N1 – "First Neighborhood"
- N2 – "Mid-Century Neighborhood"
- N3 – "Suburban Neighborhood"

For single-family residential lots under the current model, each parcel is assigned the same rate when calculating the stormwater fee. The rate is then multiplied against the lot's gross square footage to calculate the parcels annual stormwater charge. **The annual FY 2024 stormwater assessment for an average residential customer is currently \$59.56 per year.** Further details of the standard single-family residential lot are listed below.

- Monthly equivalent: \$4.97
- 9,691 square foot lot
- \$0.006146 per square foot per year

The advantages of the current rate structure are that delinquencies and non-payments are typically lower as fees are collected on the property tax statements and the current rate structure and billings method have been challenged legally and upheld as a valid method to assess for stormwater. Another advantage is that the current billing and collection process is in place and requires no staff time to perpetuate the assessments in this manner. However, this rate structure does have numerous limitations that impact both the City and lot owners. The primary limitation of this rate structure model is fairness, because gross lot area does not provide a good functional nexus between property-specific conditions and stormwater program activities nor does zoning necessarily equate to land use and stormwater runoff. Additionally, charging stormwater as an assessment on the property tax statements means that revenues are only received twice a year and results in increased reserve requirements.

STORM SEWER FEE

ZONE	RATE	
VACANT	1,110.00	Cap
AT RATE	0.001901	per sq. ft.
CBD	0.019462	per sq. ft.
CMU1	0.013401	per sq. ft.
CMU2	0.013749	per sq. ft.
CX	0.014615	per sq. ft.
DX	0.013401	per sq. ft.
EBCW	0.013401	per sq. ft.
EBIS	0.014615	per sq. ft.
EBMS	0.019462	per sq. ft.
EBRMS	0.019462	per sq. ft.
EBRSV	0.012524	per sq. ft.
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N1	0.006146	per sq. ft.
N2	0.006146	per sq. ft.
N3	0.006146	per sq. ft.
NMU	0.012524	per sq. ft.
NO	0.010549	per sq. ft.
NX1	0.011004	per sq. ft.
NX2	0.011183	per sq. ft.
NX3	0.011352	per sq. ft.
P1	0.003231	per sq. ft.
P2	0.003231	per sq. ft.
P3	0.012925	per sq. ft.
PD	0.008902	per sq. ft.
RMH	0.007255	per sq. ft.

Stormwater Program Update and Council Direction Needed

Considering these limitations, an alternative rate structure is being considered that better aligns rates and impacts to the system. Six rate structures were evaluated:

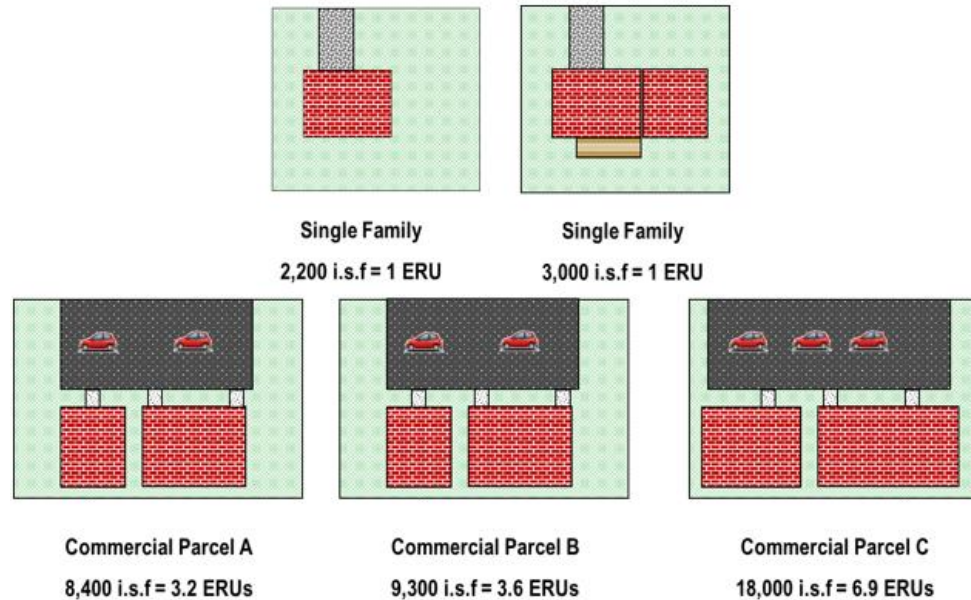
Rate Structure Basis / Feature	Fair	Legal	Admin	Feasible
Impervious Surface Area	✓	✓	✓	✓
Density of Development	✓	✓	✓	✓
Runoff Coefficients		✓	✓	
Land Use		✓	✓	✓
Trip Generation		✓		✓
Geographic Location	✓	✓		✓

As shown in the graph, the only structures that meet all of the criteria are impervious area and density. There are many ways to implement either of those structures so the committee evaluated each one. Through this evaluation, an impervious-based rate structure model was selected by the Advisory Committee as the most appropriate rate model that equitably matches impacts to the overall stormwater system with rates. Impervious surface area is a generally accepted measure of runoff contribution, providing the basis for rates in most stormwater utilities. Additionally, there is a strong and supportable functional nexus among impervious surface area, runoff contribution, increased flooding and water quality degradation, and damage to habitat.

Under this rate structure model, the statistical median residential home impervious surface area was calculated. Each residential home, regardless of size, will be assessed the same stormwater rate. **The concept of assessing all residential homes equally is referred to as an Equivalent Residential Unit (ERU).** Each residential home will be assessed 1.0 ERUs. The rate assigned to commercial properties is based upon how many ERU's of impervious surface that commercial property has developed. While the actual area can be used for each residential property, the administrative burden would be extremely high and the committee determined any benefits of that method did not warrant the increased cost of administration.

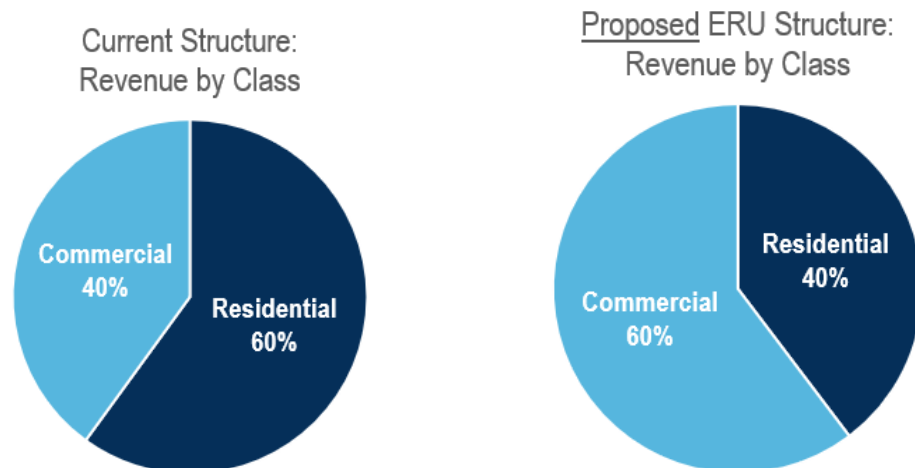
During a statistical evaluation, one ERU was calculated at 2,600 square feet of impervious surface. An example of the ERU model is shown below:

Stormwater Program Update and Council Direction Needed



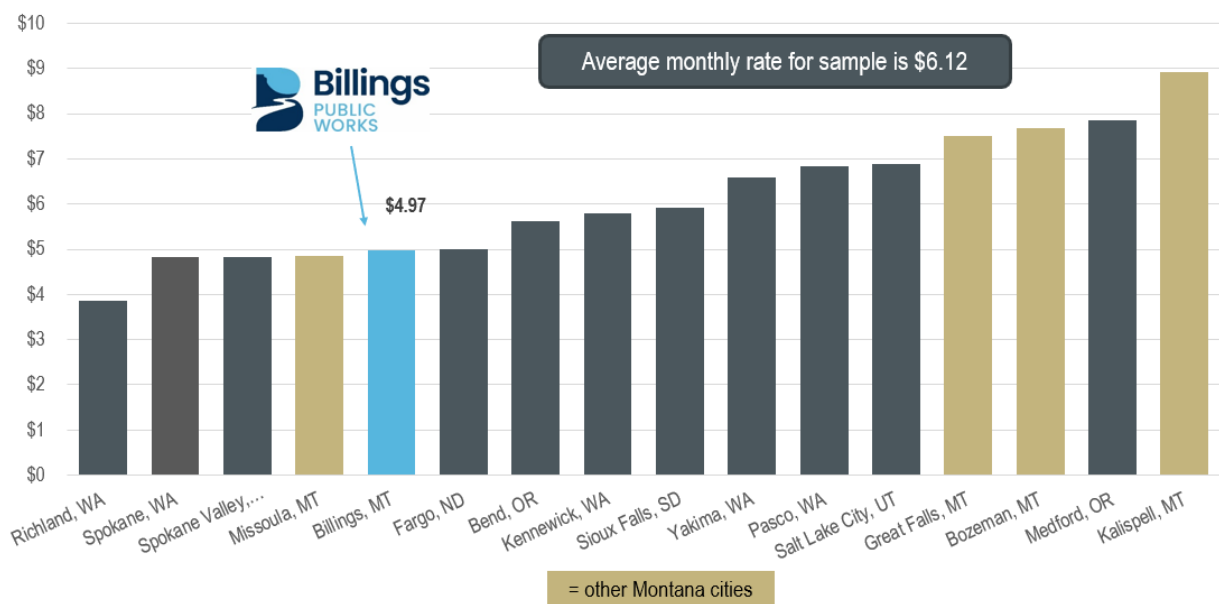
Please note the calculated median impervious surface of 2,600 square feet needs refinement before formal implementation based upon additional data processing.

The current stormwater fee that is based upon zoning and square footage generates a revenue profile where roughly 60% of funds are collected from residential properties and 40% of funds are collected from commercial properties. Moving to an impervious area-based rate structure shifts cost recovery to commercial property.



Stormwater Program Update and Council Direction Needed

The average stormwater fee collected for the typical single-family residential property in FY 2024 is \$59.60 per year, which equates to \$4.97 per month. The stormwater team researched rates collected by other regional communities of similar size, climate, and/or stormwater development process to see how Billings compares. Below is a graph showing that comparison.



Stormwater Program Update and Council Direction Needed

System Development Fees

Stormwater Program Update and Council Direction Needed

System Development Fees

The City currently assesses System Development Fees (SDF) to new residential and commercial properties that connect to the water and sewer system. The SDF is intended to balance new growth against infrastructure needs of the system. There is no stormwater SDF currently in place.

Below are additional details of an SDF:



Under the proposed model each residential home is treated equally and assigned an Equivalent Residential Unit (ERU), similar to the lot impervious method. **The initial SDF for new property development will be calculated in the next phase of the project if the practice of collecting SDFs is approved but is estimated to be approximately \$1,000 per ERU.** Commercial properties will be assessed a proportionate SDF based upon how many square feet of impervious surface their property has relative to the ERU.

The SDF is for new development only; existing residential and commercial properties will not have to pay for an SDF unless redevelopment occurs for a commercial property and a new connection is made to the system.

The chart to the right shows how the proposed stormwater SDF compares to the existing water and sewer SDF. This is a preliminary evaluation of the SDF; additional calculations will be made after a decision is made regarding implementation of SDFs.

Utility	SDFs
Water (3/4" meter with indoor and outdoor component)	\$3,255
Wastewater (3/4" meter)	\$2,800
Stormwater	Approx. \$1,000
Total	\$7,055

A Stormwater SDF is permissible per the MCA, Title 7, Chapter 6, Part 16.

Stormwater Program Update and Council Direction Needed

Program Levels of Service and Associated Rates

Stormwater Program Update and Council Direction Needed

Program Levels of Service and Associated Rates

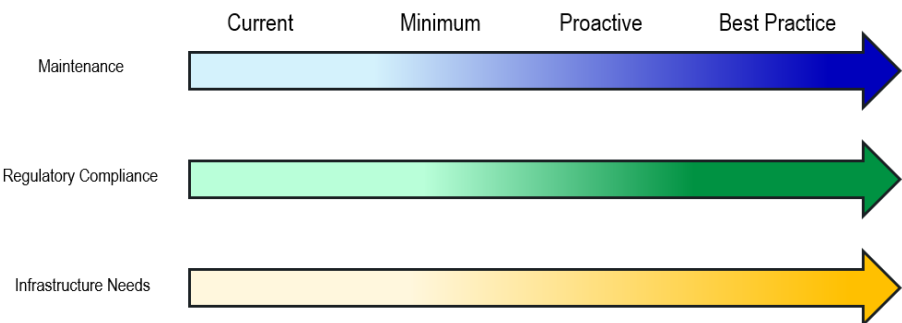
The Phase II analysis previously described performed a comprehensive analysis of the four major components of the stormwater network.

- Deferred Maintenance Backlog
- City-Wide Capital Infrastructure Implementation
- Local Flood Risk Mitigation
- Water Quality Improvements

The evaluation included gathering information on the existing system, evaluating and prioritizing previous capital planning projects, and providing a stormwater risk assessment analysis.

From the analysis, it was determined that the City has \$73.8 million in deferred maintenance, \$99.3 million in City-wide capital projects and \$7.3 million of local flood protection projects. The amount of funding needed for water quality improvements varies based upon the City’s permit with Montana DEQ.

During the stormwater team and Advisory Committee meetings, it was determined that Level of Service options were needed to balance rates with the time needed to complete the improvements. The higher the level of service, the faster improvements to the system would be made.



Currently, stormwater rates are set, and services are provided to match the available funding. This current process has resulted in the stormwater program being underfunded. This Level of Service (LOS) evaluation built a “dial” to flip the process. **Under this proposed model, stormwater funding is based on services provided as detailed by the level of service matrix.**

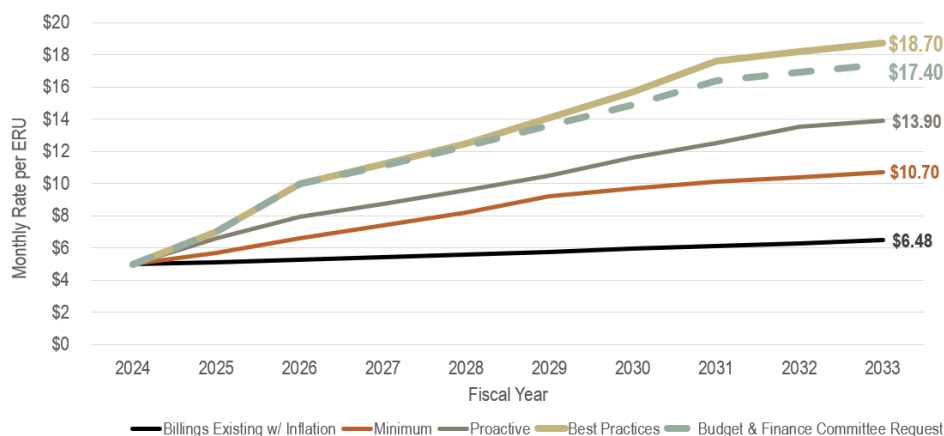


Stormwater Program Update and Council Direction Needed

The matrix below is developed such that Council can select any LOS “box” within each row and column; Council does not need to select one *Best Practice*, *Proactive* or *Minimum* column that covers all four program areas. **Each LOS box has a corresponding rate impact.** The Stormwater Advisory committee recommended a *Best Practice* LOS for each of the four stormwater program components primarily based on liability of not addressing issues quickly and the customer service aspect of allowing projects to take more than 15 or 20 years to complete when we know they are a problem now. After a presentation to the Budget and Finance Committee, the Committee chose the *Best Practice* LOS for Deferred Maintenance, Flood Protection Capital and Water Quality Capital and adopt a mid-way LOS (25-year) between the *Proactive* and *Best Practice* LOS for City-wide Capital. Please see the matrix below for the Committee Recommendation. While the Budget committee agreed with many of the reasons that the Advisory committee selected Best Practice levels for all categories, they were very sensitive to the rate impacts and wanted to try to balance the needs and the rates to where they determined was an appropriate level.

	Total Amount	Best Practice	Proactive	Minimum
Deferred Maintenance	\$73.8 million	15-yr. completion (\$4.9 million / yr.)	20-yr. completion (\$3.7 million / yr.)	25-yr. completion (\$3.0 million / yr.)
City-wide Capital	\$99.3 million	20-yr. completion (\$5.0 million / yr.)	30-yr. completion (\$3.3 million / yr.)	40-yr. completion (\$2.5 million / yr.)
Flood Protection Capital	\$7.3 million (local only)	15-yr. completion (\$0.5 million / yr.)	20-yr. completion (\$0.4 million / yr.)	25-yr. completion (\$0.3 million / yr.)
Water Quality Capital	Varies	\$500,000 / yr.	\$500,000 / yr.	\$250,000 / yr.

Currently, the average residential customer pays \$59.60 per year (an equivalent of \$4.97 per month) in stormwater fees. The recommended LOS packages generate the following rate profile over the next 10-years:



Stormwater Program Update and Council Direction Needed

This rate profile includes a seven-year ramp-up where rates are incrementally increased over the first seven years before leveling off to meet standard inflationary increases.

Stormwater Program Update and Council Direction Needed

City Council Discussion and Direction

Stormwater Program Update and Council Direction Needed

City staff will present this information at the October 2, 2023, City Council work session. The presentation will generally follow the information provided in this report. This documentation is being provided to the City Council upon request of the Budget and Finance Committee. After two meetings discussing these issues, it was the opinion of the committee that it would be difficult for the City Council members to fully digest all of this information in one session. In the interest of having a more productive conversation at the work session, staff is providing this information in advance of the meeting so the Councilmembers have an opportunity to become familiar with it before staff presents.

The questions that the City Council will need to provide direction are:

- Is Equivalent Rate Units (ERU) the appropriate rate structure?
- Should the city be charging system development fees (SDFs) on construction for stormwater similar to water and wastewater?
- What is the appropriate level of service for the four categories of stormwater service?
 - Deferred Maintenance
 - Citywide Capital
 - Flooding
 - Water Quality

After the City Council work session discussion, if the City Council is able to provide direction on those three questions, staff will proceed to Phase III of the stormwater program development. In this next phase, a master plan to determine a roadmap for getting the projects completed will be started, a rate study will be completed to determine final rates and SDFs, and the billing system will be updated to accommodate the new rate structure. The City Council will be presented with the new rates and SDFs for approval before implementation.



Council Work Session



Billings Stormwater Program Development

May 20, 2024





Agenda

- **Review and Update of stormwater program elements presented to Council on 10/2/23**
 - » System Development Fees
 - » Rate Structure Model
 - » Level of Service with Corresponding Rates
- **Boards and Group Outreach**
 - » Previously Completed
 - » Upcoming Meetings
 - » Communication Plan
- **Discussion and Questions**



Council, Committee and Interest Group Meetings

- **Council and Committee Meetings**

- » June 21, 2021 Council Work Session
- » July 12, 2023 Council B.F.C.
- » August 16, 2023 Council B.F.C.
- » October 2, 2023 Council Work Session
- » May 15, 2024 Council B.F.C.
- » May 20, 2024 Council Work Session

- » August 2022 – March 2024
 - Advisory Committee x 8

- **Boards and Groups Already Engaged**

- » West End Task Force
- » Rimrock Neighborhoods
- » Heights Task Force
- » Southside Task Force
- » North Park Task Force
- » Realtors Association
- » Landlords Association
- » Public Works Board



System Development Fees (SDFs) – (10/2/23)

- **SDFs are calculated by dividing the cost of the system by customer equivalents**
- **Authorized under Montana State Code**

One-time charges, not ongoing rates

Provide revenue for capital as growth occurs

Can include future & existing infrastructure costs

Utility	SDFs
Water (3/4" meter with indoor/ outdoor component: 8,601 – 11,800 SF lot)	\$3,255 (currently implemented)
Wastewater (3/4" meter)	\$2,800 (currently implemented)
Stormwater	Estimated \$1,000
Total	\$7,055

For general facilities, not "local" facilities

Recover proportionate share of cost of capacity

For capital only, in both calculation and in use



SDF: Council Direction and Next Steps

- **Council Direction**
 - » Adopt a stormwater system development fee
- **Current Steps and Findings**
 - » Refined analysis of infrastructure in new growth areas
 - » Refined percent vacant analysis for new and existing growth areas
 - » More granular project-by-project analysis for new growth area
 - » Updated ERU calculation based on impervious data
- **Expected meetings, presentations and resolution**
 - » Refinement of final SDF amount
 - » Upcoming meetings with interest groups
 - » Either later this calendar year or at the start of next Fiscal Year



Rate Structure: Change in Methodology – (10/2/23)

- **Current Rate Model**

- » Rate based upon gross lot area and zoning designation

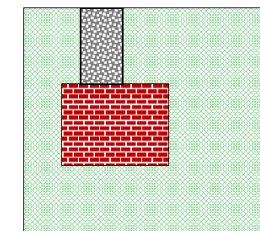
- **Proposed Rate Model (Example)**

- » Rate expressed in \$ per equivalent residential unit (ERU)

STORM SEWER FEE

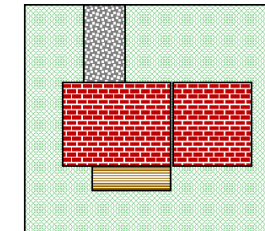
ZONE	RATE	
VACANT	1,110.00	Cap
AT RATE	0.001901	per sq. ft.
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NMU	0.012524	per sq. ft.
NO	0.010549	per sq. ft.
NX1	0.011004	per sq. ft.
NX2	0.011183	per sq. ft.
NX3	0.011352	per sq. ft.
P1	0.003231	per sq. ft.
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P3	0.012925	per sq. ft.
PD	0.008902	per sq. ft.
RMH	0.007255	per sq. ft.



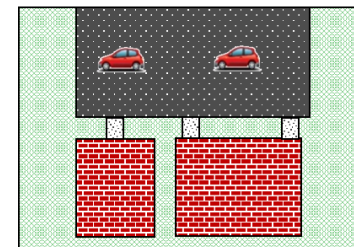
Single Family

2,200 i.s.f = 1 ERU



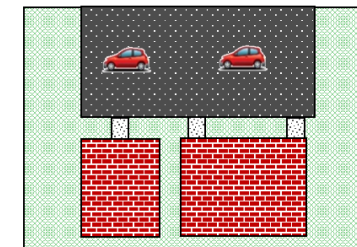
Single Family

3,000 i.s.f = 1 ERU



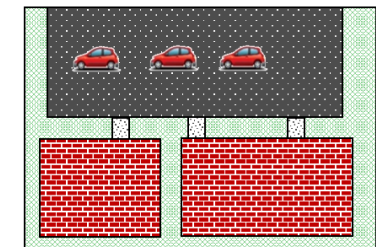
Commercial Parcel A

8,400 i.s.f = 3.2 ERUs



Commercial Parcel B

9,300 i.s.f = 3.6 ERUs

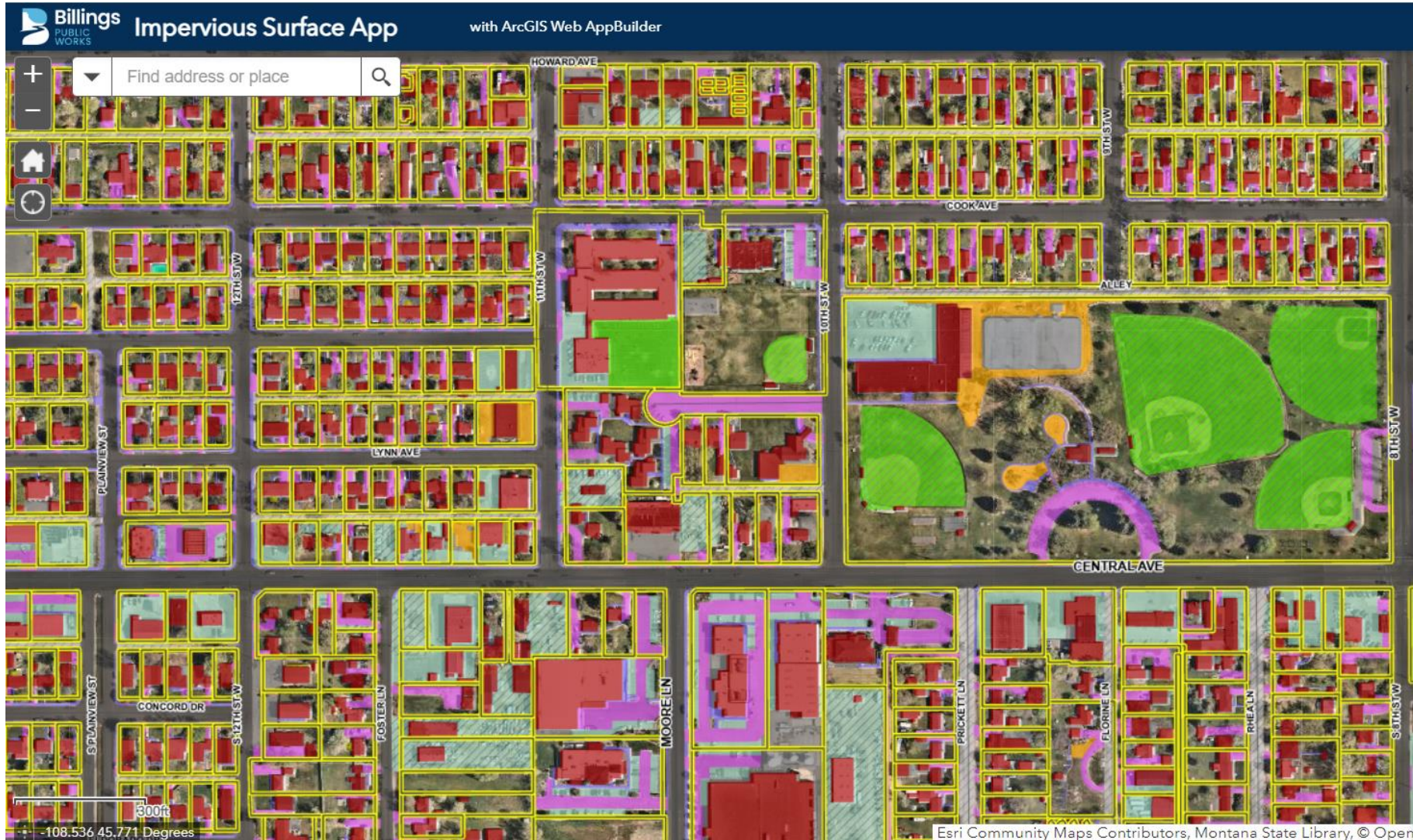


Commercial Parcel C

18,000 i.s.f = 6.9 ERUs



ERU: Process and Findings



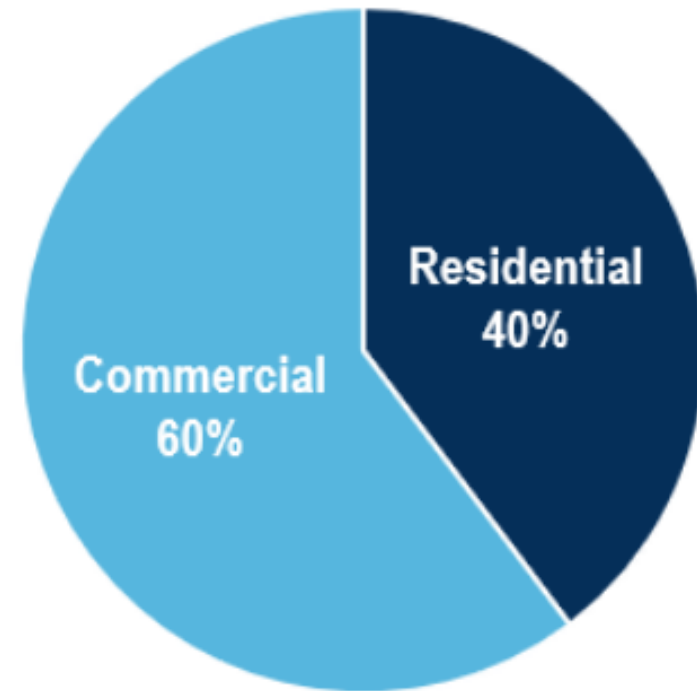
- ☒ Tax Parcel
- ☒ COB Impervious Surfaces
 - Bridge
 - Building
 - Compacted Surface
 - Deck
 - Driveway
 - Parking
 - Pavement
 - Railway
 - Road
 - Sidewalk
 - Sport Ground
 - Swimming Pool
 - Unpaved Parking
 - Unpaved Road
 - Unpaved Sidewalk
 - Unpaved Sport Ground
- ☒ Billings 2023 Imagery



ERU Process and Findings

- **33,347 residential properties**
 - » Est. ERU increased from 2,600 SF to 3,750 SF
 - » More overall impervious surface identified
 - Relative “value” of ERU unchanged
- **5,218 commercial properties**
 - » Approximately Largest 10% individually verified
- **Centrally assessed properties**
 - » MRL, WBI Energy, NWE, Charter, BNSF, etc.
- **Verified duplexes, mobile homes, condos, vacant**
- **Coordination between PWA and IT**
 - » Parcel boundary layer from Yellowstone County

Proposed ERU Structure:
Revenue by Class





Rate Structure: Council Direction and Next Steps

- **Council Direction**

- » *Move to an impervious surface ERU based rate structure*

- **Current Steps and Findings**

- » Test rate model for gaps, errors and omissions

- » Update of ERU number, relative value unchanged

- **Expected resolution at the June 10th Business Meeting**

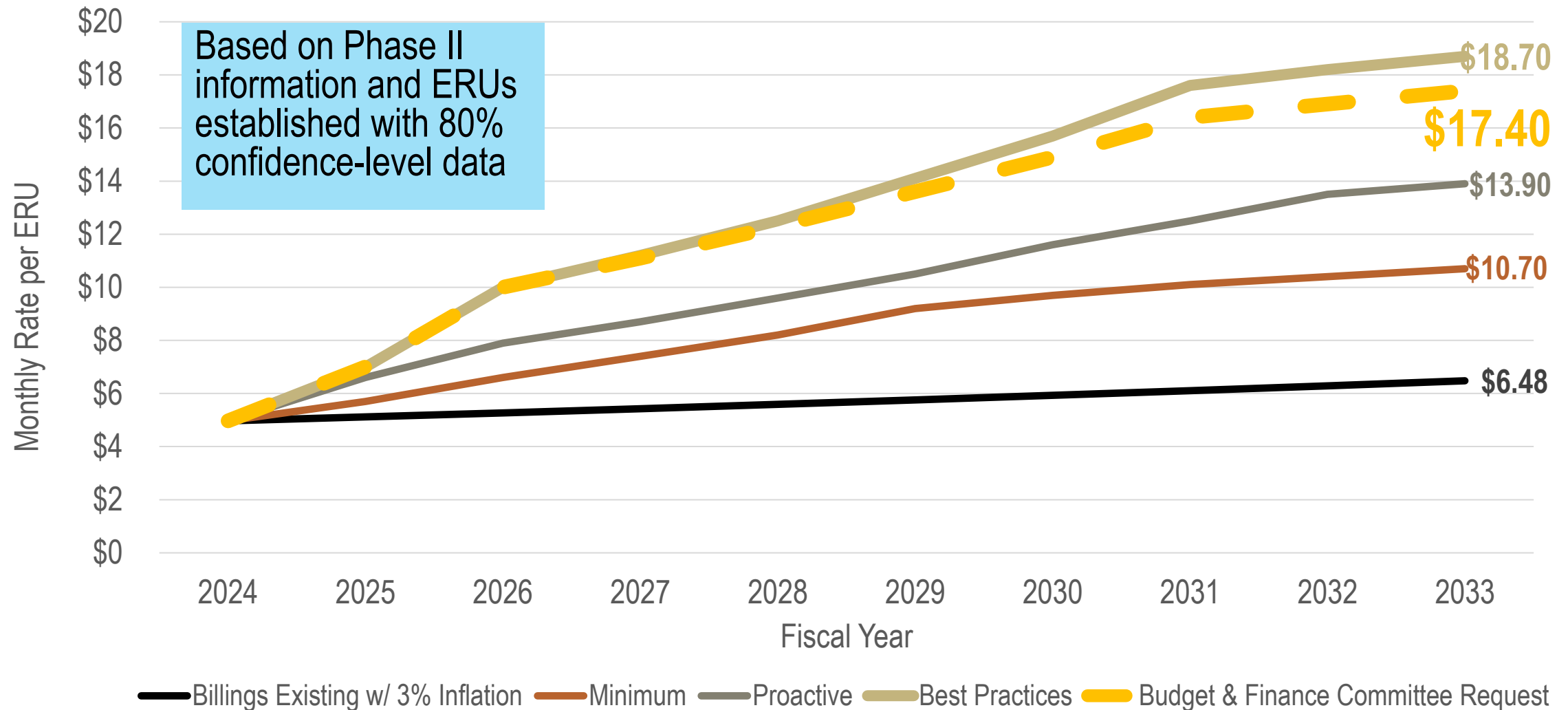


Level of Service: Matrix – (10-2-23)

	Total Amount	1. Minimum	2. Proactive	3. Best Practice	4. B.F.C. Requested
Deferred Maintenance	\$73.8 million	25-yr. completion (\$3.0 million / yr.)	20-yr. completion (\$3.7 million / yr.)	15-yr. completion (\$4.9 million / yr.)	15-yr. completion (\$4.9 million / yr.)
City-wide Capital	\$103.7 million	40-yr. completion (\$2.6 million / yr.)	30-yr. completion (\$3.5 million / yr.)	20-yr. completion (\$5.2 million / yr.)	25-yr. completion (\$4.1 million / yr.)
Flood Protection Capital	\$2.9 million (local only)	25-yr. completion (\$0.11 million / yr.)	20-yr. completion (\$0.15 million / yr.)	15-yr. completion (\$0.20 million / yr.)	15-yr. completion (\$0.20 million / yr.)
Water Quality Capital	Varies	\$250,000 / yr.	\$500,000 / yr.	\$500,000 / yr.	\$500,000 / yr.



Level of Service Analysis: Rate Profile – (10/2/23)





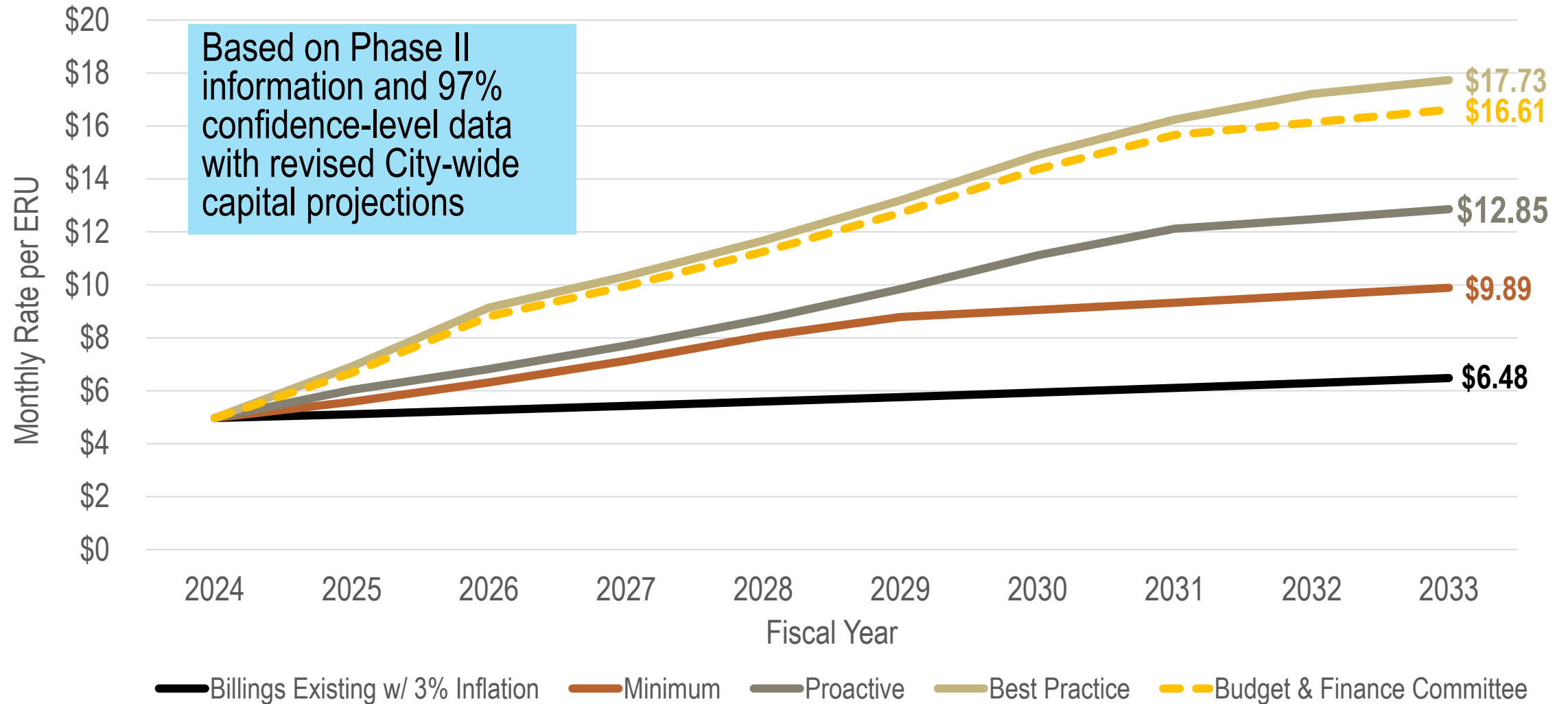
UPDATED: Level of Service – Matrix (5/20/24)

- Updated City-wide Capital projected needs

	Total Amount	1. Minimum	2. Proactive	3. Best Practice	4. B.F.C. Requested
Deferred Maintenance	\$73.8 million	25-yr. completion (\$3.0 million / yr.)	20-yr. completion (\$3.7 million / yr.)	15-yr. completion (\$4.9 million / yr.)	15-yr. completion (\$4.9 million / yr.)
City-wide Capital	\$83.9 million	40-yr. completion (\$2.1 million / yr.)	30-yr. completion (\$2.8 million / yr.)	20-yr. completion (\$4.2 million / yr.)	25-yr. completion (\$3.4 million / yr.)
Flood Protection Capital	\$2.9 million (local only)	25-yr. completion (\$0.11 million / yr.)	20-yr. completion (\$0.15 million / yr.)	15-yr. completion (\$0.20 million / yr.)	15-yr. completion (\$0.20 million / yr.)
Water Quality Capital	Varies	\$250,000 / yr.	\$500,000 / yr.	\$500,000 / yr.	\$500,000 / yr.

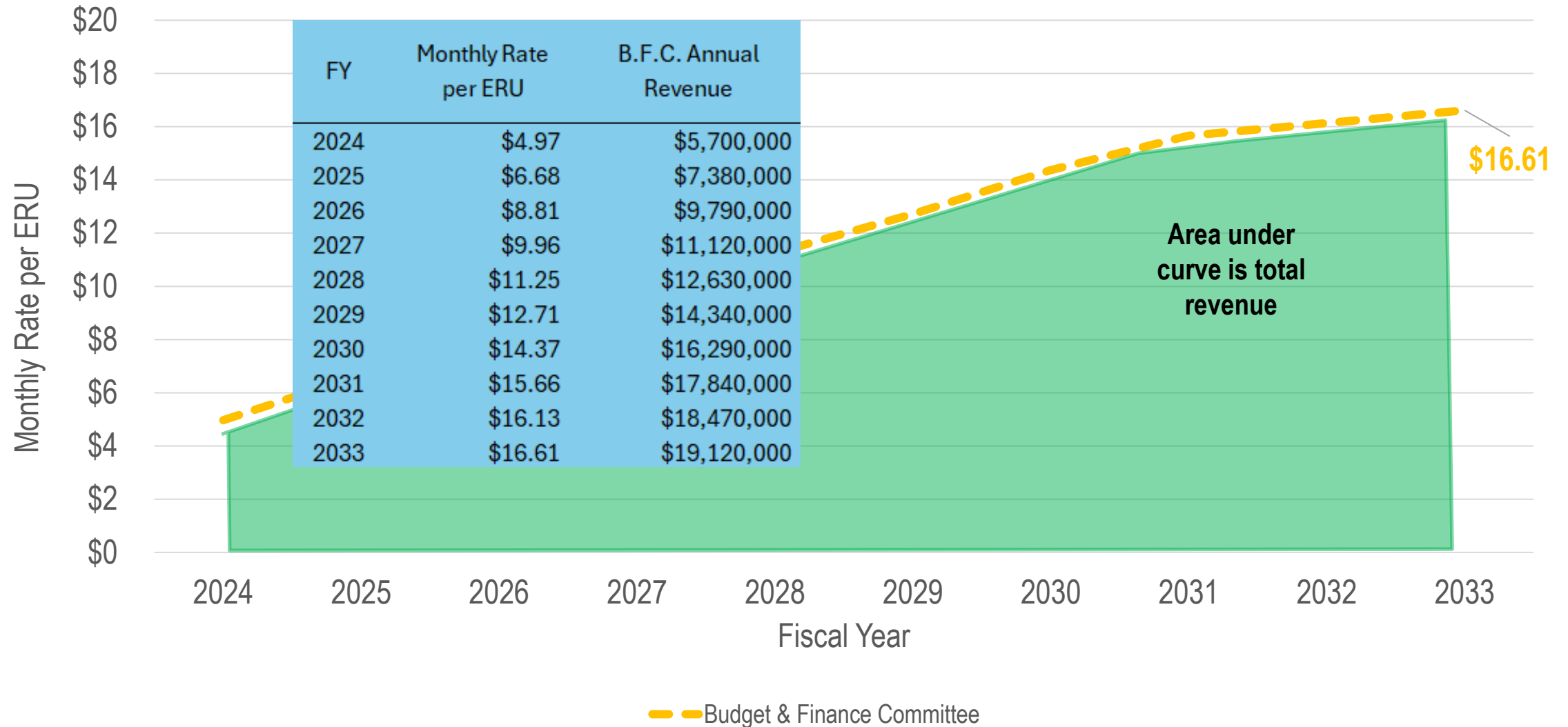


UPDATED: Level of Service: Rate Profile – (5/20/24)



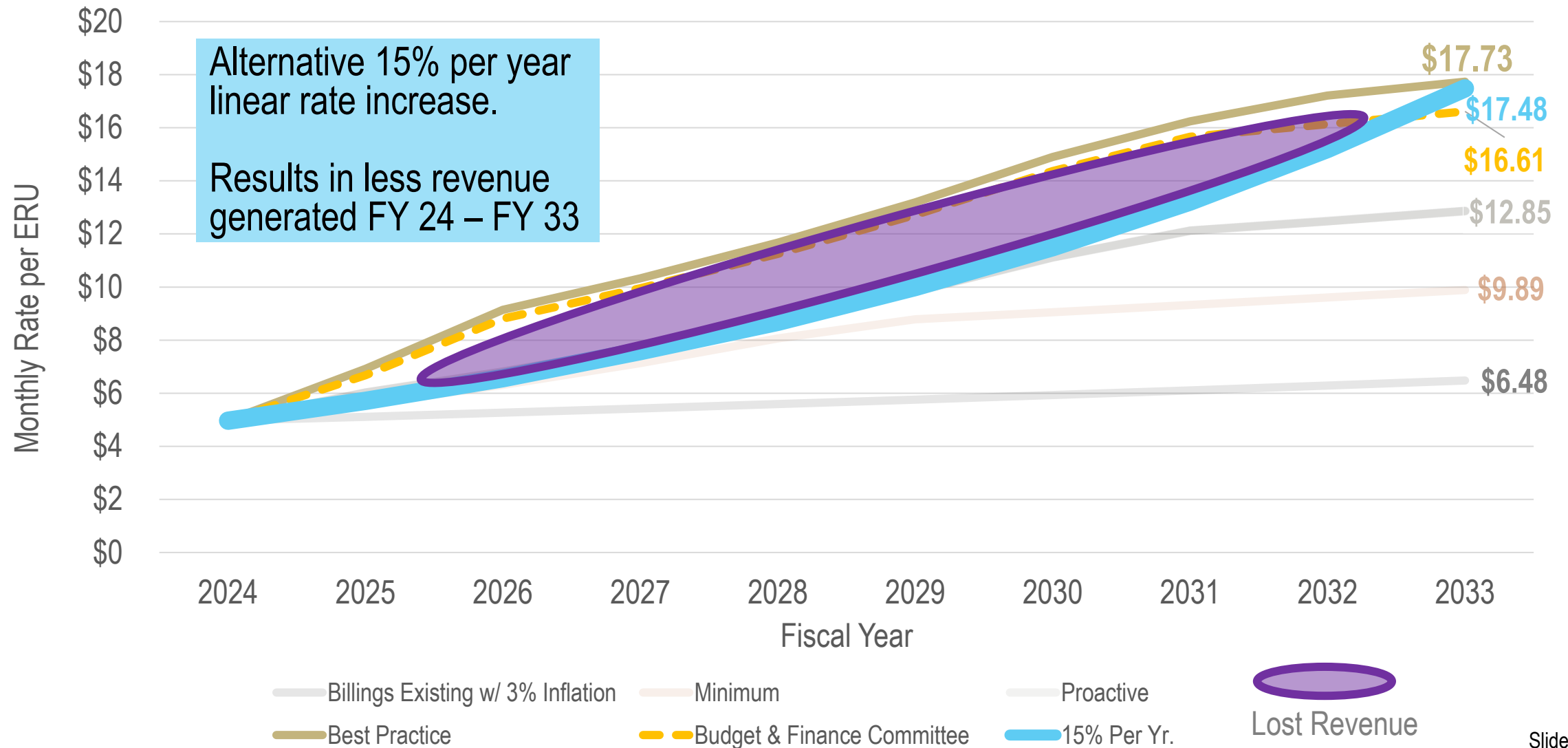


UPDATED: Level of Service: Revenue Profile – (5/20/24)





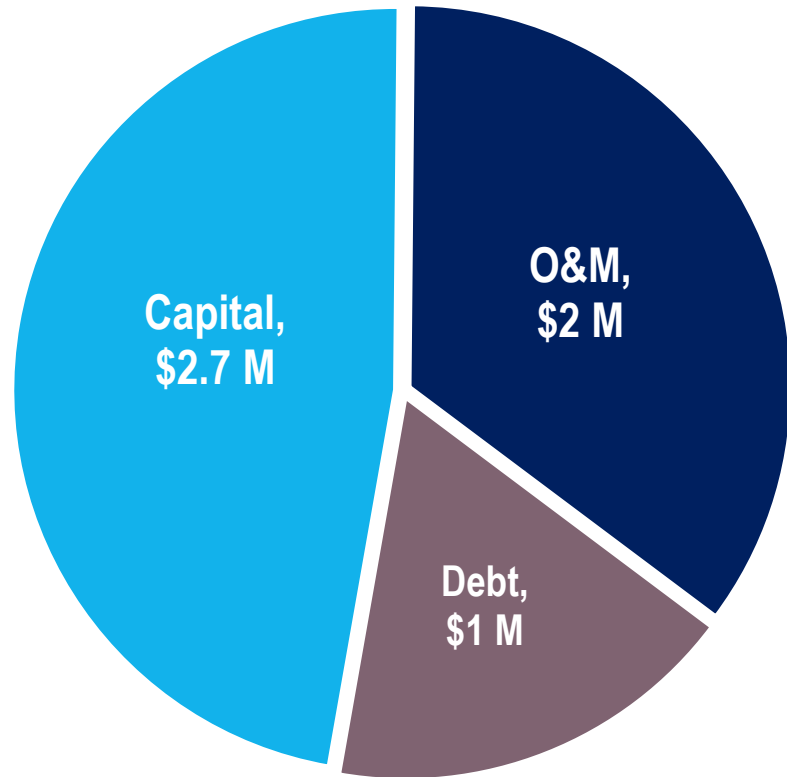
UPDATED: Level of Service: Alternative Rate Profile – (5/20/24)





Current: Revenue and Funding Breakout

FY 2024 Budget



FY24 Budget Overview

Public Works Department

		STORM SEWER FUND OPERATING BUDGET				
FUND 8400 & 2070		ACTUAL FY 21	ACTUAL FY 22	BUDGET FY 23	ESTIMATE FY 23	REQUEST FY 24
FUND BALANCE BEGINNING		\$ 2,298,644	\$ 3,190,730	\$1,720,252	\$ 3,959,537	\$ 1,569,195
REVENUE:						
SPECIAL ASSESSMENTS		\$ 4,748,236	\$ 4,912,575	\$ 5,100,000	\$ 5,215,341	\$ 5,440,000
INTEREST ON INVESTMENTS		2,364	(52,799)	15,500	9,536	15,500
LICENSES & PERMITS		-	-	500	-	500
OTHER		13,654	52,553	5,610	5,712	5,610
TOTAL REVENUE		\$ 4,764,254	\$ 4,912,329	\$ 5,121,610	\$ 5,230,589	\$ 5,461,610
EXPENDITURES:						
OPERATIONS & MAINTENANCE		\$ 2,228,352	\$ 2,015,987	\$ 2,100,098	\$ 2,511,556	\$ 1,987,497
CAPITAL		643,816	1,107,535	3,585,000	4,094,375	2,712,000
TRANSFERS TO BOND AND INTEREST		1,000,000	1,020,000	1,015,000	1,015,000	1,015,000
TOTAL EXPENDITURES		\$ 3,872,168	\$ 4,143,522	\$ 6,700,098	\$ 7,620,931	\$ 5,714,497

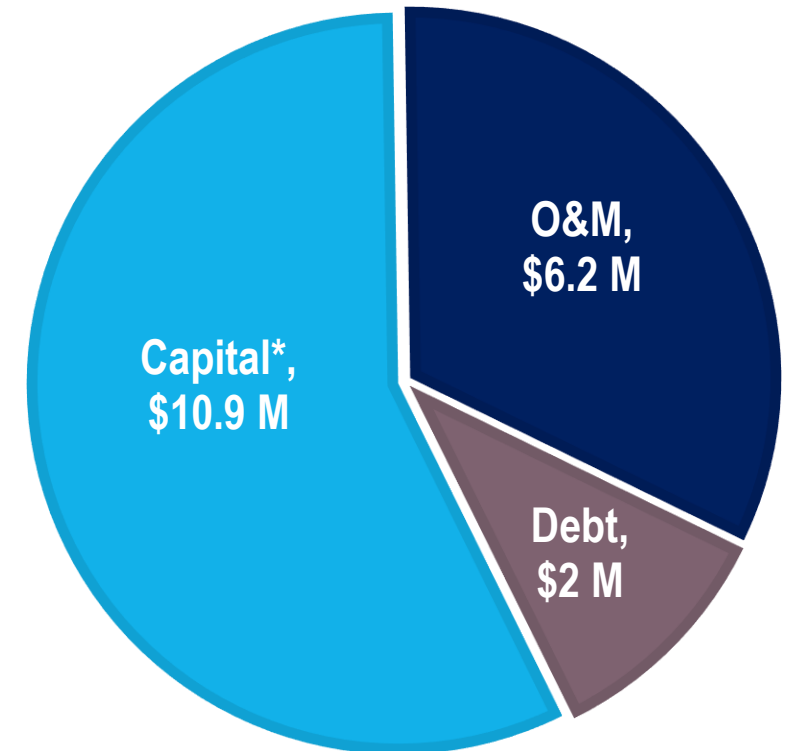
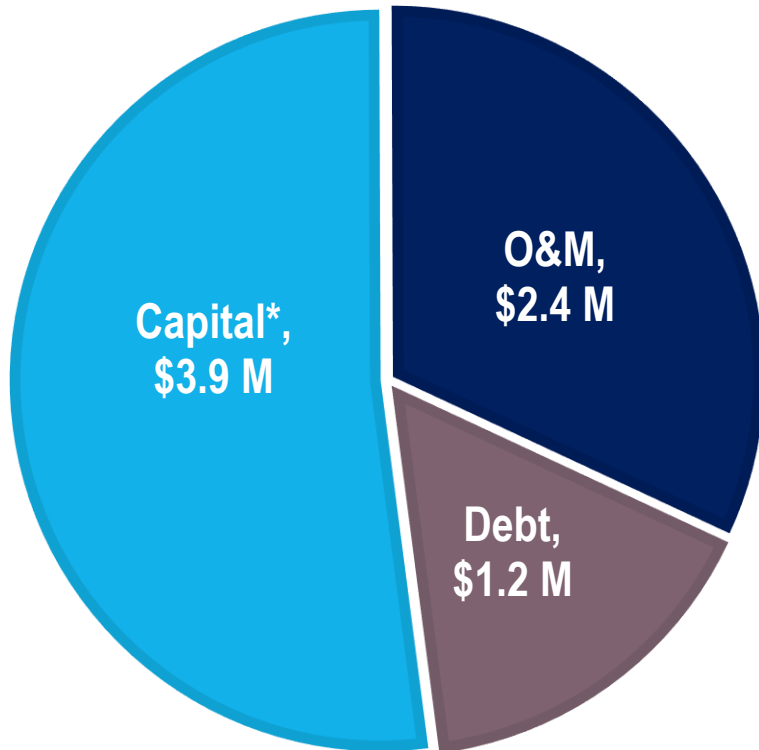


Level of Service Analysis – Revenue and Funding Breakout

- Anticipated FY 25 Funding Profile

- Anticipated FY 33 Funding Profile

Budget and Finance Committee Level of Service



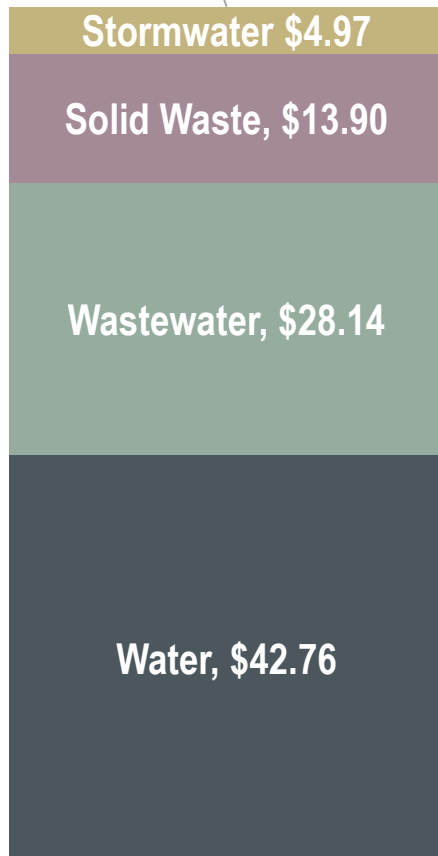
* Rate funded capital assuming reserves are not depleted



Combined Citywide Monthly Utility Bill

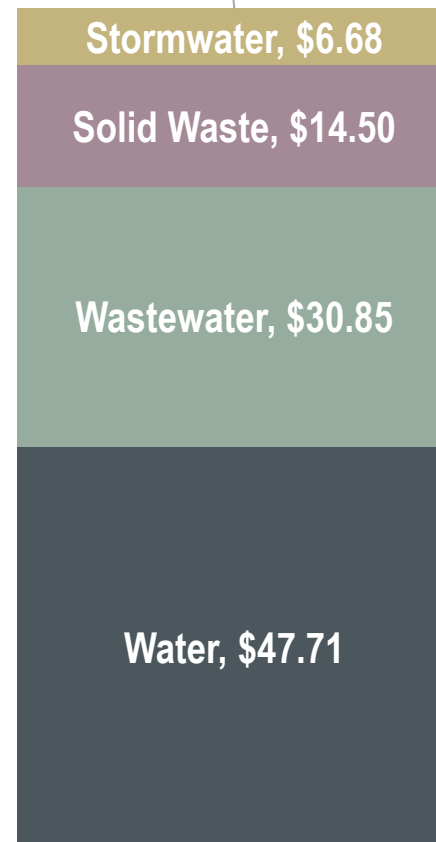
FY 2024 Average Monthly Utility Bill

\$91.31



FY 2025 Estimated Monthly Utility Bill

\$99.74



FY 2024 Monthly Utility Bill

FY 2025 Proposed Monthly Utility Bill

Note:
Stormwater
assessment
currently on
the annual
property
assessment

UPDATED: B.F.C.
Recommendation
Profile.

Stormwater charge
about 7% of bill

\$4.97 → \$6.68
34% increase

With 15%
Adjustment
\$4.97 → \$5.72



Council Direction and Next Steps

- **Council Direction**

- » “Follow” Budget and Finance Committee’s Recommendations
 - Cost of inaction and a “safety first” deferred maintenance approach

- **Current Steps and Findings**

- » Updated rate and revenue profile based upon new ERU data
- » Updated City-wide capital numbers based upon new information

- **Expected resolution at the June 10th Business Meeting**



Upcoming Schedule

- **Council Business Meeting:** **June 10, 2024**
 - » ERU Rate Structure
 - » Updated Rates
- **Implementation:** **July 1, 2024**
- **System Development Fees** **Later Calendar Year 2024
or start of next Fiscal Year**



Upcoming Public Engagement Opportunities

- **Public Works Week**

- » May 22nd – Water Treatment Plant
- » May 23rd – Operations Center



PUBLIC WORKS WEEK OPEN HOUSES



4-7 pm | WED, May 22



**Water Treatment Plant
2251 Belknap Avenue**



4-7 pm | THU, May 23



**Billings Operation Center
4848 Midland Road**

www.billingspublicworks.gov



- **Library Community Outreach**

- » May 28th – noon to 1 p.m.
- » May 29th – 6 p.m. to 7 p.m.

Thank you!



City Council Work Session

Date: 05/20/2024
Title: FY2025 Department Budget Presentations
Presented by: Andy Zoeller, Finance Director
Department: Finance
Presentation: Yes
Legal Review: Not Applicable
Project Number: N/A

RECOMMENDATION

Staff will be present to provide FY25 departmental budget information to City Council. Council action will occur in June at a regular City Council meeting.

BACKGROUND (Consistency with Adopted Plans and Policies, if applicable)

Council will receive information about the FY25 budget over multiple work sessions. See attached presentations. Each department has provided an overview of their proposed FY2025 budget. The entire proposed FY25 budget can be found online at www.billingsmt.gov/finance. City Council will receive information from the following departments on May 20, 2024:

Planning, Code Enforcement, and Community Development
Public Works

ALTERNATIVES

No Council action will be required at this meeting. Final adoption for the FY2025 budget is planned for a regular meeting in June.

FISCAL EFFECTS

The current proposed budget for FY25 is \$473,696,709. A summary by fund can be found on pages 1-13 of the budget proposal.

Attachments

PCSD Presentation
Public Works Presentation

PCSD FY25 BUDGET



**PLANNING &
COMMUNITY
SERVICES**
25 STAFF

- **Wyeth Friday**
Director
- **Tina Hoeger**
Code Enforcement Manager
- **Anna Vickers**
Planning Division Manager
- **Brenda Beckett**
Community Development Manager

DEPARTMENT OVERVIEW

PLANNING

Land Use
MPO - Transportation
Annexation

Historic Preservation
11 Boards & Commissions

CODE ENFORCEMENT

22 Codes
PS Levy Implementation
PS Partners

Neighborhood Stability
Property Cleanups
Graffiti Abatement

COMMUNITY DEVELOPMENT

First Time Home Buyer
Housing Development
Neighborhood Stabilization

CDBG/HOME
CDBG-CV
HOME-ARP
AMERICORPS VISTA

A FEW '23 STATS

CDBG/CDBG-CV Funds for Parks

\$1.2M / 12 projects / 3 parks

CE Case Activity

4,700 cases / 5,300 inspections

Annexations

8 infill & edge

Zone Changes

26 / 1 PNDs

Master Site Plans

7 / 3 Commercial Projects

Public Safety

Code Enforcement

Zoning

CPTED

Subdivision Regulations

Graffiti Abatement

Core Infrastructure

Highway 3/Skyway Drive
Land Use Plan

Support Housing Strategy

Pedestrian/Bicycle Master
Plan Update

Allocate CDBG/HOME-
ARP Funding

Safe Routes to School
Phase II

Built Environment / Quality Design

Update Growth Policy

Subdivision Regulations

West End Neighborhood
Plan

Heights Neighborhood
Plan

Mobilize the Magic
City/Public Art Policy

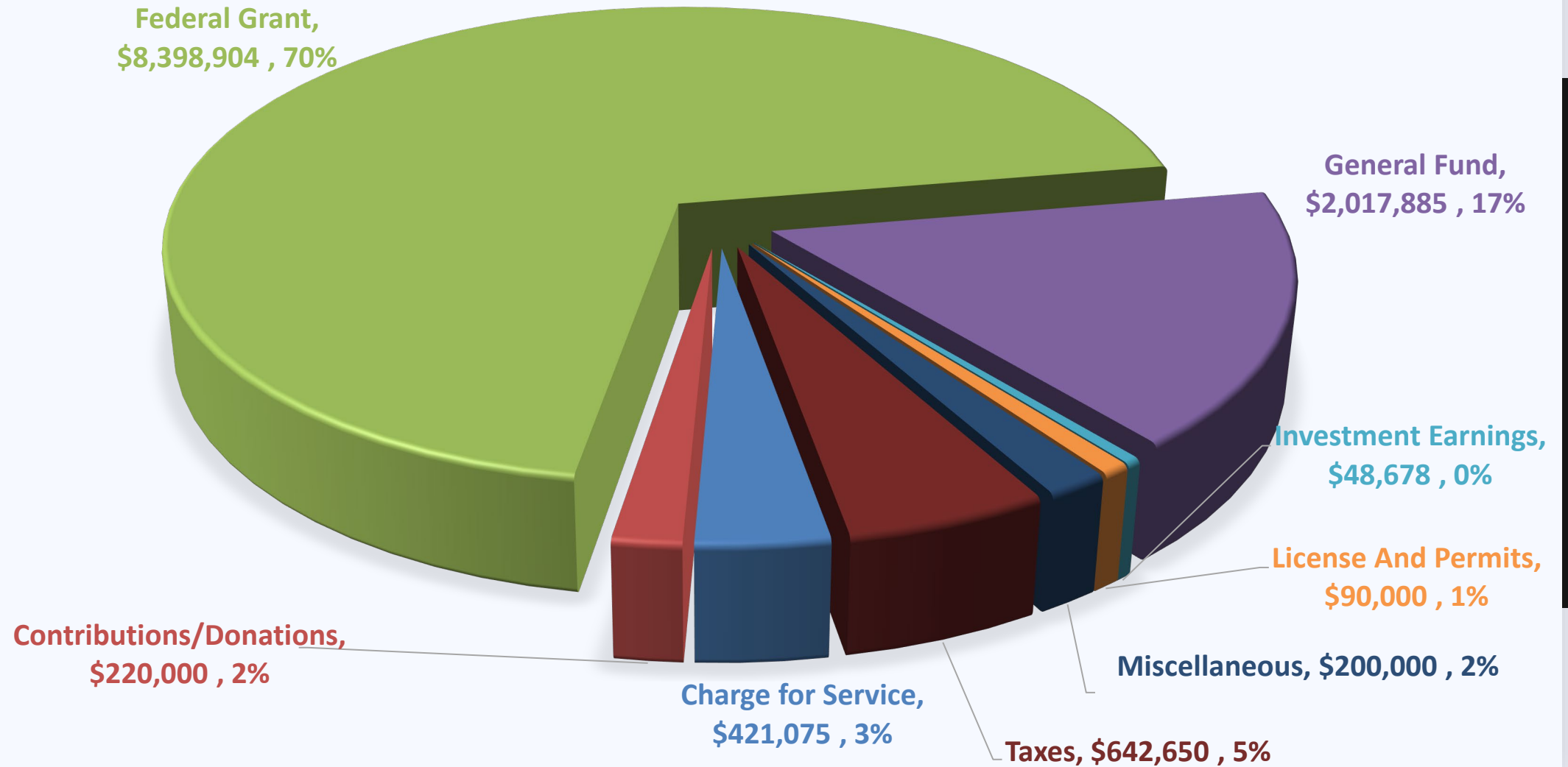
Parks Investments

Comanche Park / CPTED

North Park

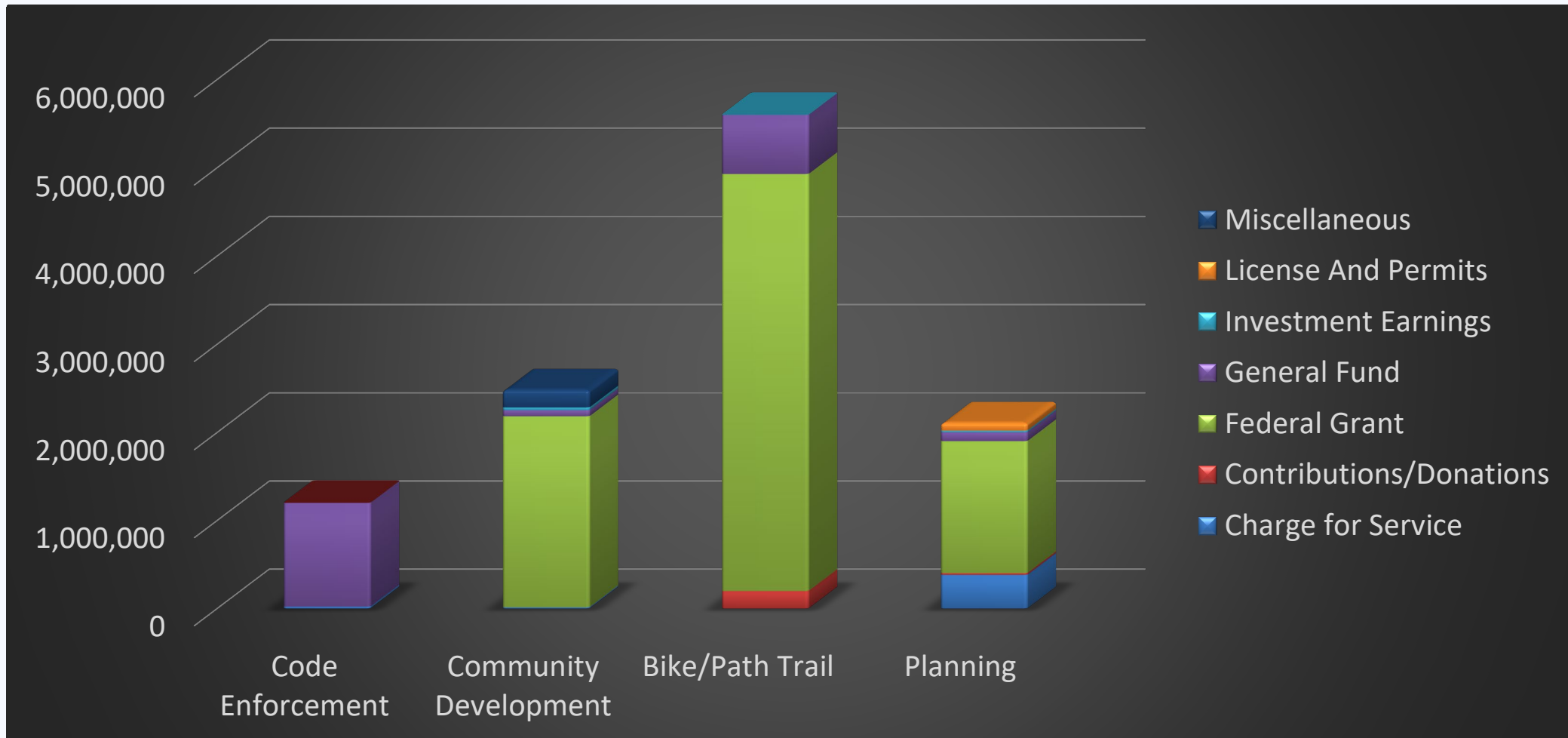
Pioneer Park

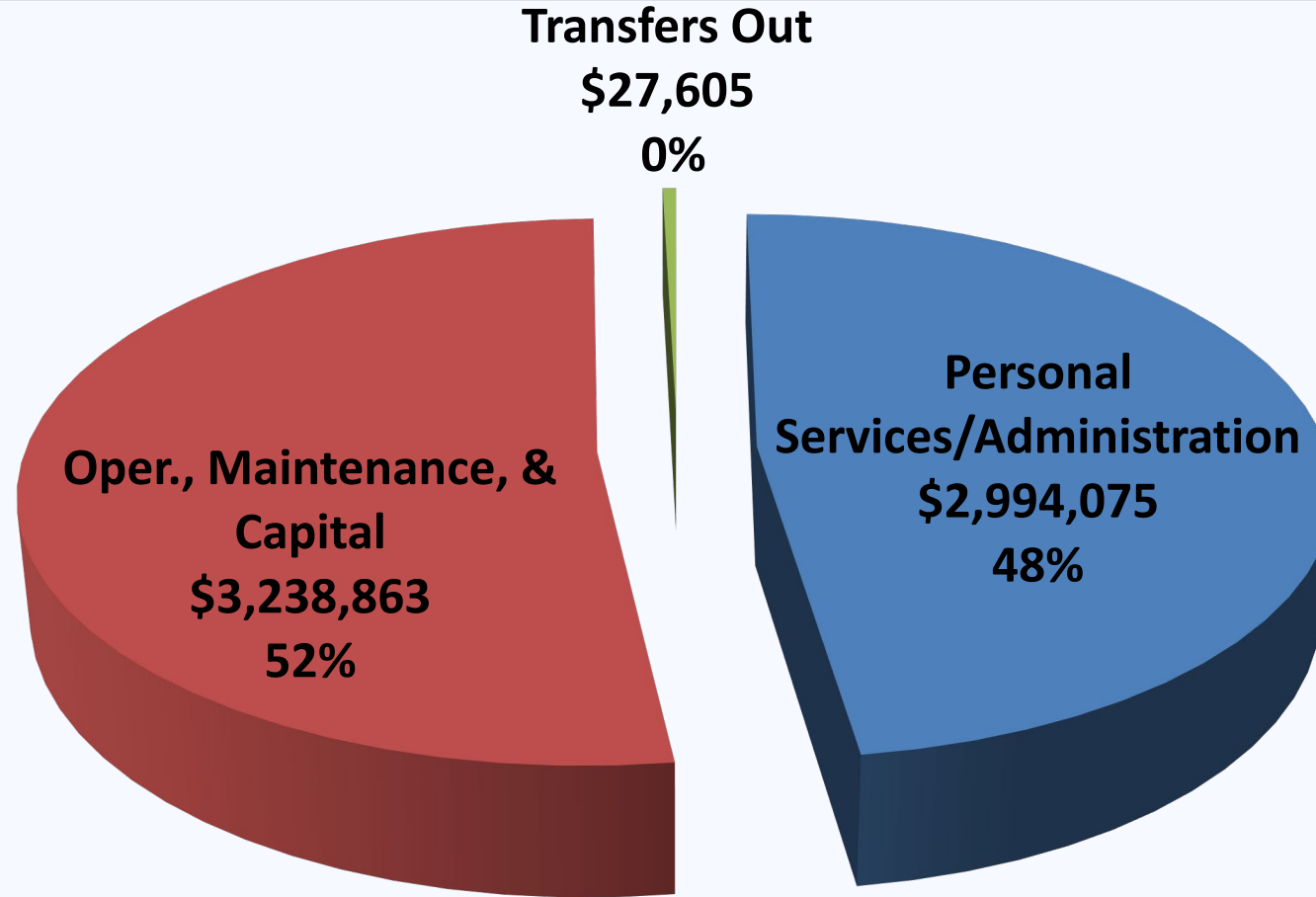
Stagecoach Trail-Trail
Stewardship Grant



FY 25 Total PCSD Revenue = \$12,039,192
(includes CE GF Amount of \$1,177,866)

FY25 PCSD Revenue by Division (Includes CE GF Revenue)





FY25 Total PCSD Expenditures = \$6,260,543
(includes CE GF Expenses) (Does not include Stagecoach Trail Project of \$5,545,000)

FY 25 PCSD Challenges

The Big Move - July & August

PLANNING

- Long Range Planning Resources
- Neighborhood Plan Updates
Staffing vs. Consulting Services
- Comprehensive Planning Resources
SB 382

COMMUNITY DEVELOPMENT

- CDBG-CV / HOME-ARP
- Grants Technician
- Long-Term Service Agility

CODE ENFORCEMENT

- Capacity - Commercial Codes



QUESTIONS?



BILLINGSMT.GOV/PLANNING-
COMMUNITY-SERVICES



FACEBOOK.COM/
BILLINGSCITYCOUNTYPLANNING



PLNONLINE@BILLINGSMT.GOV



406-247-8676



Public Works FY25 Budget

Excellence
Innovation
Integrity



Exceed expectations through
innovation, integrity, and
service to the community.



Billings PUBLIC WORKS Leadership Team

Debi Meling
PE
Director

Jennifer Duray
CPA
Deputy Director

Scott Emerick
PE
D&C
Superintendent

Mac Fogelsong
PE
City Engineer

Kyle Foreman
Solid Waste
Superintendent

Louis Engels
PE
Water Quality
Superintendent

Derick Miller
Street-Traffic
Superintendent

Boris Krizek
PE
Environmental
Engineer

Public Works Responsibilities

Advancing Quality of Life for All

Facilities

Maintain 35 Locations
Around Billings

Assets

Over \$7.5 Billion
Managed Each Year

Staff

289 Full-Time
Employees Oversee
Operations





Billings
PUBLIC
WORKS

Our Budget at Work

Annual Accomplishments

Community Impact

- 120,000 residents of Billings depend on our services every day
- Core services
 - Project and ROW management
 - Streets/alleys/street lights/multi-use path/sidewalk maintenance
 - Traffic management
 - Solid waste management
 - Stormwater management
 - Wastewater management
 - Safe drinking water
- Approximately \$110M invested in local community in FY24



Your garbage services are changing on Monday, 9.11.2023

**SAVE!
THE DATE!**

We've been trying to reach you with...

 A sticker on the black bin

 A postcard in the mail

 A phone message

 An email



Billings
PUBLIC
WORKS
SOLID WASTE



Engaging the Community

- Facebook/Instagram/X/Next Door/You Tube
- Website/online maps
- Semi-annual newsletter and annual CCR
- Facility tours
- Open houses (landfill and wastewater)
- Billings Gazette/Amplified
- Community meetings at the Library
- Neighborhood meetings
- Task Forces
- Special interest groups (rotary clubs, Realtors Association, development community, HBA, Landlord Association)
- Strawberry Festival
- STEM Yellowstone
- Schools (Saturday Live, Future Ready, preschools)
- Montana Fair
- Groundbreaking and ribbon cutting ceremonies



Projects Completed in FY24

- Brewington Drive (\$1.4M)
- Charles Street (\$1.6M)
- Cypress Point (\$1.1M)
- **Inner Beltloop – June (\$13M)**
- SBURA streets – Vaughn, Mitchell, Hillview (\$4.5M)
- SBURA gravel streets - Morgan, Ryan, Stephens/Optimist Park – June (\$2.6M)
- **Muldowney Road (\$4.3M)**
- PAVER (\$2.5M)
- **New signal at 48th and Grand (\$0.5M)**
- Annafeld streetlights (\$0.4M)
- Safe Routes to School projects – August (\$0.5M)
- Traffic calming projects (\$0.05M)
- Sidewalks (\$1.4M)
- ADA corners (\$0.25M)



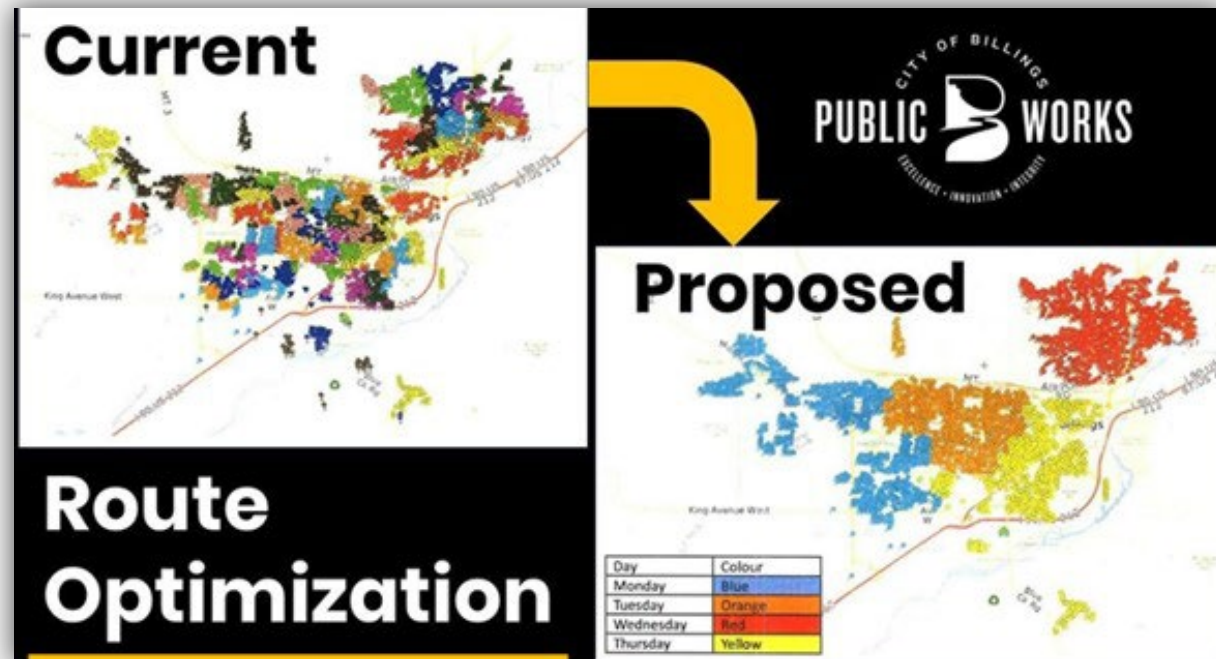
Projects Completed in FY24

- Bitterroot storm drain (\$2.7M)
- Cook Ave, Grand/3rd, & 54th/Walter storm drain improvements (\$.5M)
- Gabel Rd Hogan Slough culvert emergency replacement (\$.8M)
- Arnold drain intake (\$.2M)
- **Composting – June (\$3M)**
- **Compliance Flare (\$2.5M)**
- Landfill west slope stabilization (\$1M)
- Landfill scale house upgrade (\$.7M)
- High Service and Willett pump station improvements (\$2.1M)
- Water main replacements (\$4.5M)
- Wastewater main replacements (\$4.4M)
- Monad sewer (\$3.4M)
- Hesper sewer (Gabel to Shiloh) (\$.8M)
- **Nutrient recovery (\$4.8M)**



Other Annual Accomplishments

- Composting at landfill – June 2024
- Captured enough methane to power 2,600 homes for a year
- Solar powered LED/dark sky compliant lights at Shiloh Conservation Area
- Route optimization completed in solid waste collections
- On track to recycle 506,000 pounds of cardboard





Annual Accomplishments - Asset Management

It's about doing
the right thing

Right Investment

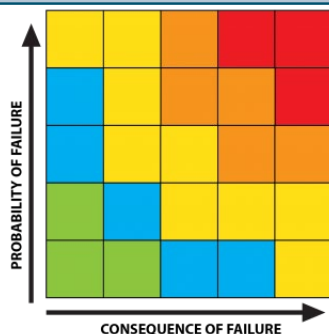
Right Asset

Right Time

Data Driven Decision Making

Sharing knowledge and experience through data to support informed decision making about the assets we work with every day.

EXTREME	High Priority In CIP/ Annual Operational Frequency
HIGH	Standard Priority In CIP/ Bi-Annual Operational Frequency
MEDIUM	Low Priority In CIP/ 1 In 5 Years Operational Frequency
LOW	1 In 10 Years Operational Frequency
NEGLECTABLE	Wait for a problem to arise



Public Works & Asset Management

from planning to operation and maintenance, it helps us all do **what we do... even better.**



Multi-Objective Decision Analysis (MODA) Approach to CIP Prioritization

Data-driven, best practices approach to prioritizing projects

Proj Name	Cost \$	Results Based on MODA Value	Results Based on MODA & Cost	Provide staff safety	Provide public safety	Comply with Regulations	Maintain service level	Maintain staff working	Enhance service level	Enhance staff working	Enhance resilience	Provide multi-modal	Serve New Growth	Promote Efficiency	Protect the Environment
Annual Storm Sewer Rehabilitation Program	\$375,000	150.6	107.4	3.0	9.0	2.0	10.2	1.8	4.0	1.2	3.0	0.0	2.2	4.8	2.0
Babcock Boulevard Storm	\$2,430,000	102.7	67.3	1.0	6.0	0.0	10.2	0.6	8.0	0.0	3.0	0.0	2.2	2.4	2.0
Arnold Drain Regional Detention	\$2,875,000	186.6	125.6	3.0	9.0	0.0	13.6	1.2	10.0	0.6	2.0	0.0	8.8	4.8	8.0
King Park Drainage Basin Improvements	\$1,840,000	90.1	63.1	1.0	6.0	0.0	6.8	1.2	4.0	0.4	1.0	0.0	2.2	2.4	2.0
Rimrock Road (62nd St W to 54th St W) and 54th St	\$1,830,000	116.9	70.3	2.0	6.0	0.0	10.2	1.2	10.0	0.8	3.0	0.0	6.6	4.8	2.0
West Heights Storm Water Detention, Phase I	\$530,000	100.6	66.6	1.0	6.0	2.0	6.8	1.2	8.0	0.4	2.0	0.0	2.2	2.4	2.0
Stormwater Treatment MS-4; Yegen Drain Basin	\$2,575,000	113.9	68.1	1.0	3.0	6.0	13.6	0.6	10.0	0.4	3.0	0.0	2.2	0.0	6.0
58th Street/ Cottonwood Park Regional Detention	\$2,300,000	105.0	65.4	1.0	3.0	0.0	13.6	0.6	8.0	0.4	2.0	0.0	6.6	2.4	2.0
West Heights Storm Water Detention, Phase II	\$1,500,000	96.8	63.8	1.0	6.0	0.0	6.8	1.2	8.0	0.4	3.0	0.0	2.2	2.4	2.0
City County Drain Unloader or New River Outfall	\$4,200,000	106.7	63.1	2.0	6.0	0.0	10.2	0.6	10.0	0.8	3.0	0.0	2.2	4.8	4.0
Wicks Lane Storm Drain Phase II	\$1,900,000	129.4	74.6	2.0	6.0	2.0	10.2	1.2	10.0	0.8	3.0	0.0	8.8	4.8	6.0



Water Mains Asset Management Plan

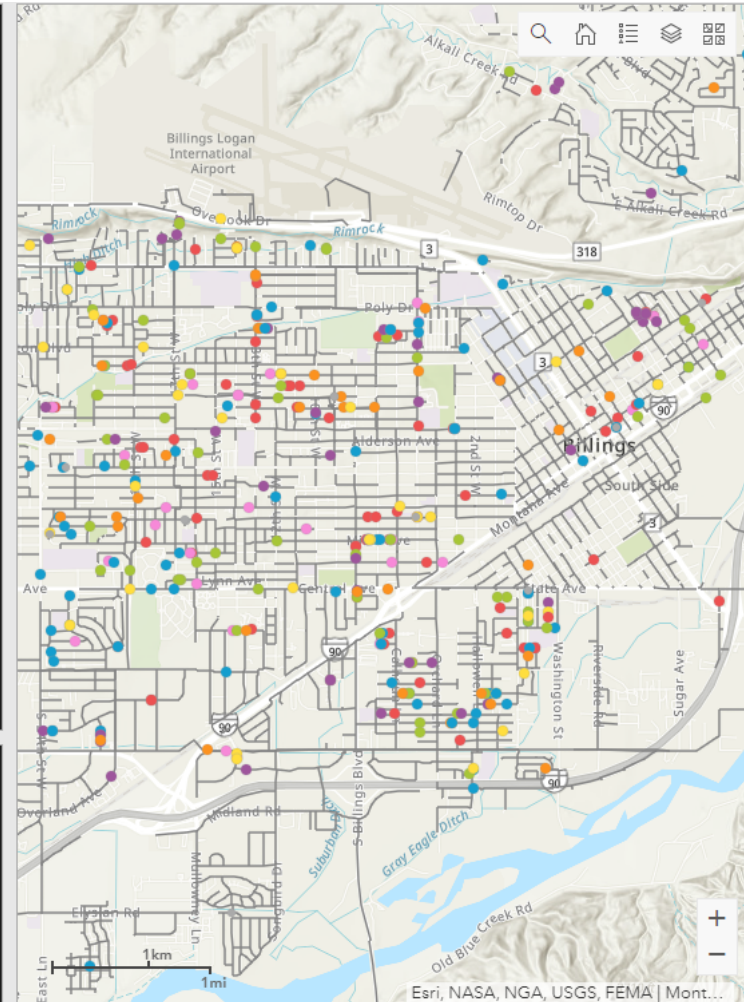
Water Main Repairs

Year

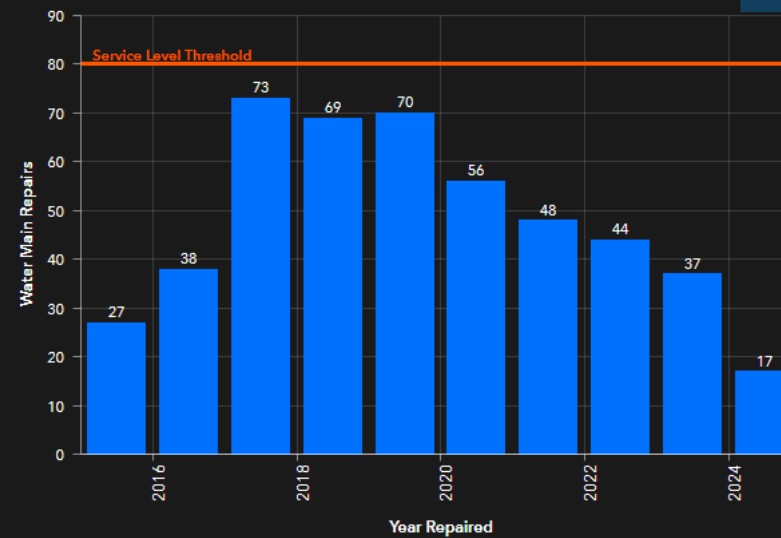
- 2015
- 2016
- 2017
- 2018
- 2019
- 2020
- 2021
- 2022
- 2023
- Other

Water Mains

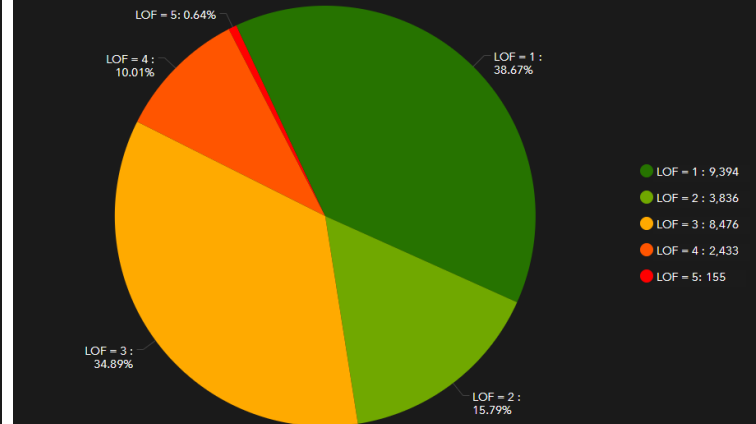
To view all repaired water mains, click on the Layers icon and check the Water Main Repaired layer



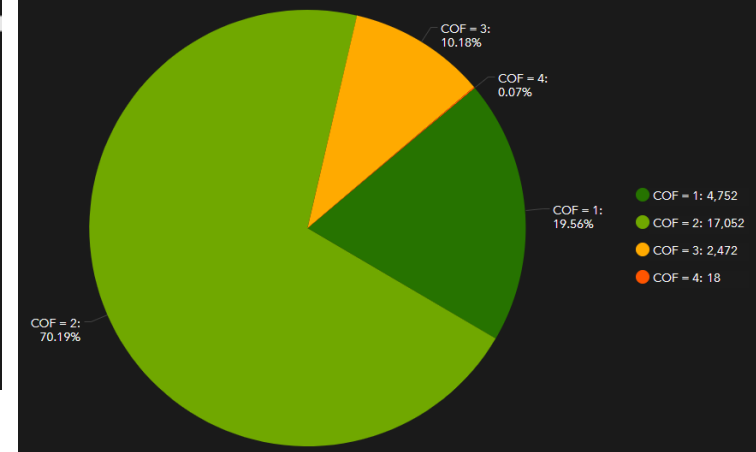
Water Main Repairs Per Year From 2015 - 2023



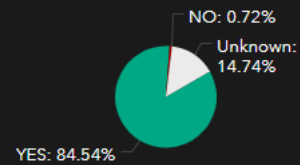
Distribution of assets by LOF score



Distribution of assets by COF score

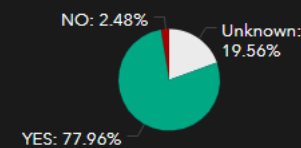


% Water Mains That Meet Service Pressure Requirement



Last update: a few seconds ago

% Water Mains That Meet Fire Flow Requirements



Last update: a few seconds ago



Billings
PUBLIC
WORKS

FY25 Budget Highlights

Serving Billings

FY25 Budget Summary



Total Public Works Budgeted Expenses

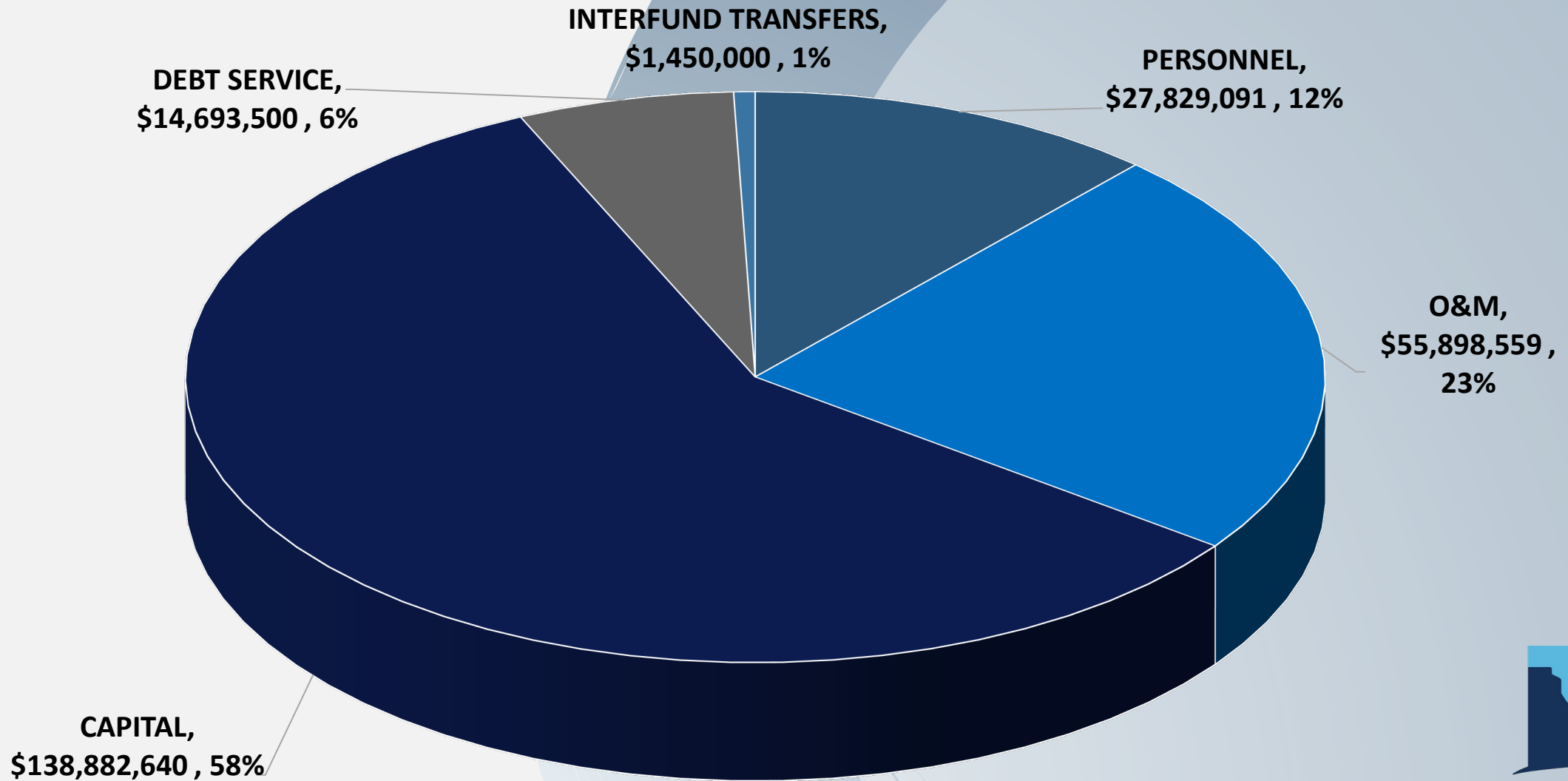
FY24 Total	FY25 Total	\$ Change
\$152,417,518	\$238,753,790	\$86,336,272

Total Public Works Budgeted Revenues

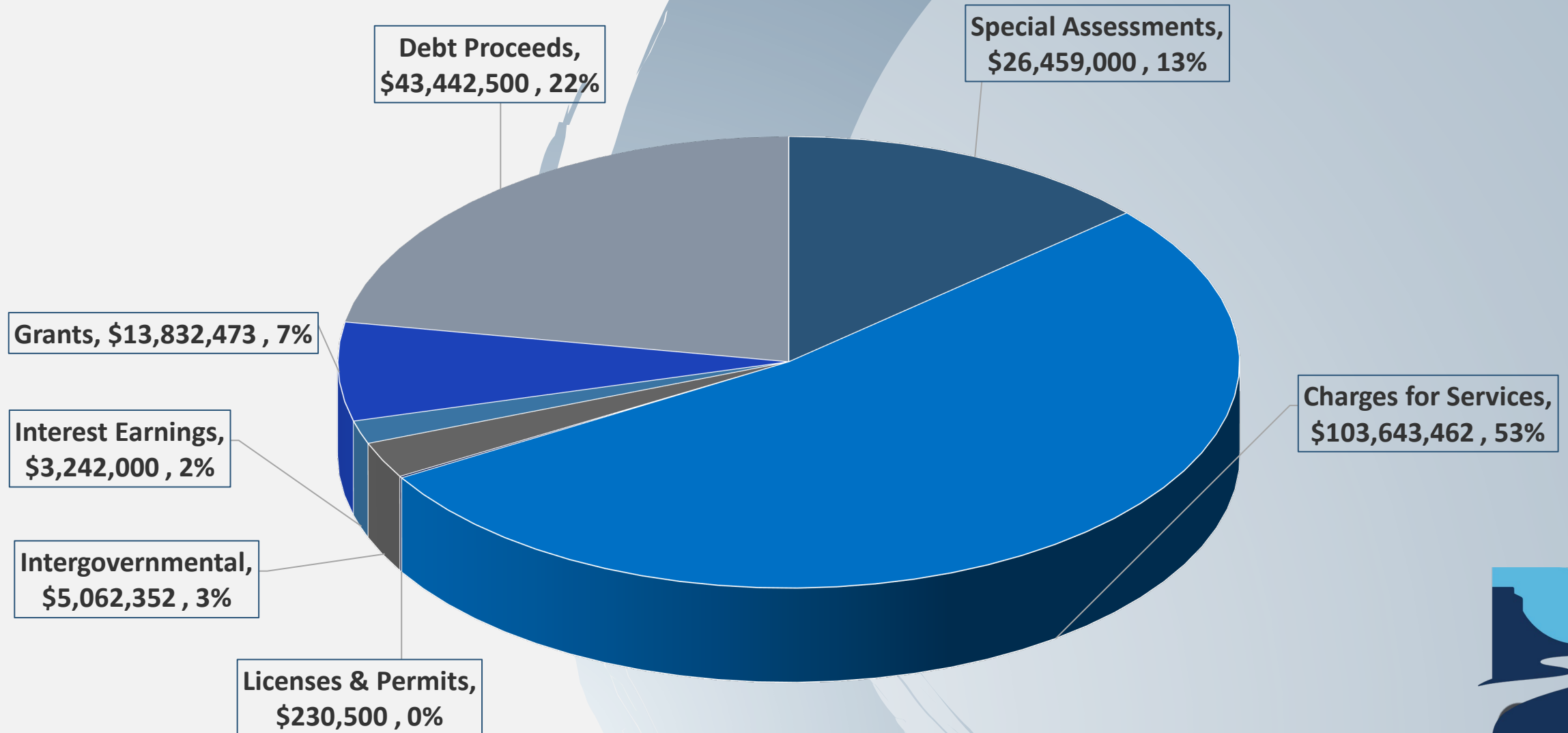
FY24 Total	FY25 Total	\$ Change
\$132,506,845	\$196,117,287	\$63,610,442



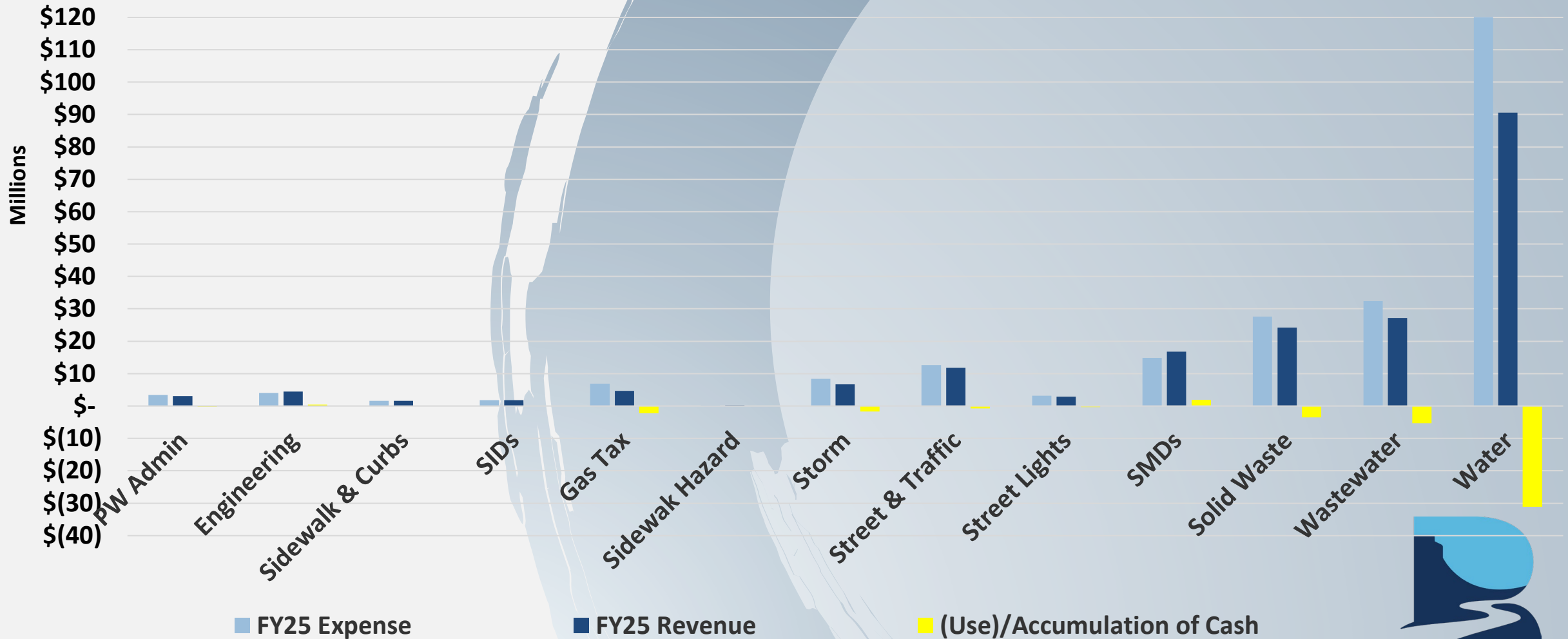
FY25 Expenses



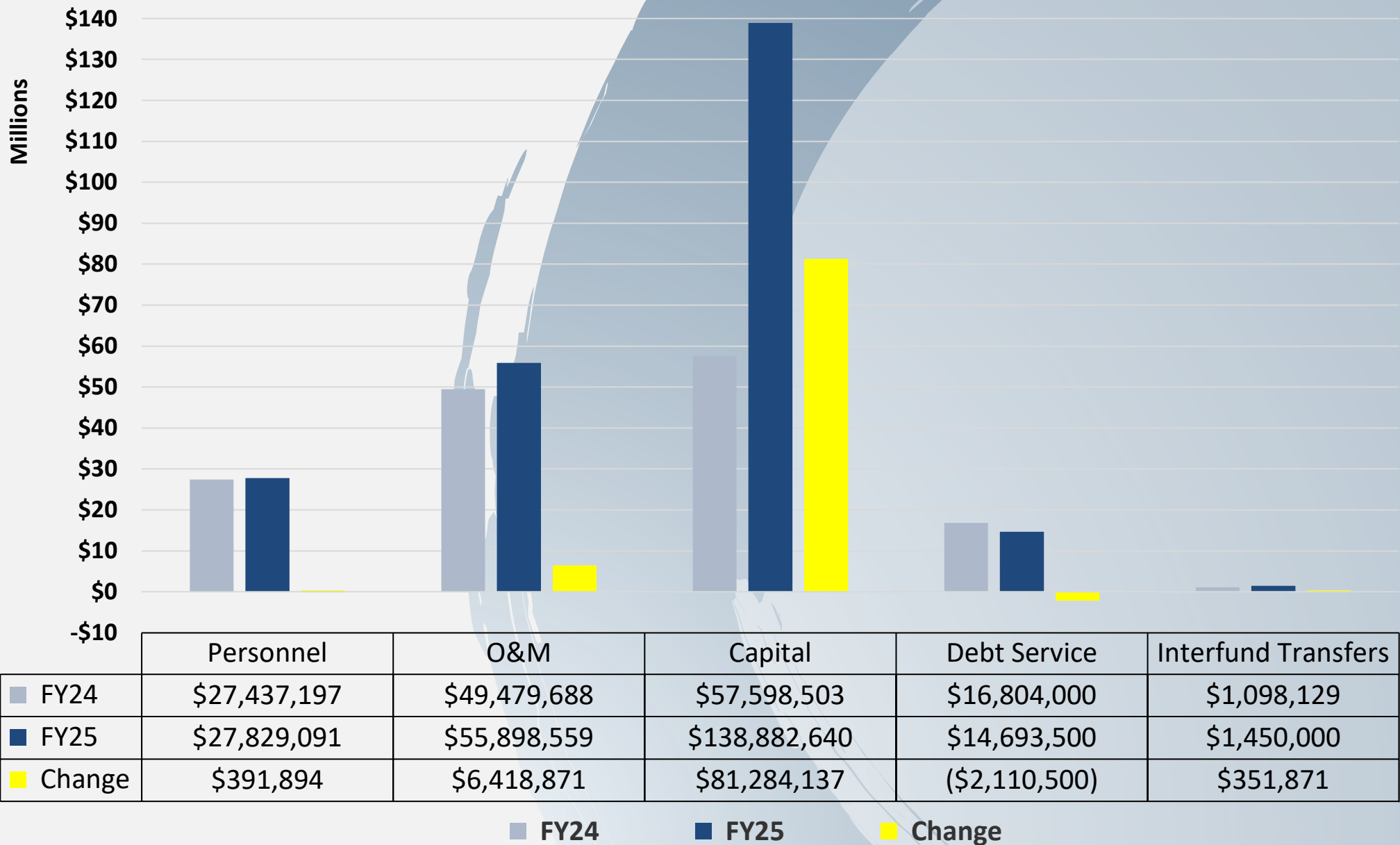
FY25 Revenues



FY25 Expenses & Revenues by Fund

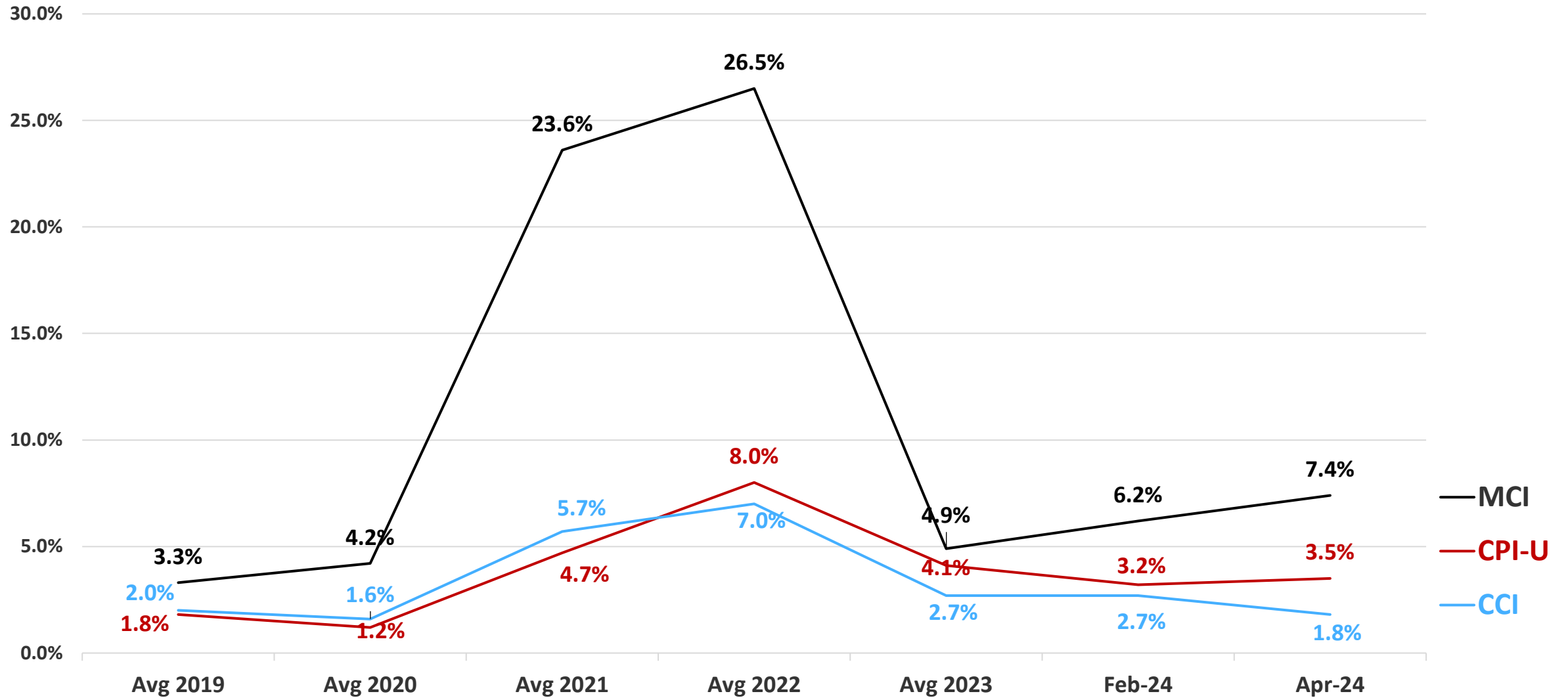


Changes in FY25 Expenses





Inflation





FY25 Personnel



Personnel Changes	
FY24 Budgeted FTEs	288
Additional CDL Trainer Added in FY24	+1
FY25 Requested Additions	+0
FY25 Proposed FTES	289

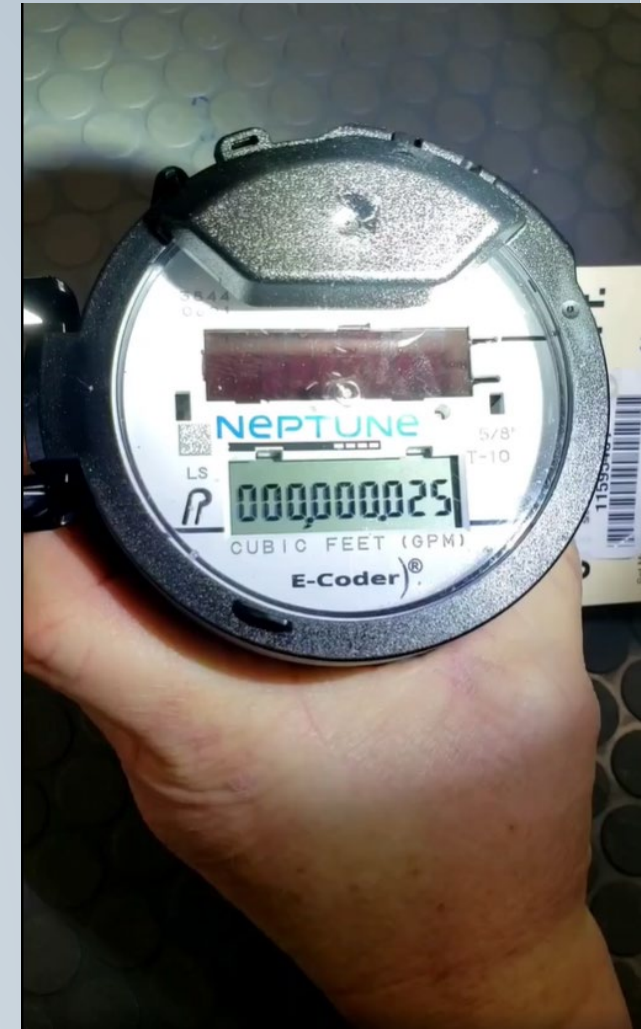




Notable O&M Changes

O&M Increases	
Automated Pavement Condition Index (PCI) Collection	\$100,000
Street Traffic Charges for Storm Services	\$1,526,193
Landfill Closure/Post Closure Costs	\$420,000
Solid Waste Master Plan	\$110,000
Increase Water Meter Budget	\$97,000
Hauling Sediment from Water Plant	\$175,000
Electricity	\$290,500
Motor Vehicle Parts and Labor	\$942,000
Fuel	\$339,800*
Property and Liability Insurance	\$713,770
General Fund & Internal Services Cost Allocations to PW	\$365,138

**Not needed. Need to amend fuel budgets which will result in a decrease in the fuel budgets from FY24 of \$13,200.*



FY25 Capital Project Highlights

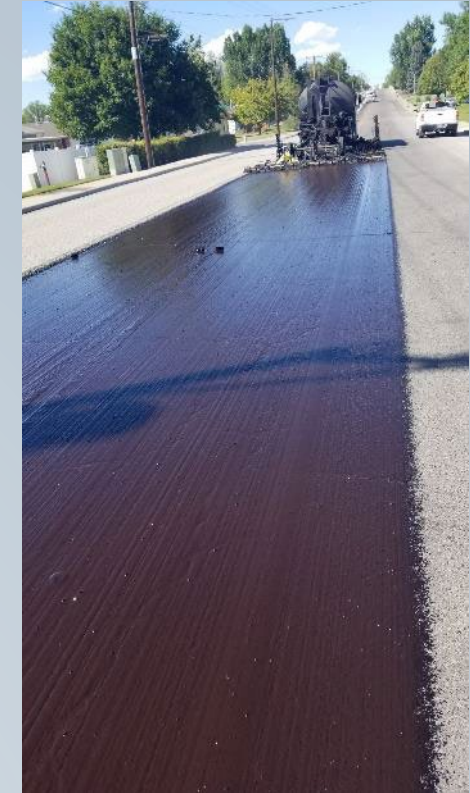
FY25 Projects	Cost
Lift Horizontal Gas Wells at Landfill	\$0.8M
54 th to Grand to 48 th Drainage Corridor	\$1.3M
Wicks Lane Storm Drain Phase II	\$1.9M
Design of Grand Avenue 43 rd to 62 nd	\$2.0M
Design of Rimrock Rd 54 th to 62 nd	\$0.6M
Hesper Road Improvements	\$2.0M
Intake #2 Catwalk Repair	\$3.7M
Central Sewer & Water Extension	\$1.6M
Digester Gas Boiler Replacement	\$1.0M
Hesper Sewer	\$3.8M
West End Distribution	\$4.0M
West End Reservoir	\$69.4M
Zone 1 Water Storage Improvements	\$6.0M



FY25 Annual Capital Programs



FY25 Annual Programs	Cost
ADA Replacement	\$0.3M
Gravel & Non-Maintainable Street Reconstruction	\$3.2M
Intersection/Traffic Improvements	\$1.1M
PAVER Program	\$3.9M
Pedestrian Crossing Improvements	\$0.1M
Missing Sidewalk Program	\$1.1M
SIDs	\$1.2M
SRTS	\$0.7M
Storm Programs	\$0.7M
Traffic Calming	\$0.1M
Water/Wastewater Compensation Agreements	\$0.6M
Water/Wastewater Electrical	\$1.2M
Water/Wastewater Main Extensions	\$3.0M
Water/Wastewater Main Replacements	\$11.6M





Proposed FY25 Fees

Street Maintenance Districts

- 2 Districts generate \$15.9M
- Rate increases typically based on amount required to maintain current service levels (blend of CCI, CPI-U, MCI and previous year's budget to actual variance)
- Proposed increases based on:
 1. Amount required to maintain current service levels
 2. Addition of Safe Routes to School projects (\$700,000 annually; \$0 increase from FY24)
 3. Addition of traffic calming projects (\$100,000 in FY25; \$50,000 increase from FY24)
 4. Increase PAVER funding to reach recommended overlay and chip seal cycles in ten years (\$350,000 increase in FY25)

SMD	FY24	FY25	\$ Increase	% Increase
SMD 1	\$345,000	\$350,000	\$5,000	1.6%
SMD 2	\$15,540,000	\$16,560,000	\$1,020,000	6.6%
Total SMD	\$15,885,000	\$16,910,000	\$1,025,000	6.5%

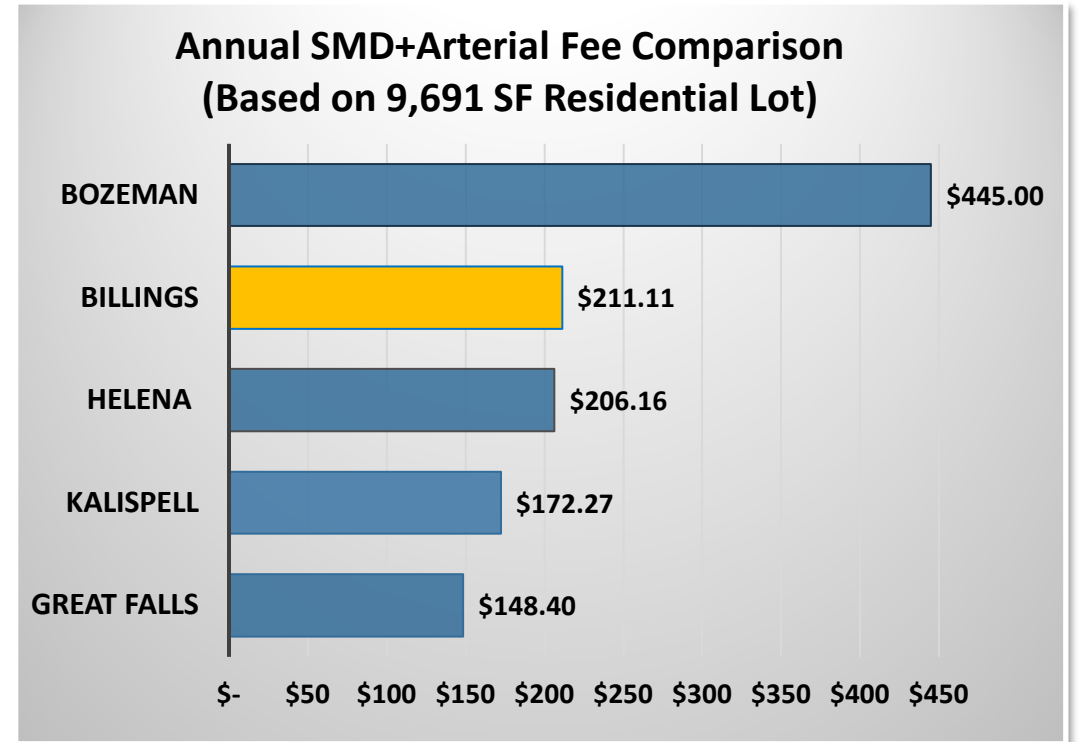




Proposed FY25 Fees

Street Maintenance Districts

	FY24	FY25	\$ Increase
Impact to Annual Average Residential Rate	\$198.04	\$211.11	\$13.07





Proposed FY25 Fees

Solid Waste

Waste Collection	FY24	FY25	\$ Increase	% Increase
Monthly residential 96-gallon container	\$13.90	\$14.50	\$0.60	4.3%
Monthly residential 64-gallon container	\$9.90	\$10.35	\$0.45	4.5%
Additional black 96-gallon container	\$4.50	\$4.85	\$0.35	7.8%
Extras per item (call in)	\$5.00	\$5.25	\$0.25	5.0%
Commercial 8 yard, 2x/week	\$166.22	\$173.14	\$6.92	4.2%
Roll-off	\$200.00	\$212.00	\$12.00	6.0%

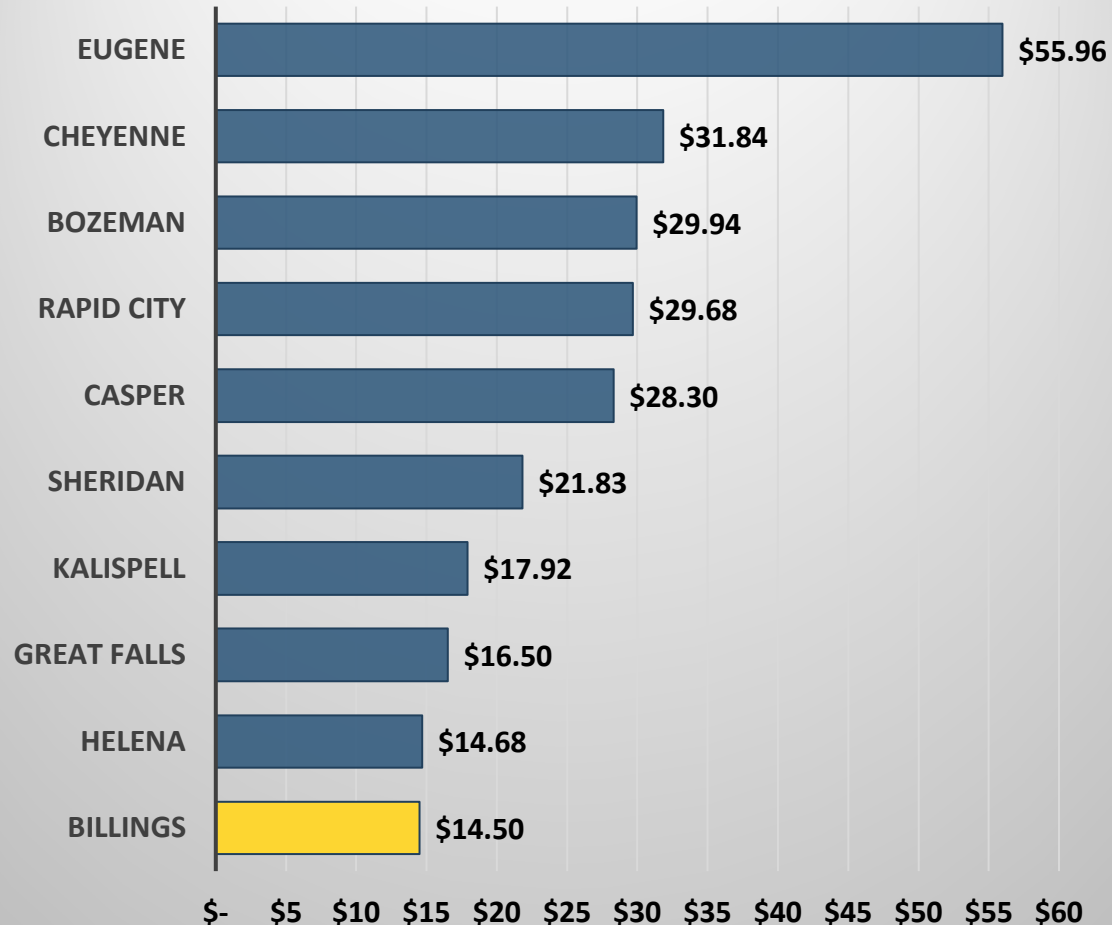
Landfill Fees	FY24	FY25	\$ Increase	% Increase
Landfill fee per ton – Billings	\$26.00	\$27.80	\$1.80	6.9%
Landfill fee per ton – outside Billings	\$39.00	\$41.70	\$2.70	6.9%
Landfill fee per ton – out of state	\$52.00	\$55.60	\$3.60	6.9%



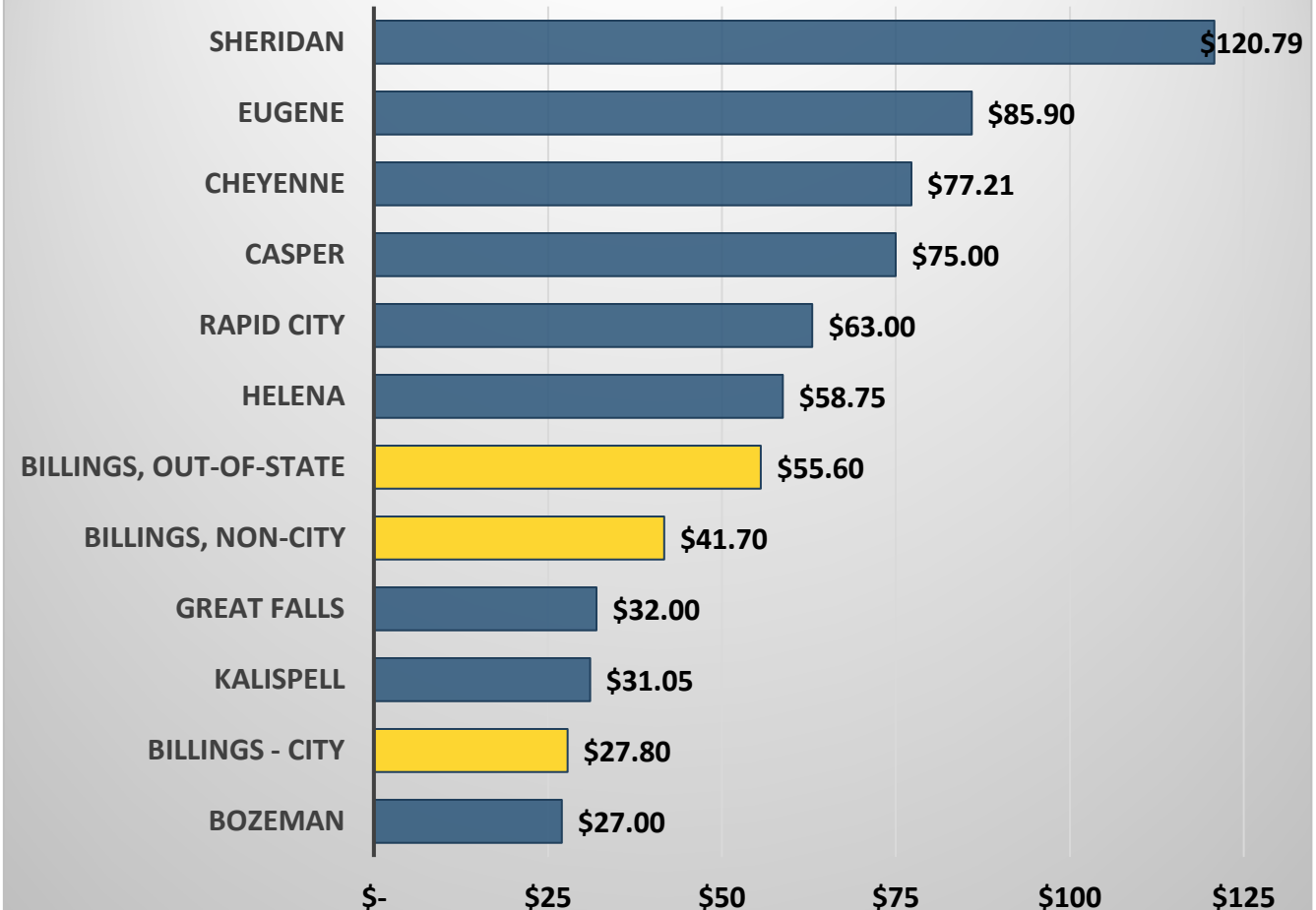


Comparison of Solid Waste Fees

96-Gallon Monthly Residential Collection



Landfill Fee Per Ton





Previously Approved FY25 Fees Water

Water Volumetric Rates per kGal

Customer Class	FY24	FY25	Change
Residential (Inside):			
Tier 1: 0-5,000 gallons	\$4.35	\$4.87	11.9%
Tier 2: 5,001-32,000 gallons	\$5.20	\$5.82	
Tier 3: 32,001-75,000 gallons	\$6.76	\$7.57	
Tier 4: > 75,000 gallons	\$10.15	\$11.37	
Multi-Family	\$4.27	\$4.78	11.9%
Non-Residential	\$3.68	\$3.97	7.9%
Bulk Water Resellers	\$4.55	\$4.91	7.9%
Seasonal	\$6.14	\$6.88	12.1%
Heights Water District	\$2.97	\$3.04*	2.4%

**Rate not yet approved by Council*

Other Water Charges

FY25 % Increase

Fixed Meter
Charges

1.7%

Private Fire
Annual Charges

6%





Previously Approved FY25 Fees

Wastewater

Wastewater Volumetric Rates per kGal			
Customer Class	FY24	FY25	Change
Residential	\$5.41	\$5.75	2.6%
Multi-Family	\$5.41	\$5.75	2.6%
Non-Residential	\$5.41	\$5.75	2.6%
Septage	\$61.12	\$61.12	0%

Wholesale	FY24	FY25	\$ Change	% Change
Lockwood	\$441,251	\$460,055	\$18,804	4.3%
Phillips 66	\$675,841	\$702,148	\$26,307	3.9%
Par Montana	\$805,095	\$836,106	\$31,011	3.9%

P66 SDF (one-time amount)*

TBD*

**Rate not yet approved by Council*

Other Wastewater Charges	FY25 % Increase
Fixed Meter Charges	6.2%



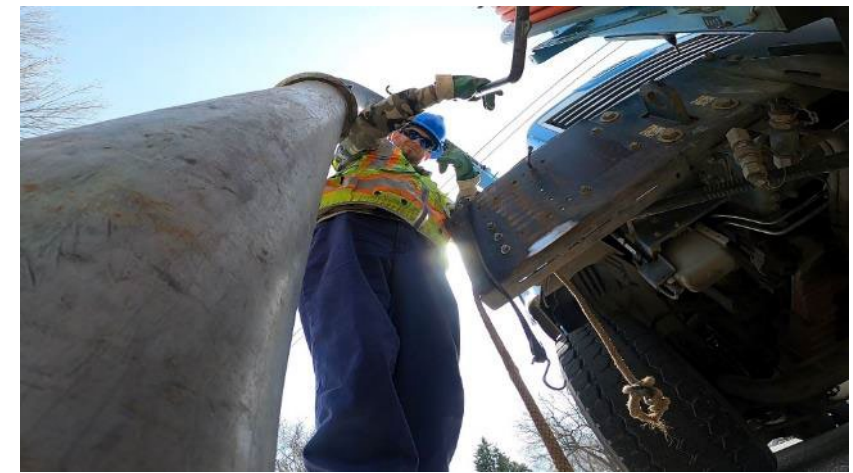


Previously Approved FY25 Fees

Water and Wastewater

Average Household Bill

	FY24	FY25	\$ Change	% Change
Water	\$43.40	\$47.71	\$4.31	9.9%
Wastewater	\$29.04	\$30.85	\$1.81	6.2%
Total	\$72.44	\$78.56	\$6.12	8.4%





Proposed FY25 Fees

Total Average Residential Impact

Property Tax Statement (Annually)	FY24	FY25	Change
Storm	\$59.60	\$0.00	(\$59.60)
SMD	\$198.04	\$211.11	\$13.07
Total Assessments	\$257.64	\$211.11	(\$46.53)

Utility Bill (Monthly)	FY23	FY24	Change
Storm		\$6.68	\$6.68
Solid Waste	\$13.90	\$14.50	\$0.60
Water	\$43.40	\$47.71	\$4.31
Wastewater	\$29.04	\$30.85	\$1.81
Total Utility Bill	\$86.34	\$99.74	\$13.40

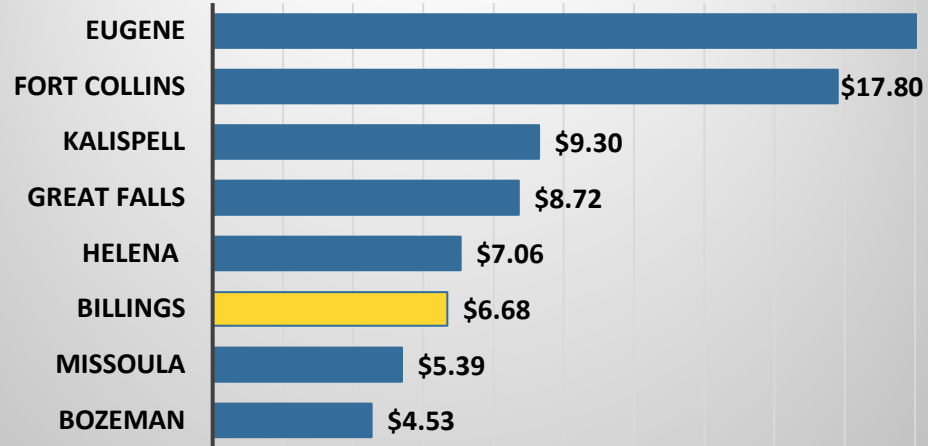
Total Public Works Fee Increases = \$114.24/Year or \$9.52/Month



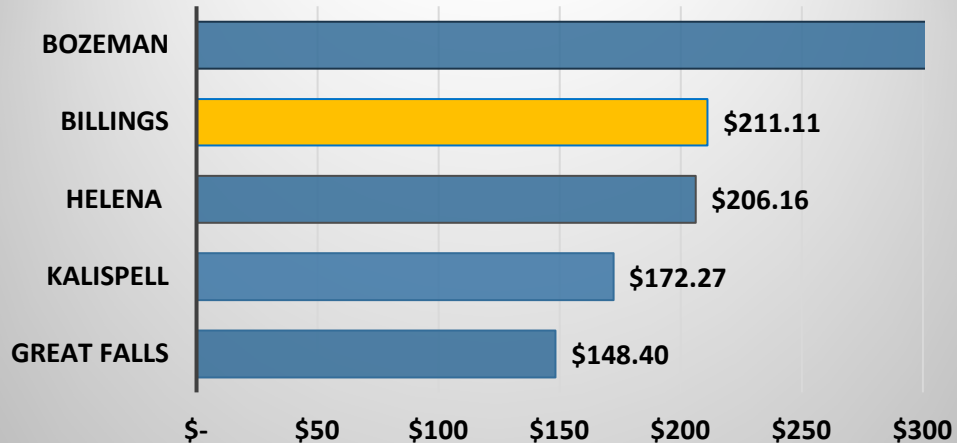


Proposed FY25 Fee Comparisons

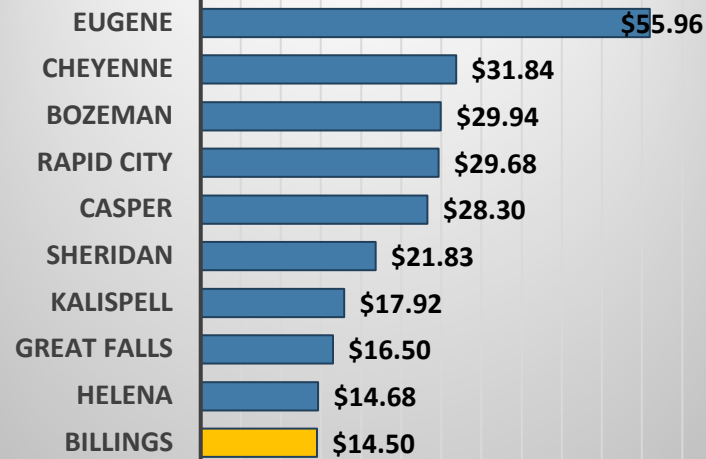
Monthly Storm Fee Comparison
(Based on Average 9,691 SF Residential Lot)



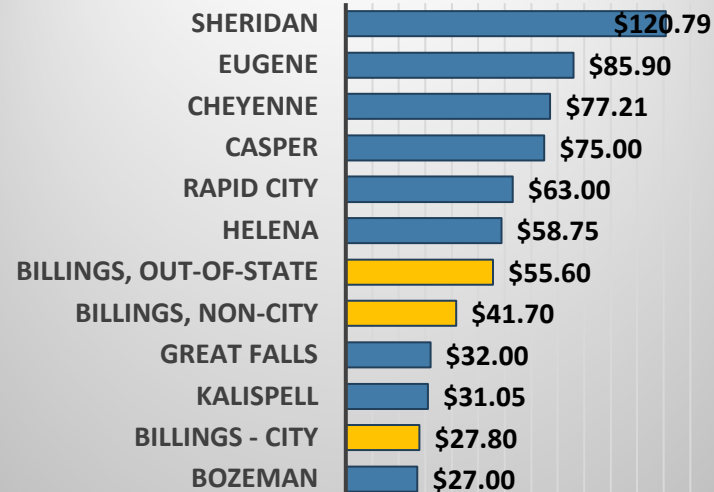
Annual SMD+Arterial Fee Comparison
(Based on 9,691 SF Residential Lot)



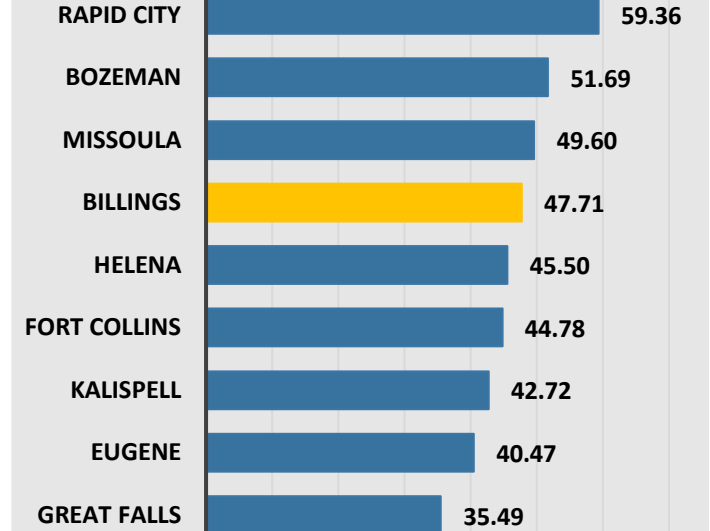
96-Gallon Monthly Residential Collection



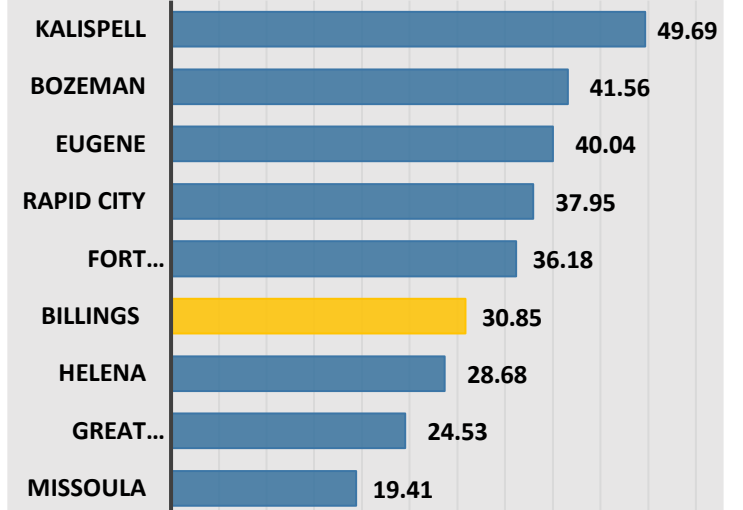
Landfill Fee Per Ton



Average Water Fees



Average Wastewater Fees

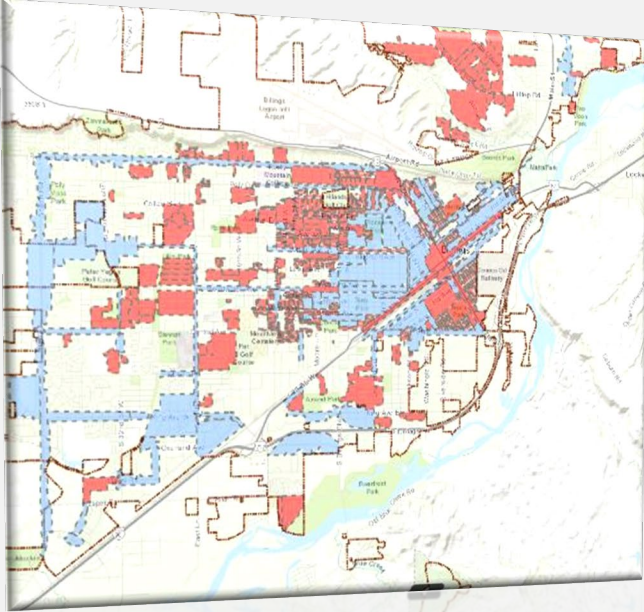




Billings
PUBLIC
WORKS

Challenges to be Addressed in FY25

Possible Future Budget Implications



Street Lights

- 76 city-owned light districts
- 4,500 city-owned lights
 - 20% LED
- Aging poles
- Bad underground wiring
- Need to change HPS lights to LED
- Limited funding mechanisms
- Arterial light district
 - Has to be done through a special district
 - Legislative changes?





Yard Waste



Composting

- Start up in June
- Quality of compost
- Initial uses
- Potential issues
 - PFAS
 - Public sale

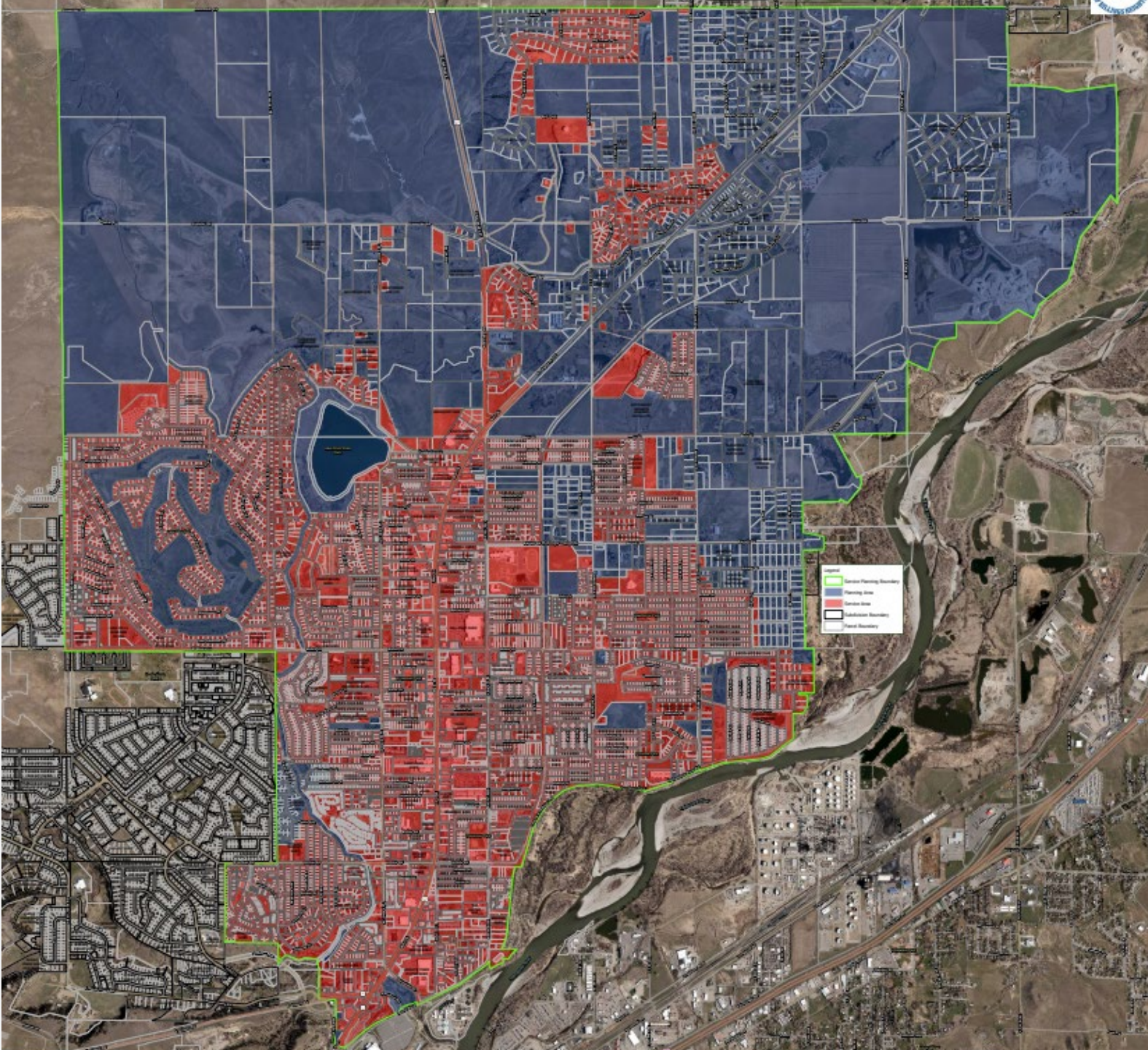




Wastewater Regulations

- Nutrients
- Yellowstone Impairment
- PFAS





Heights Water District

- Working on consolidation evaluation
 - RFP for independent 3rd party evaluation
 - Cost split between city and HWD 50/50
 - Not in proposed budget





West End

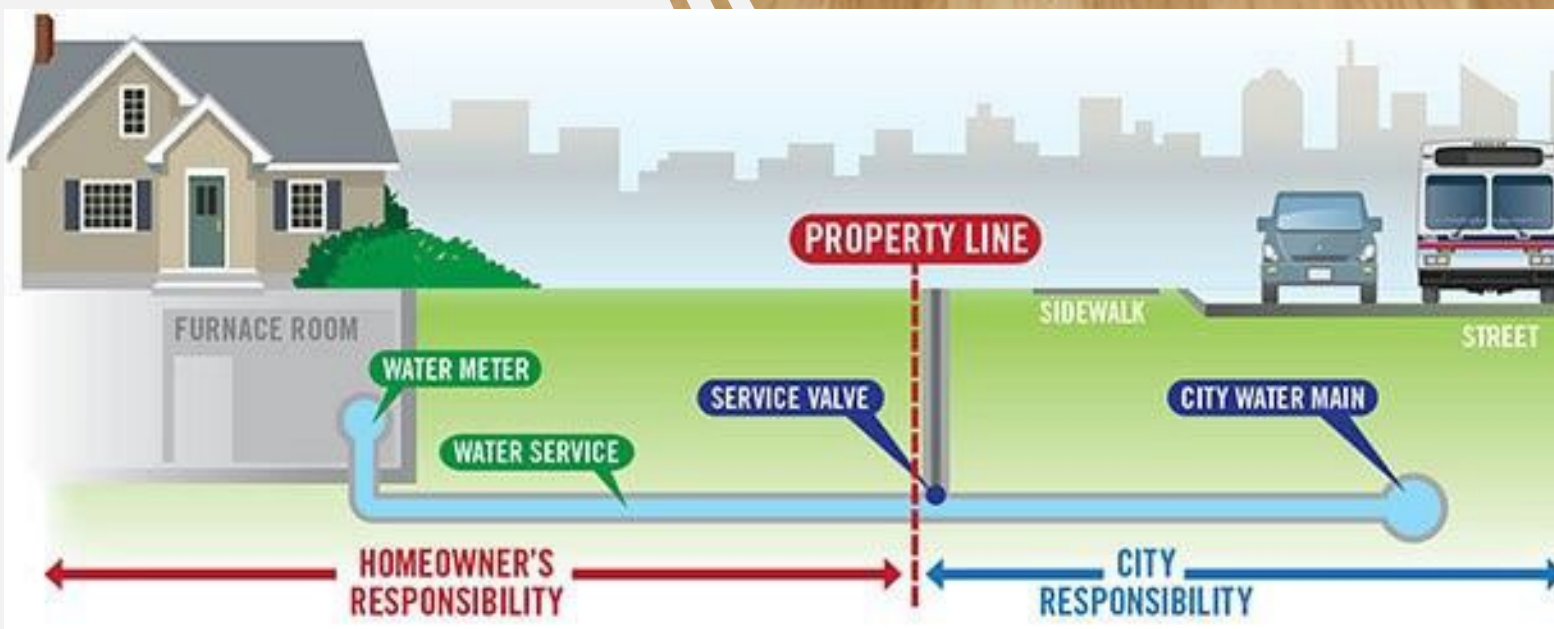
- WTP Under construction!
- Reservoir contractor under contract
- Reservoir plans being finalized
- Diversion structure funding
- Potential cost increase





Lead Services

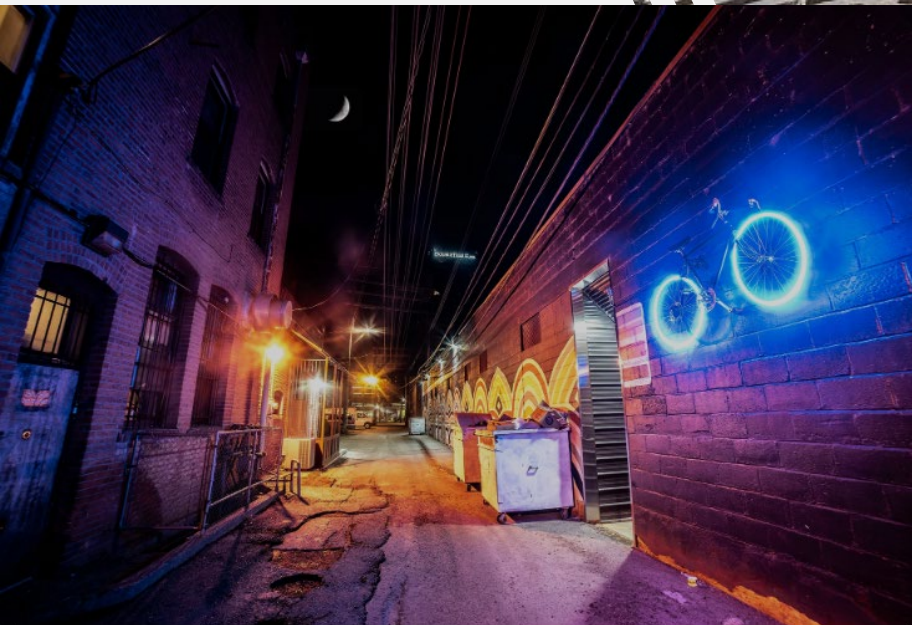
- Completed public side services
- Completed inventory
- Less than 200 private services
- Status of rule and options
- Funding





Paved Alleys

- No current funding for reconstruction of paved alleys
- Inventorying alleys and developing long-term plan in FY25
 - Will require increases in Street Maintenance District fees to fund





Sidewalk Funding

- Per Resolution 18-10719
 - Sidewalk to be assessed to addressed side of residential properties
- City typically pays
 - ADA ramps
 - Curb and gutter replacement
 - Improvements along non-addressed side of corner lots
- Owners typically pay
 - Sidewalk on addressed side
 - Drive approaches on both addressed and non-addressed sides
- Priorities
 - SRTS
 - High pedestrian areas
 - Along arterial streets
 - Along collector streets
- Also Assess property owners for fixing sidewalks (small concrete and grinding programs)

Missing Sidewalk Program	FY25 Budget
Sidewalk assessments	\$620,000
City	\$380,000

If City funds 50% of Sidewalks

Additional \$310,000 needed (2% increase; \$3.96 per year for average residential property owner)

Property Owner benefits from Sidewalk

Increased property values and livability
Existing has all been paid for property owner
Double “assessments” for 1,000’s





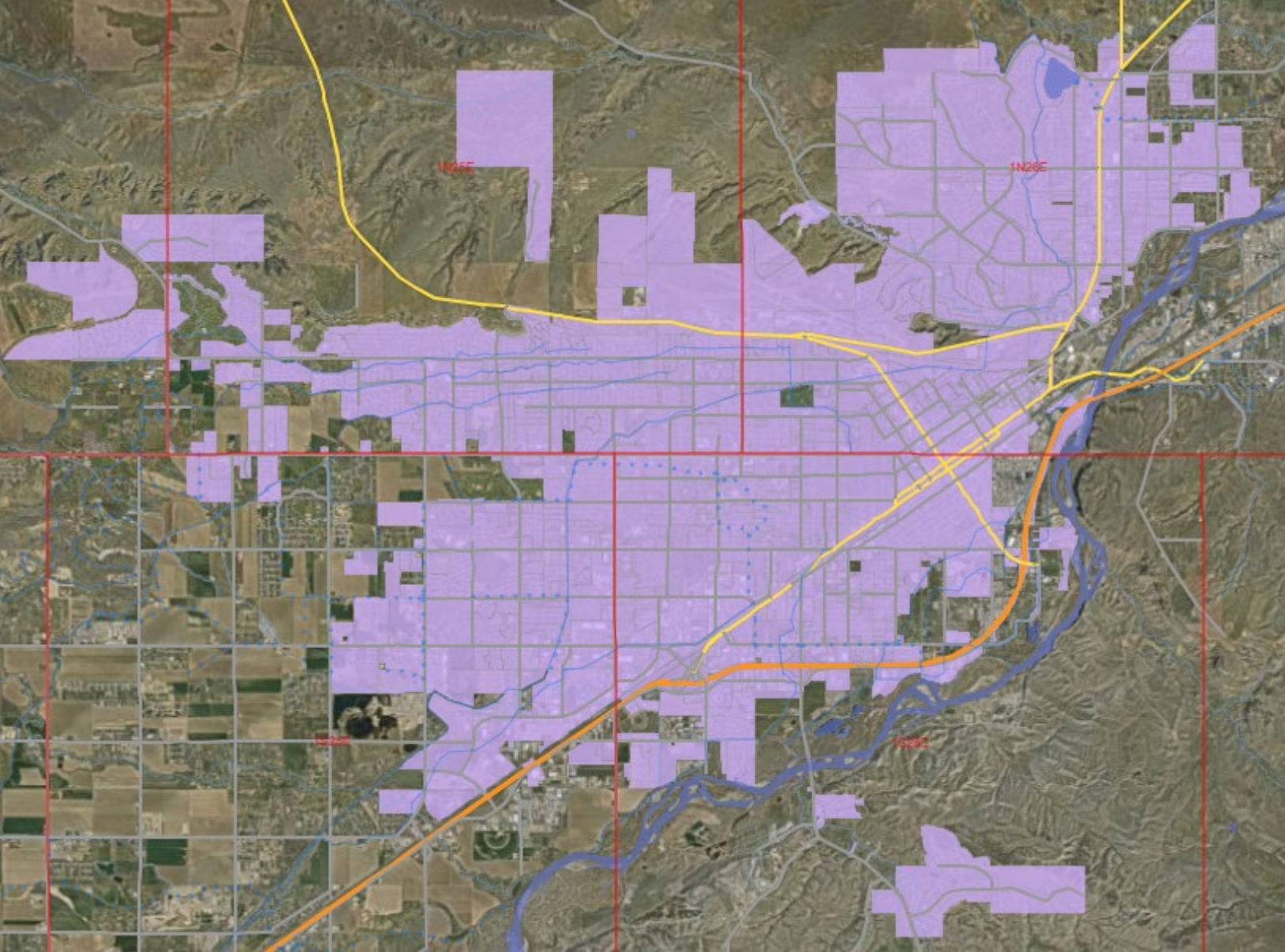
Gravel & Non-maintainable Streets

- Revisiting long-term plan in FY25 to ensure we are still on track
 - Potential change to amount city would fund
 - Focus areas

Non-maintainable Streets	FY25 Budget
Sidewalk assessments	\$780,000
Street Maintenance Districts	\$300,000
Rate increases needed if city funds 50% of sidewalks	2.5%/\$4.95 per year

Gravel Streets	FY25 Budget
SIDs	\$1,400,000
Street Maintenance Districts	\$550,000
Rate increases needed if city funds 50% of SIDs	4.5%/\$8.91 per year





Transportation Plan and SDF

- Master Plan
- Determine potential fee for development for street infrastructure



Excellence
Innovation
Integrity

Thank You Q & A

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