

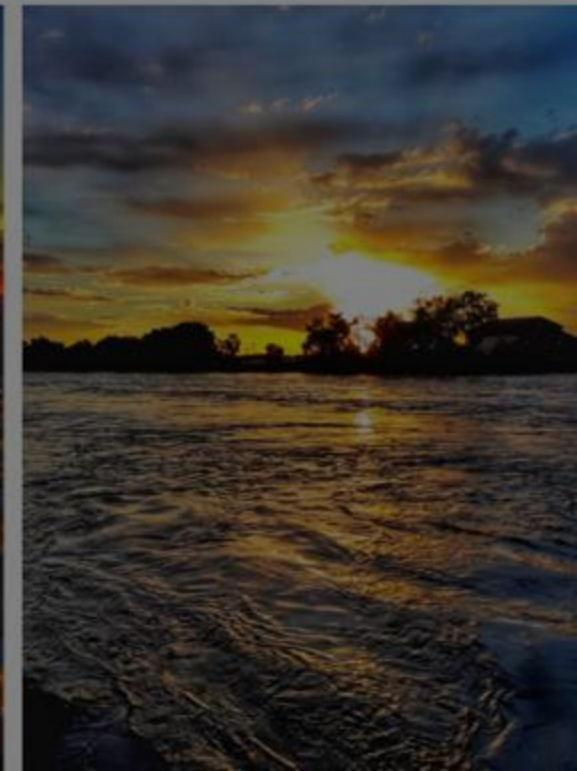


# Public Works

# FY26 Rate Discussion

City Council Work Session

April 21, 2025



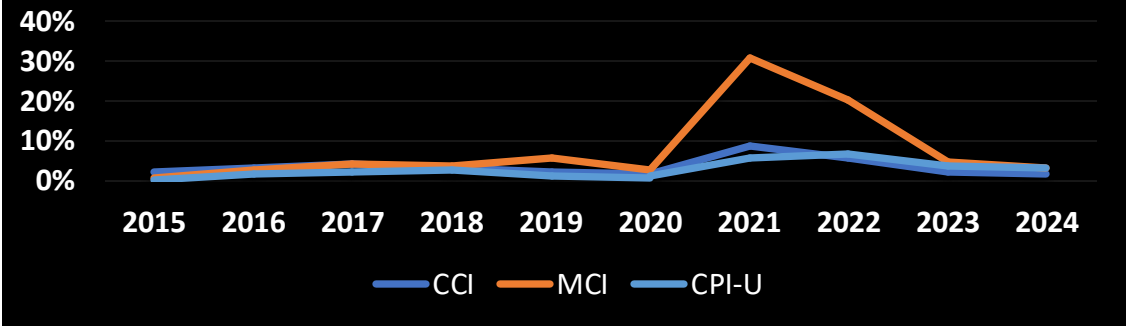


# Street Maintenance District Fees



# What's Driving the SMD Rate Increases?

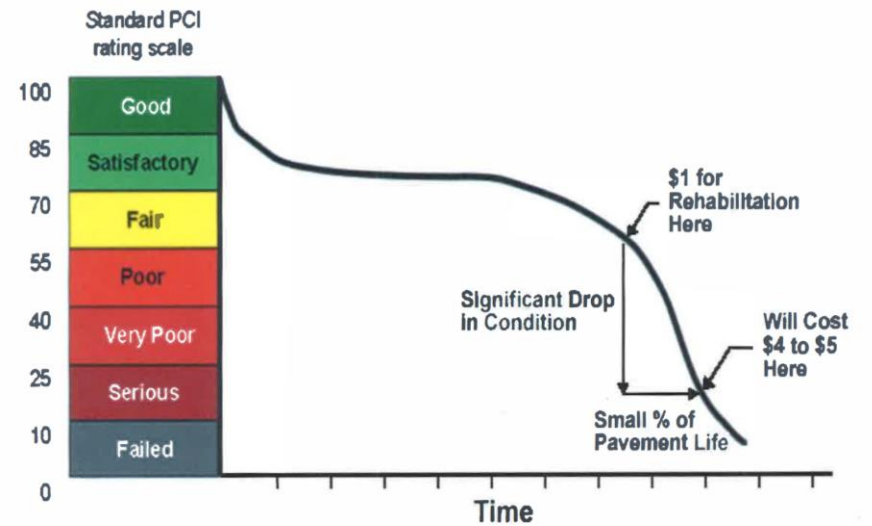
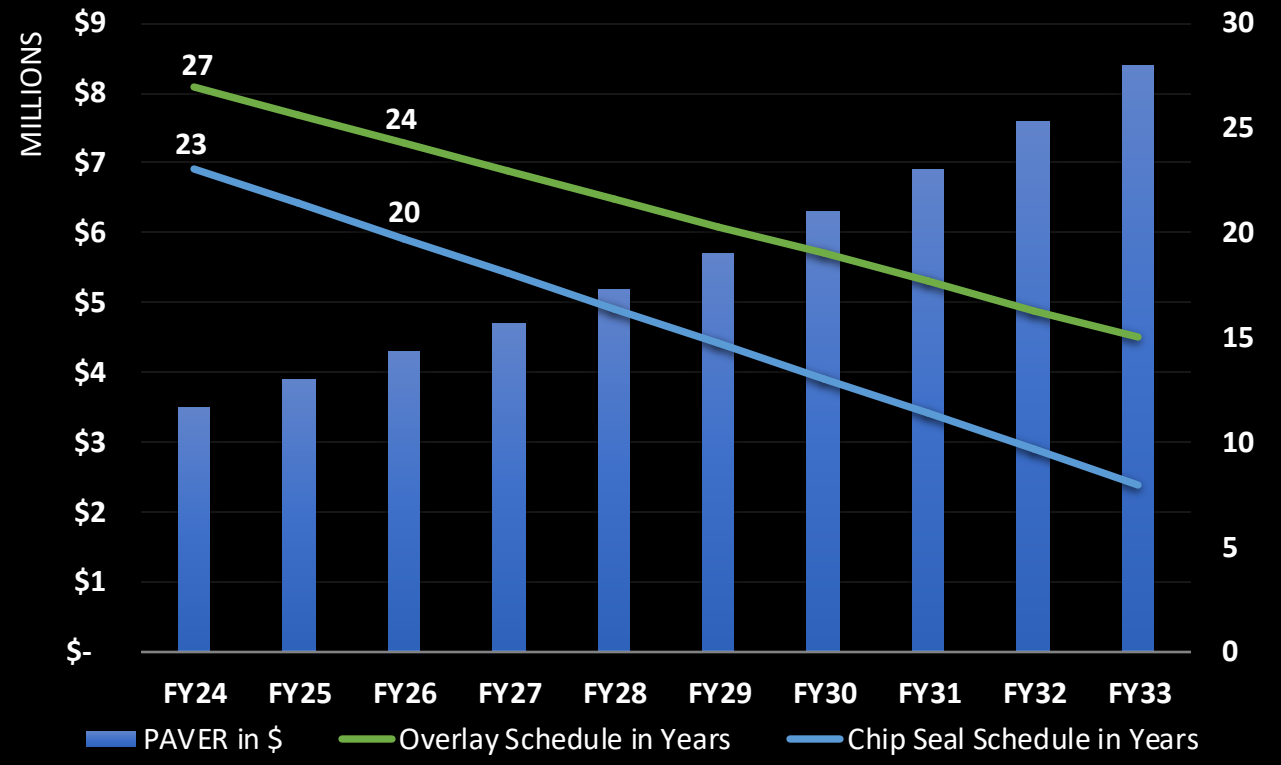
## Inflation



O&M	\$ Change
Cost allocations	\$21,352
BOC rent	\$37,865
Materials inflationary increases	\$115,000

- 12% equipment operators wage increase in FY25 & 4% in FY26
- Reduction of \$610,000 of entitlement funding
- Increase of \$50,000 per year for traffic calming projects
- Increase of \$400,000 for PAVER funding

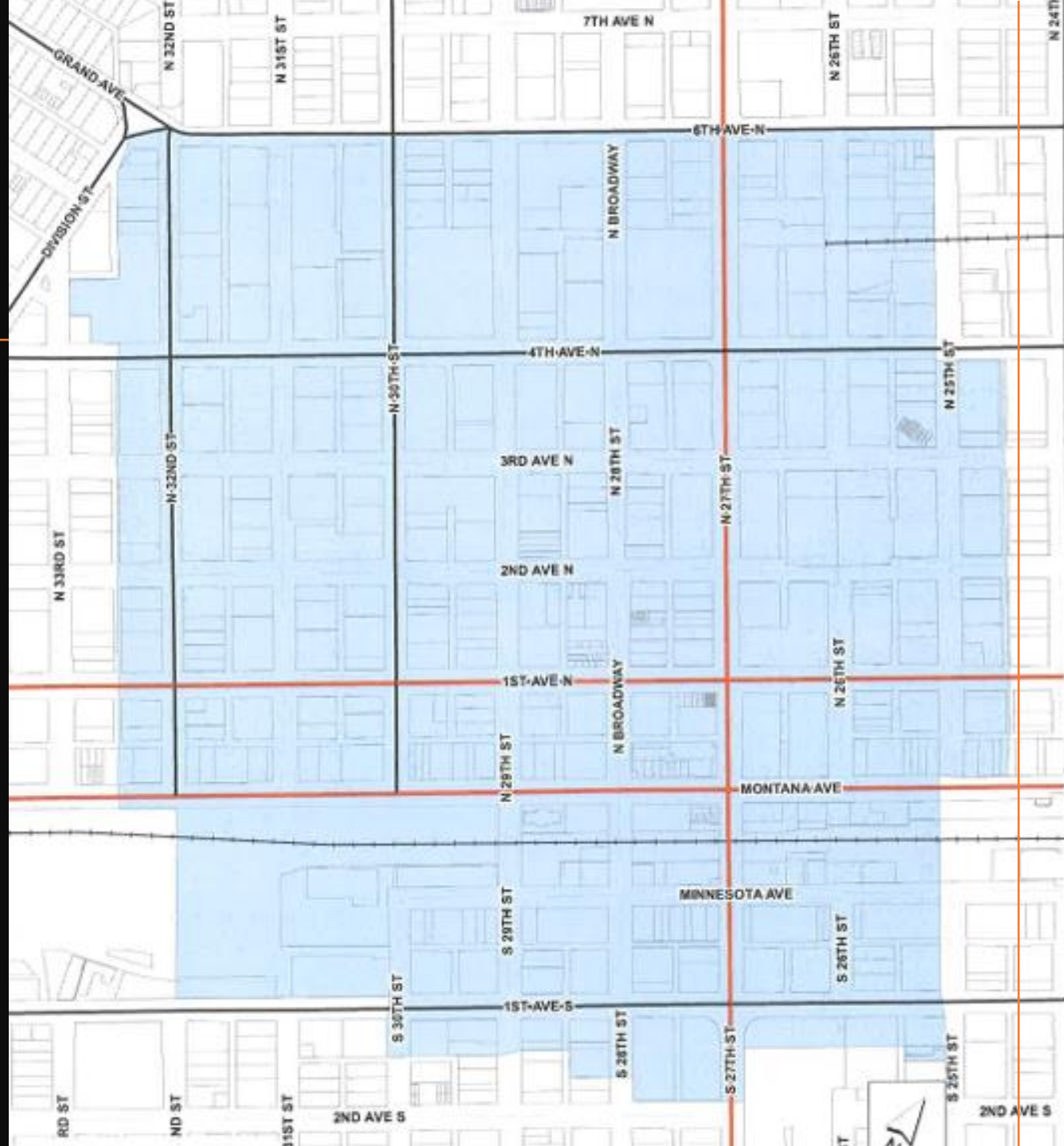
## Planned PAVER Program Spending



# Street Maintenance District 1

Funds additional level of service in the district (sweeping and snow plowing/removal)

District	FY25	FY26	\$ Increase	% Increase
SMD 1	\$355,000	\$355,000	\$0	0%



# Street Maintenance District 2 Fee Options

## Option 1 (current service level and plans)

SMD	FY25	FY26	\$ Increase	% Increase
SMD 2	\$17,050,000	\$17,830,000	\$780,000	4.6%

## Option 2 (BFC recommended)

SMD	FY24	FY25	\$ Increase	% Increase
SMD 2	\$17,050,000	\$17,050,000	\$0	0%

Cut \$784,000 of capital projects

- \$767,000 from SRTS (supplement with TA/grant \$)
- \$17,000 from gravel streets

## Residential Property

	FY25	FY26	\$ Change
Annual Impact	\$216.25	\$226.20	\$9.95

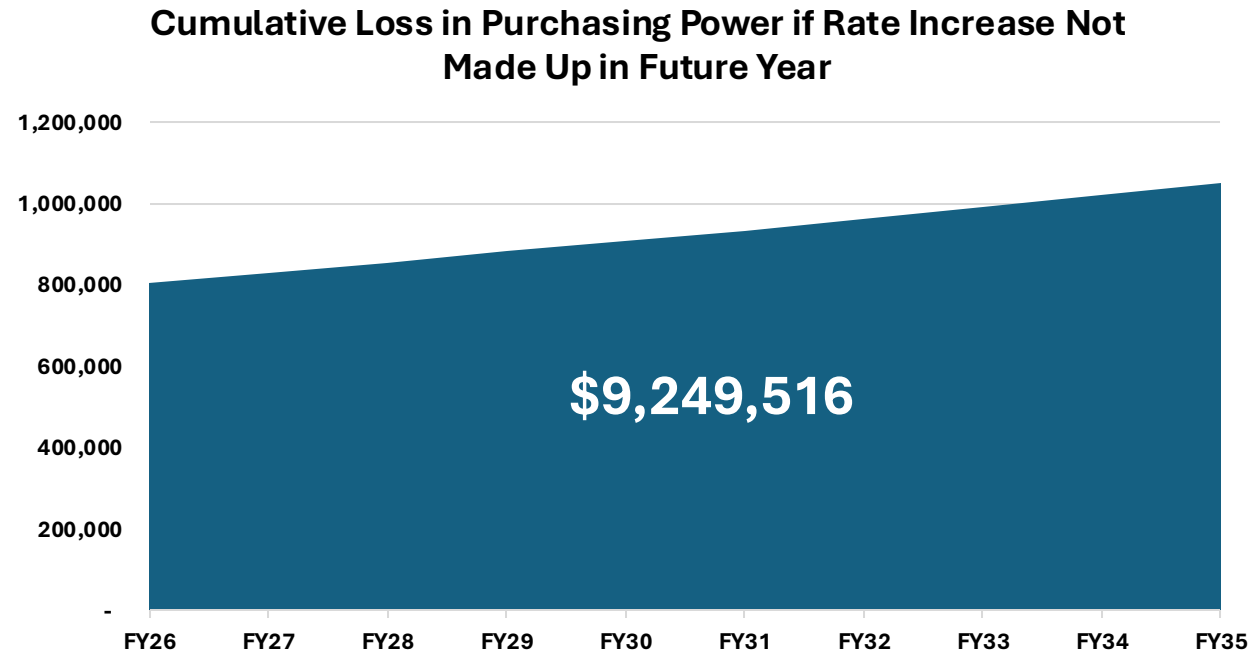
## Residential Property

	FY25	FY26	\$ Change
Annual Impact	\$216.25	\$216.25	\$0



# Effect of 0% SMD2 Rate Increase in FY26

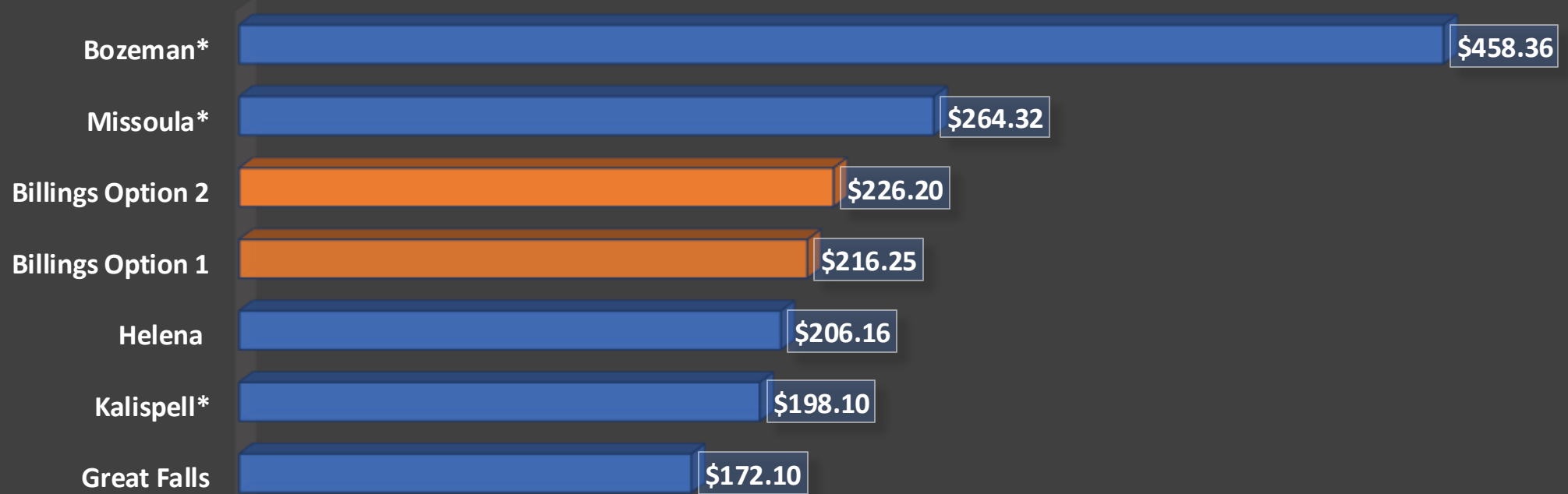
- Would need approximately 7.4% increase in FY27 to not lose purchasing power





# Street Maintenance Comparison

## ANNUAL SMD FEE COMPARISON (BASED ON 9,691 SF RESIDENTIAL LOT)



*\*Also have impact fees*

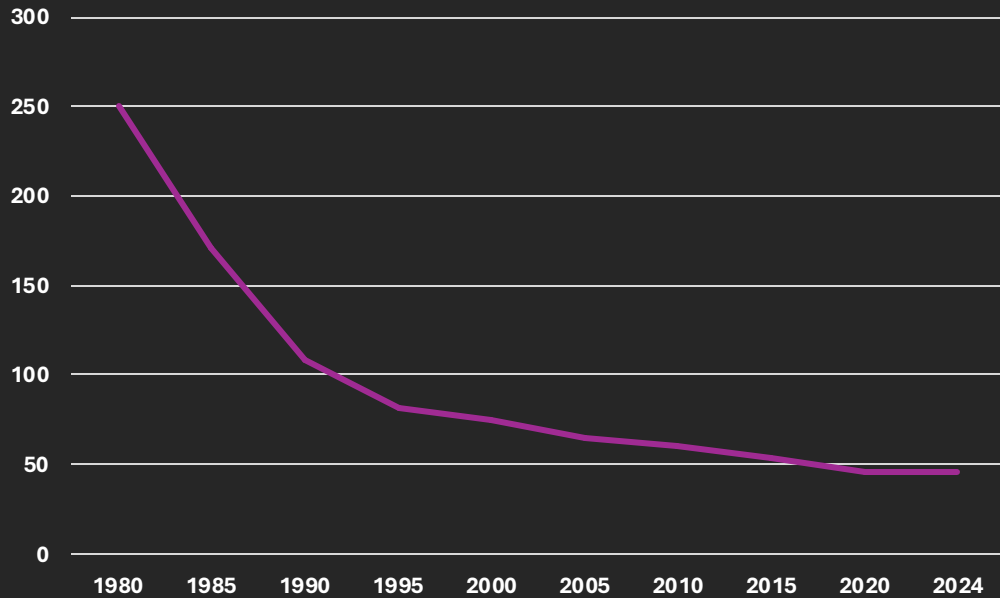


# Water Rates

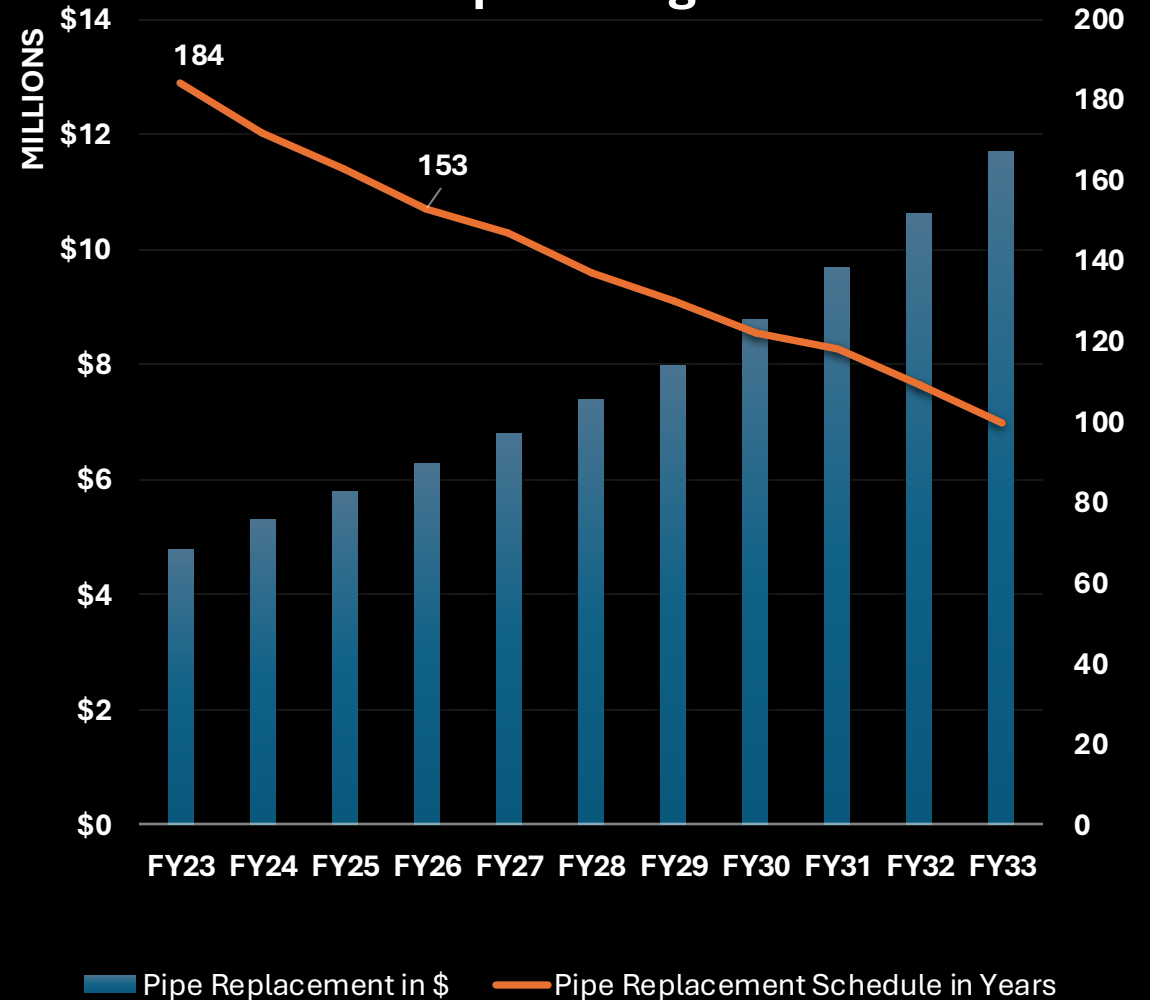


# What's Driving the Water Rate Increases?

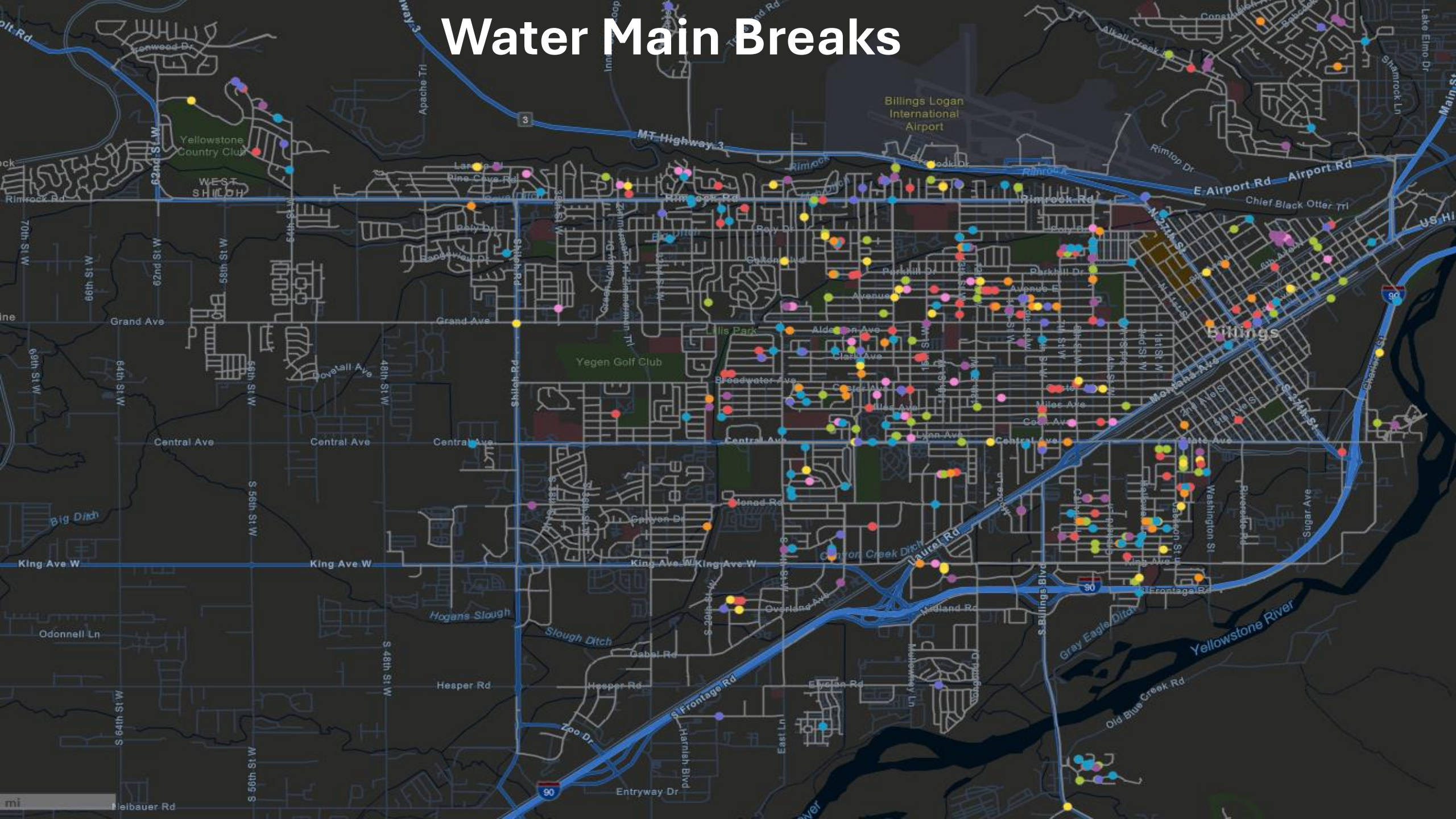
### Water Main Break History



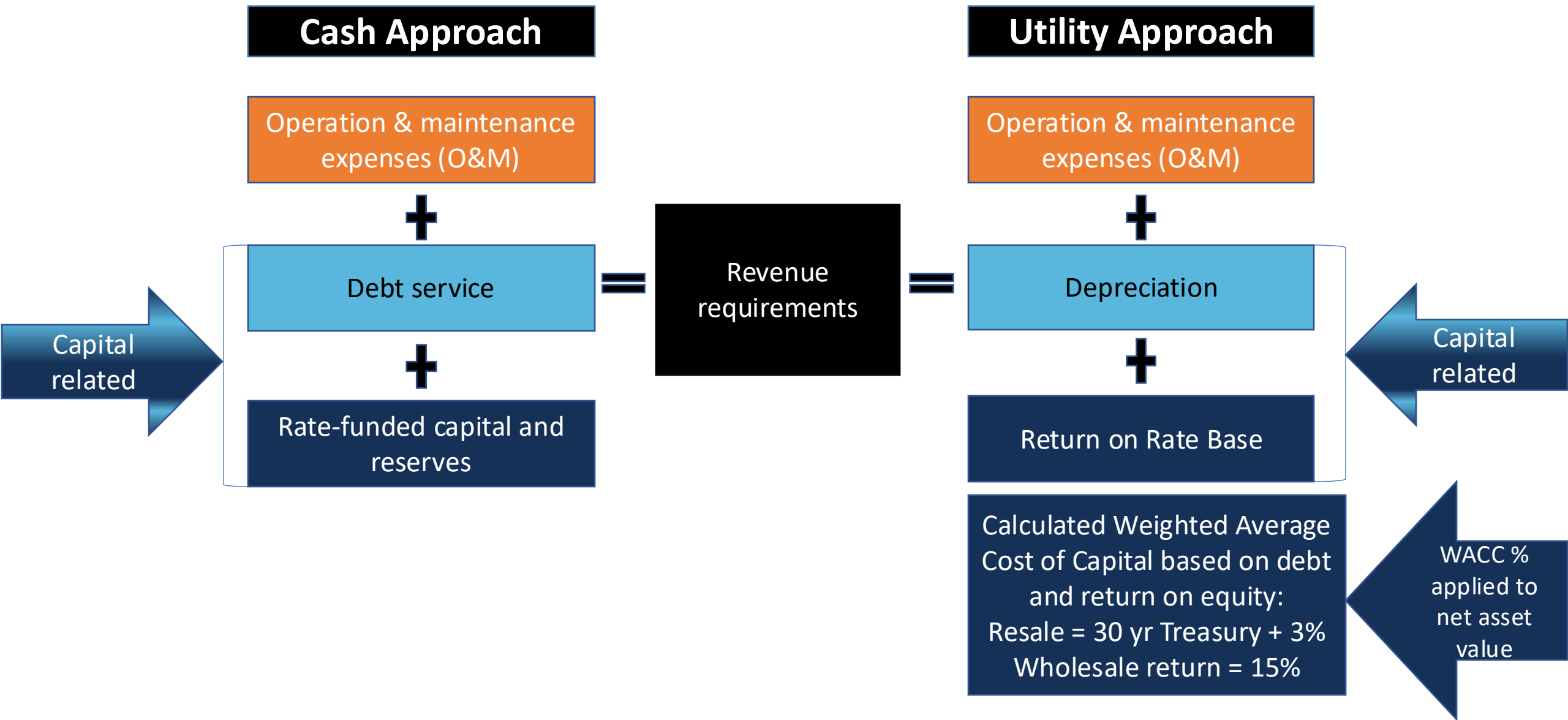
## Planned Pipe Replacement Spending



# Water Main Breaks



# Calculating Revenue Requirements





# Water Rate Options

Option 1 – 2.4% residential rate increase in FY26 and 2% in FY27 as calculated per cost-of-service rate study (current service levels and plans)

- No cuts

Option 2 – 0% residential rate increase in FY26 and 2% in FY27 (BFC recommendation)

- Cut \$1.6M of water main extensions



# Water – Fixed Monthly Charges

## Option 1

Meter Size	FY25 \$/ Month	FY26 \$/ Month	% Increase	FY27 \$/ Month	% Increase
¾"	\$8.75	\$8.95	2.3%	\$9.15	2.2%
1"	\$9.95	\$10.20	2.5%	\$10.40	2.0%
1.5"	\$12.05	\$12.35	2.5%	\$12.60	2.0%
2"	\$17.20	\$17.65	2.6%	\$18.00	2.0%
3"	\$53.60	\$54.95	2.5%	\$56.05	2.0%
4"	\$69.80	\$71.55	2.5%	\$73.00	2.0%
6"	\$104.70	\$107.30	2.5%	\$109.45	2.0%
8"	\$143.10	\$146.70	2.5%	\$149.65	2.0%
10"	\$208.50	\$213.70	2.5%	\$217.95	2.0%

## Option 2

Meter Size	FY25 \$/ Month	FY26 \$/ Month	% Increase	FY27 \$/ Month	% Increase
¾"	\$8.75	\$8.75	0.0%	\$ 8.95	2.3%
1"	\$9.95	\$9.95	0.0%	\$ 10.15	2.0%
1.5"	\$12.05	\$12.05	0.0%	\$ 12.30	2.1%
2"	\$17.20	\$17.20	0.0%	\$ 17.55	2.0%
3"	\$53.60	\$53.60	0.0%	\$ 54.65	2.0%
4"	\$69.80	\$69.80	0.0%	\$ 71.20	2.0%
6"	\$104.70	\$104.70	0.0%	\$ 106.80	2.0%
8"	\$143.10	\$143.10	0.0%	\$ 145.95	2.0%
10"	\$208.50	\$208.50	0.0%	\$ 212.65	2.0%

*Outside city charges are approximately 9% > inside charges and increase similarly.*



# Water – Volumetric Rates

## Option 1

Residential*	FY25 \$/kgal	FY26 \$/kgal	% Increase	FY27 \$/kgal	% Increase
Tier 1: 0-10,000 gallons	\$4.87	\$4.99		\$5.09	
Tier 2: 10,001-32,000 gallons	\$5.82	\$5.97	2.5%	\$6.09	2.1%
Tier 3: 32,001-75,000 gallons	\$7.57	\$7.76		\$7.92	
Tier 4: >75,000 gallons	\$11.37	\$11.65		\$11.88	

## Option 2

Residential*	FY25 \$/kgal	FY26 \$/kgal	% Increase	FY27 \$/kgal	% Increase
Tier 1: 0-10,000 gallons	\$4.87	\$4.87		\$4.97	
Tier 2: 10,001-32,000 gallons	\$5.82	\$5.82	0%	\$5.94	2.0%
Tier 3: 32,001-75,000 gallons	\$7.57	\$7.57		\$7.72	
Tier 4: >75,000 gallons	\$11.37	\$11.37		\$11.60	

*\*Outside city charges are approximately 3.5% > inside charges and increase similarly.*

User Class	FY25 \$/kgal	FY26 \$/kgal	% Increase	FY27 \$/kgal	% Increase
Multi-Family	\$4.78	\$4.78	0%	\$4.78	0%
Commercial*	\$3.97	\$4.07	2.5%	\$4.07	0%
Bulk Water Resellers	\$4.91	\$5.03	2.4%	\$5.03	0%
Seasonal	\$6.88	\$7.05	2.5%	\$7.97	13%
Resale (HWD)	\$3.04	\$3.42	12.5%	\$4.40	28.6%

User Class	FY25 \$/kgal	FY26 \$/kgal	% Increase	FY27 \$/kgal	% Increase
Multi-Family	\$4.78	\$4.78	0%	\$4.78	0%
Commercial*	\$3.97	\$4.07	2.5%	\$4.07	0%
Bulk Water Resellers	\$4.91	\$5.03	2.4%	\$5.03	0%
Seasonal	\$6.88	\$7.05	2.5%	\$7.80	10.6%
Resale (HWD)	\$3.04	\$3.41	12.2%	\$4.38	28.4%

*\*Outside city charges are approximately 6.4% > inside charges and increase similarly.*



# Residential Water Bill Impacts

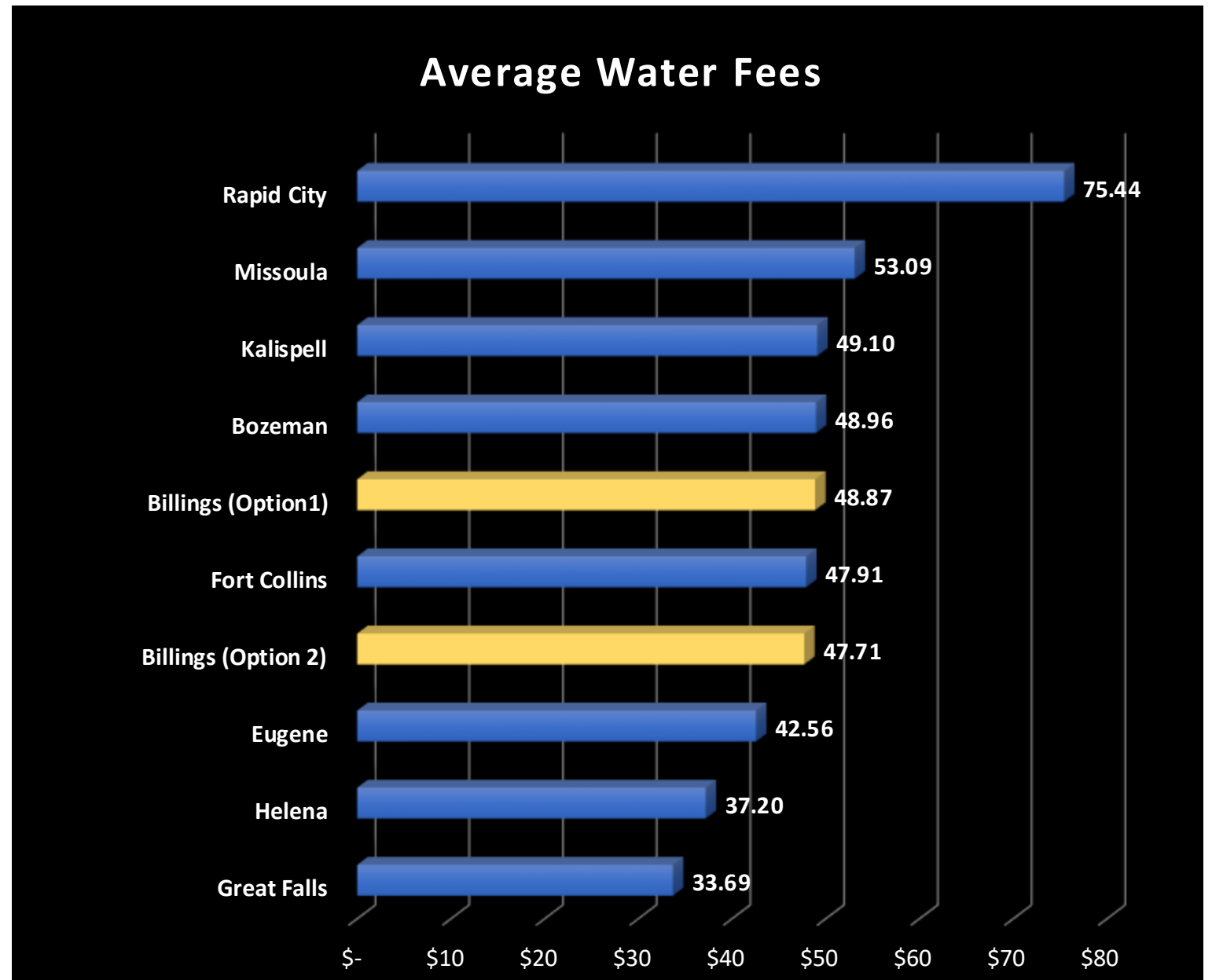
Kgals/ Month	FY25 \$/Month	FY26 \$/Month	\$ Increase	% Increase	FY27 \$/Month	\$ Increase	% Increase
2	\$18.49	\$18.93	\$0.44	2.3%	\$19.33	\$0.40	2.1%
4	\$28.23	\$28.91	\$0.68	2.4%	\$29.51	\$0.60	2.0%
<b>8</b>	<b>\$47.71</b>	<b>\$48.87</b>	<b>\$1.16</b>	<b>2.4%</b>	<b>\$49.87</b>	<b>\$1.00</b>	<b>2.0%</b>
20	\$115.65	\$118.55	\$2.90	2.4%	\$120.95	\$2.40	2.0%
50	\$321.75	\$329.87	\$8.12	2.5%	\$336.59	\$6.72	2.0%
80	\$567.85	\$582.12	\$14.27	2.5%	\$593.99	\$11.87	2.0%

Option 1

Kgals/ Month	FY25 \$/Month	FY26 \$/Month	\$ Increase	% Increase	FY27 \$/Month	\$ Increase	% Increase
2	\$18.49	\$18.49	\$0.00	0%	\$18.89	\$0.40	2.1%
4	\$28.23	\$28.23	\$0.00	0%	\$28.83	\$0.60	2.0%
<b>8</b>	<b>\$47.71</b>	<b>\$47.71</b>	<b>\$0.00</b>	<b>0%</b>	<b>\$48.71</b>	<b>\$1.00</b>	<b>2.0%</b>
20	\$115.65	\$115.65	\$0.00	0%	\$118.05	\$2.40	2.0%
50	\$321.75	\$321.75	\$0.00	0%	\$328.29	\$6.54	2.0%
80	\$567.85	\$567.85	\$0.00	0%	\$579.29	\$11.44	2.0%

Option 2

# Residential Water Comparison





# Private Fireline Annual Charges

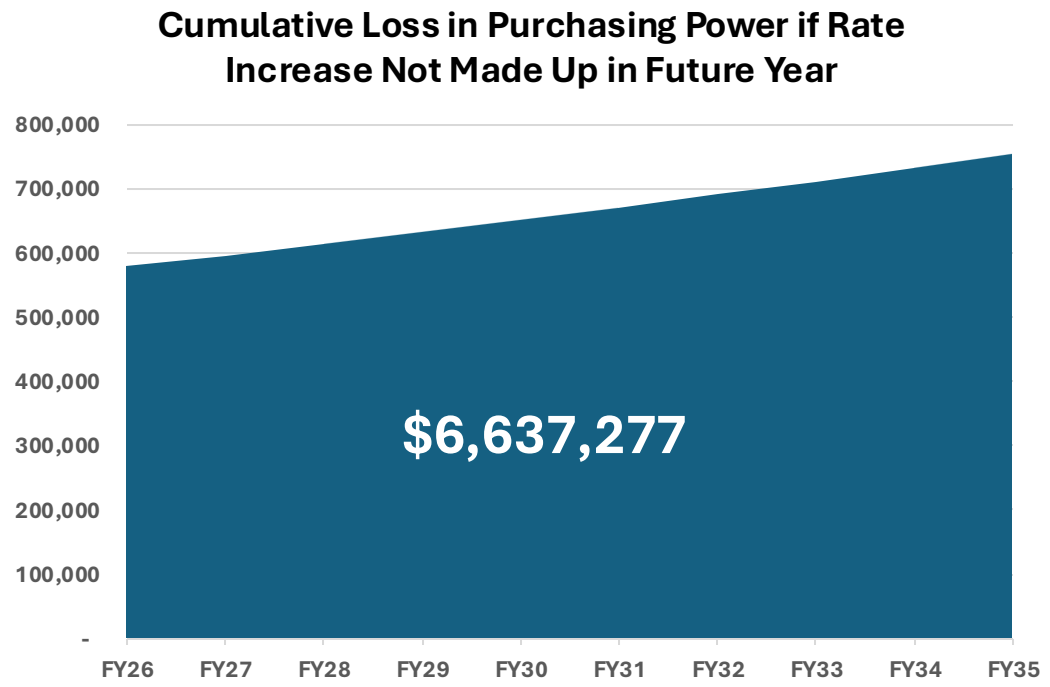


Meter Size	Inside City FY25	Inside City FY26	% Increase	Inside City FY27	% Increase
1-1/4"	\$34.55	\$36.30	+5.0%	\$38.85	+7.0%
1-1/2"	\$46.10	\$48.40		\$51.80	
2"	\$73.90	\$77.60		\$83.05	
3"	\$184.45	\$193.65		\$207.20	
4"	\$322.80	\$338.95		\$362.70	
6"	\$737.65	\$774.55		\$828.75	
8"	\$1,290.90	\$1,355.45		\$1,450.35	
10"	\$2,028.40	\$2,129.80		\$2,278.90	
12"	\$2,921.10	\$3,067.15		\$3,281.85	
14"	\$3,975.85	\$4,174.65		\$4,466.90	



# Effect of 0% Rate Increase in FY26

- Would need approximately 4.7% increase in FY28 to not lose purchasing power





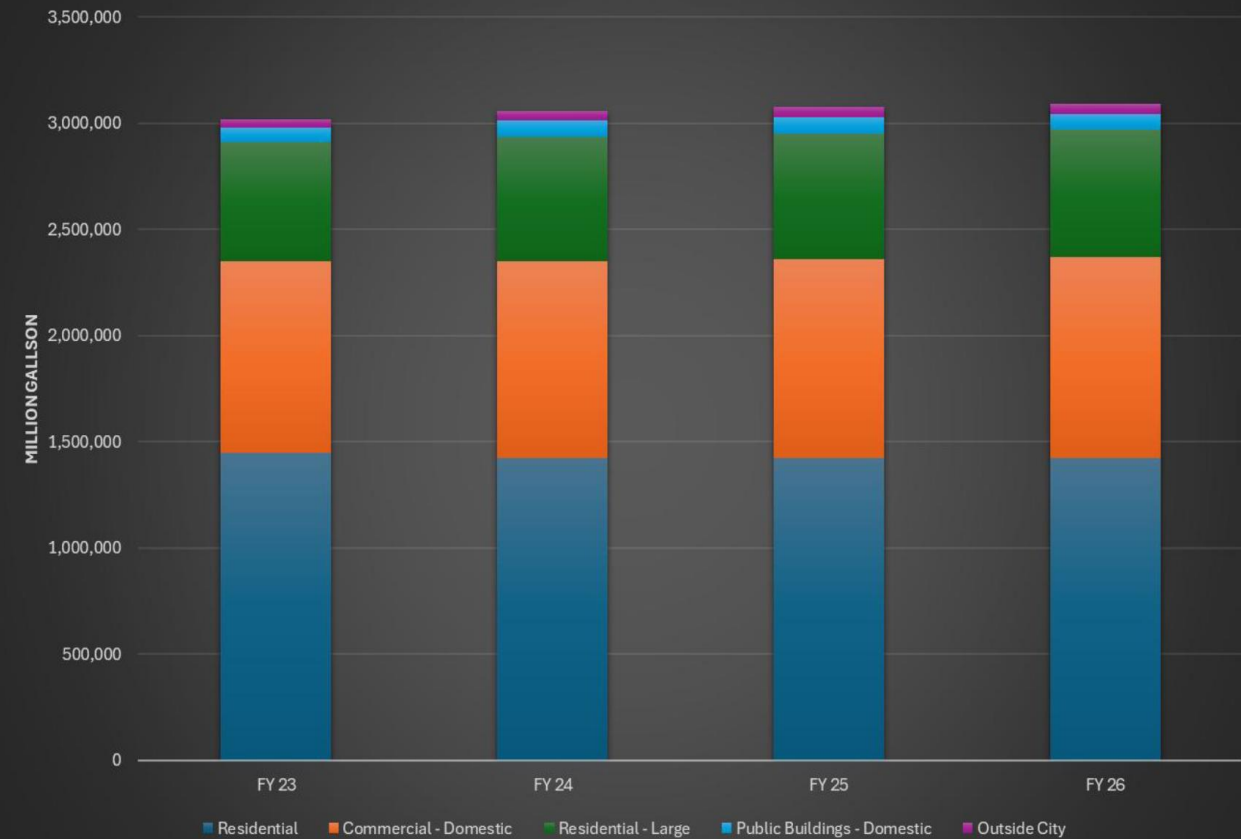
# Wastewater Rates



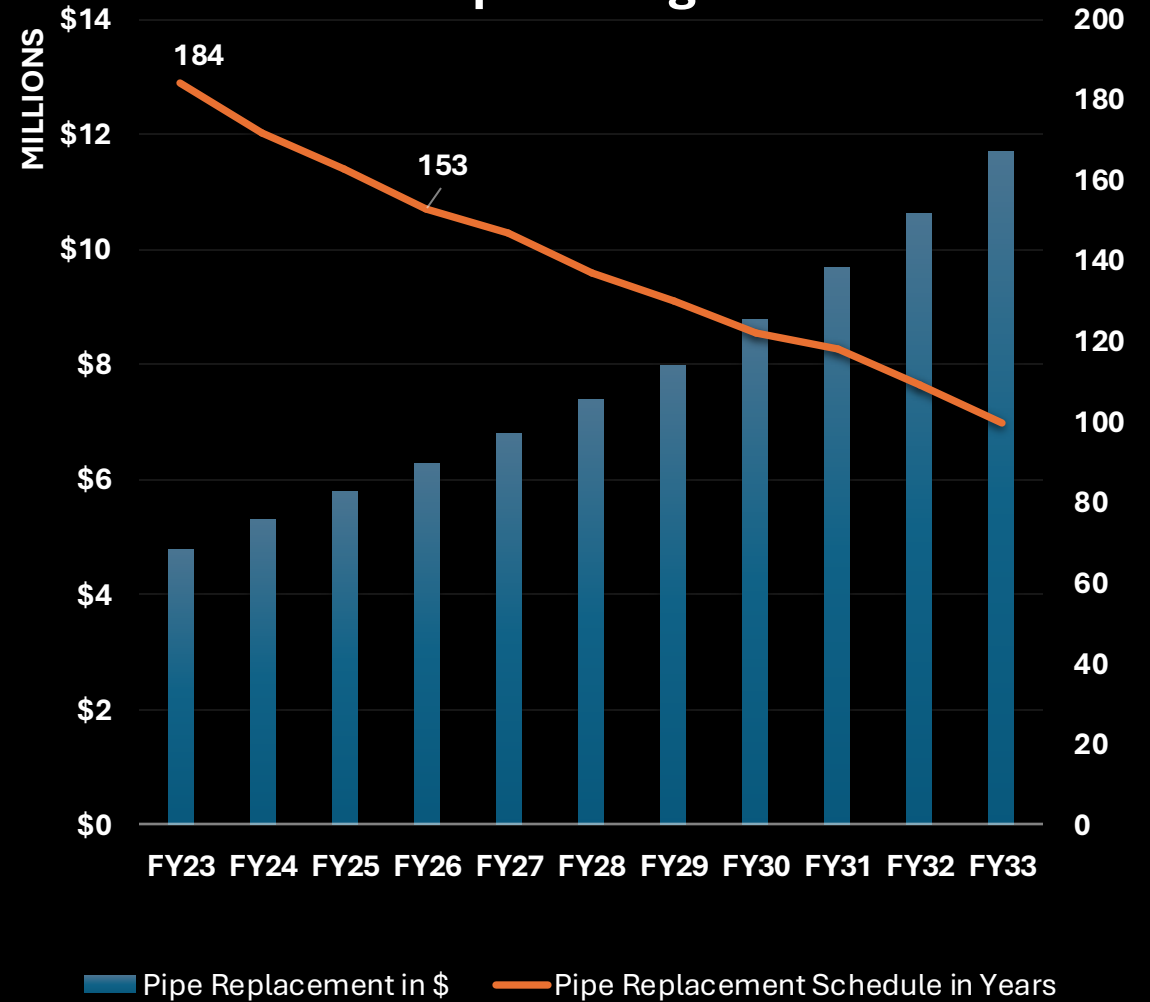
**Billings**  
PUBLIC  
WORKS



# What's Driving the Wastewater Rate Increases?



## Planned Pipe Replacement Spending



# Wastewater Fee Options

Option 1 – 3% overall rate increase in FY 26 and FY27 (current service levels and plans)

Option 2 – 0% in FY26, 3% in FY27 (BFC recommended)

- Cut \$1.3M in pipe extensions



# Wastewater – Fixed Monthly Charges

## Option 1

Meter Size	FY25 \$/ Month	FY26 \$/ Month	% Increase	FY27 \$/ Month	% Increase
¾"	\$7.85	\$8.00	1.9%	\$8.05	0.6%
1"	\$10.00	\$10.15	1.5%	\$10.25	1.0%
1.5"	\$12.25	\$12.50	2.0%	\$12.60	0.8%
2"	\$12.85	\$13.05	1.6%	\$13.20	1.1%
3"	\$20.70	\$21.05	1.7%	\$21.25	1.0%
4"	\$78.50	\$79.90	1.8%	\$80.60	0.9%
6"	\$99.90	\$101.70	1.8%	\$102.60	0.9%
8"	\$149.90	\$152.55	1.8%	\$153.90	0.9%
10"	\$206.95	\$210.65	1.8%	\$212.55	0.9%

## Option 2

Meter Size	FY25 \$/ Month	FY26 \$/ Month	% Increase	FY27 \$/ Month	% Increase
¾"	\$7.85	\$7.85	0.0%	\$8.00	1.9%
1"	\$10.00	\$10.00	0.0%	\$10.15	1.5%
1.5"	\$12.25	\$12.25	0.0%	\$12.50	2.0%
2"	\$12.85	\$12.85	0.0%	\$13.05	1.6%
3"	\$20.70	\$20.70	0.0%	\$21.05	1.7%
4"	\$78.50	\$78.50	0.0%	\$79.90	1.8%
6"	\$99.90	\$99.90	0.0%	\$101.70	1.8%
8"	\$149.90	\$149.90	0.0%	\$152.55	1.8%
10"	\$206.95	\$206.95	0.0%	\$210.65	1.8%

*Outside city charges are approximately 9% > inside charges and increase similarly.*



# Retail Wastewater Volumetric Rates

## Option 1

User	FY25 \$/kgal	FY26 \$/kgal	% Increase	FY27 \$/kgal	% Increase
All User Classes	\$5.75	\$5.95	3.5%	\$6.15	3.4%

## Option 2

User	FY25 \$/kgal	FY26 \$/kgal	% Increase	FY27 \$/kgal	% Increase
All User Classes	\$5.75	\$5.75	0%	\$5.95	3.5%





# Residential Wastewater Bill Impacts

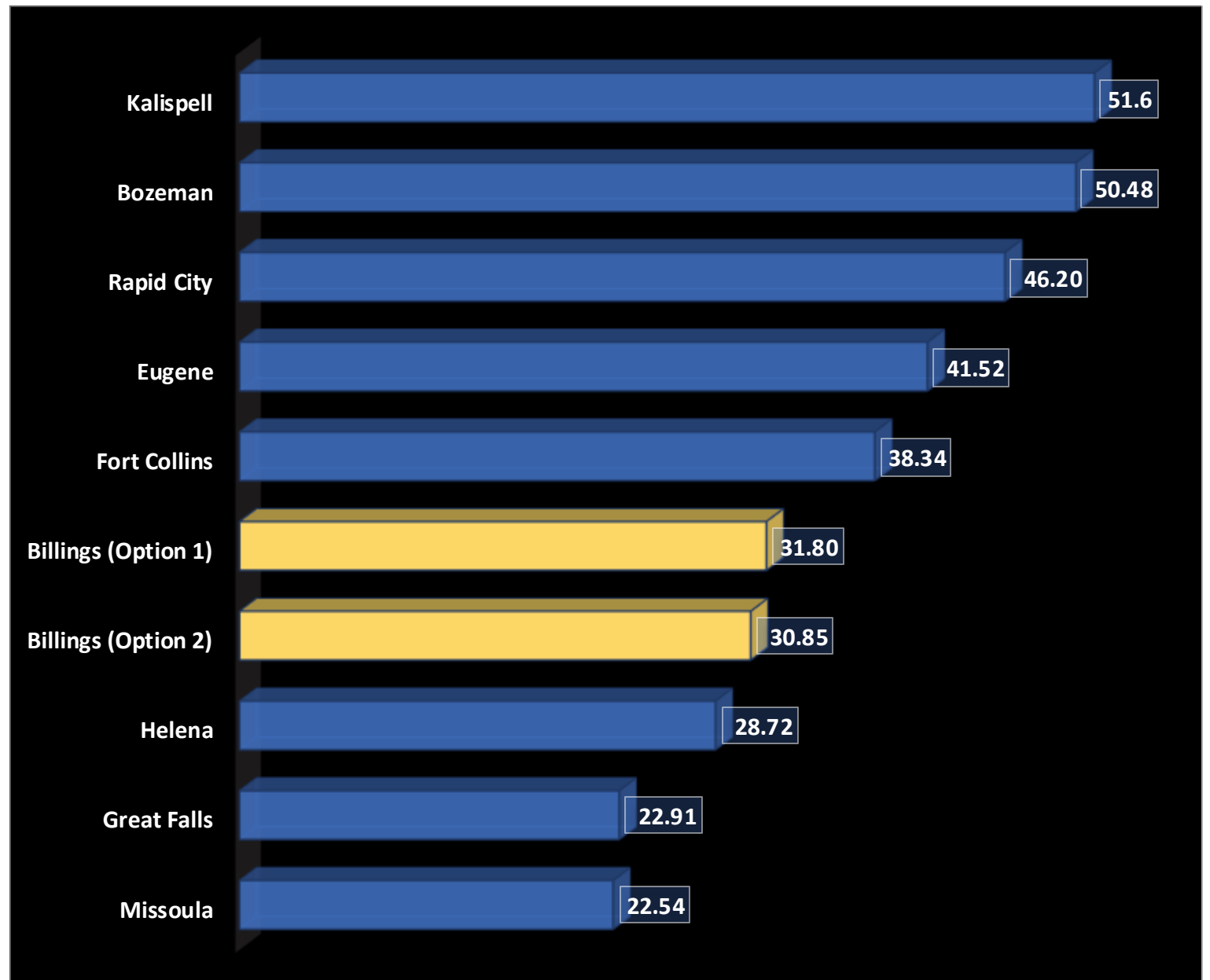
## Option 1

Meter Size & Usage	FY25 \$/Month	FY26 \$/Month	\$ Increase	% Increase	FY27 \$/Month	\$ Increase	% Increase
¾", 4 kgals	\$30.85	\$31.80	\$0.95	3.0%	\$32.65	\$0.85	2.6%
¾", 8 kgals	\$53.85	\$55.60	\$1.75	3.1%	\$57.25	\$1.65	2.9%
1". 50 kgals	\$297.50	\$307.65	\$10.15	3.3%	\$317.75	\$10.10	3.2%
2", 100 kgals	\$587.85	\$608.05	\$20.20	3.3%	\$628.20	\$20.15	3.2%
2", 150 kgals	\$875.35	\$905.55	\$30.20	3.3%	\$935.70	\$30.15	3.3%

## Option 2

Meter Size & Usage	FY25 \$/Month	FY26 \$/Month	\$ Increase	% Increase	FY27 \$/Month	\$ Increase	% Increase
¾", 4 kgals	\$30.85	\$30.85	\$0.00	0.0%	\$31.80	\$0.95	3.0%
¾", 8 kgals	\$53.85	\$53.85	\$0.00	0.0%	\$55.60	\$1.75	3.1%
1". 50 kgals	\$297.50	\$297.50	\$0.00	0.0%	\$307.65	\$10.15	3.3%
2", 100 kgals	\$587.85	\$587.85	\$0.00	0.0%	\$608.05	\$20.20	3.3%
2", 150 kgals	\$875.35	\$875.35	\$0.00	0.0%	\$905.55	\$30.20	3.3%

# Residential Wastewater Comparison





# Wholesale Wastewater Characteristics and Fees

	Par Montana	Phillips 66	Lockwood
Flow	↑ 2.5 MGD	↑ 1.25 MGD	↓ 0.15 MGD
BOD	↑ 53 mg/L	↑ 415 mg/L	↓ 230 mg/L
TSS	↑ 136 mg/L	↑ 332 mg/L	↑ 236.1 mg/L
TKN	↑ 59 mg/L	↑ 72 mg/L	↓ 45 mg/L

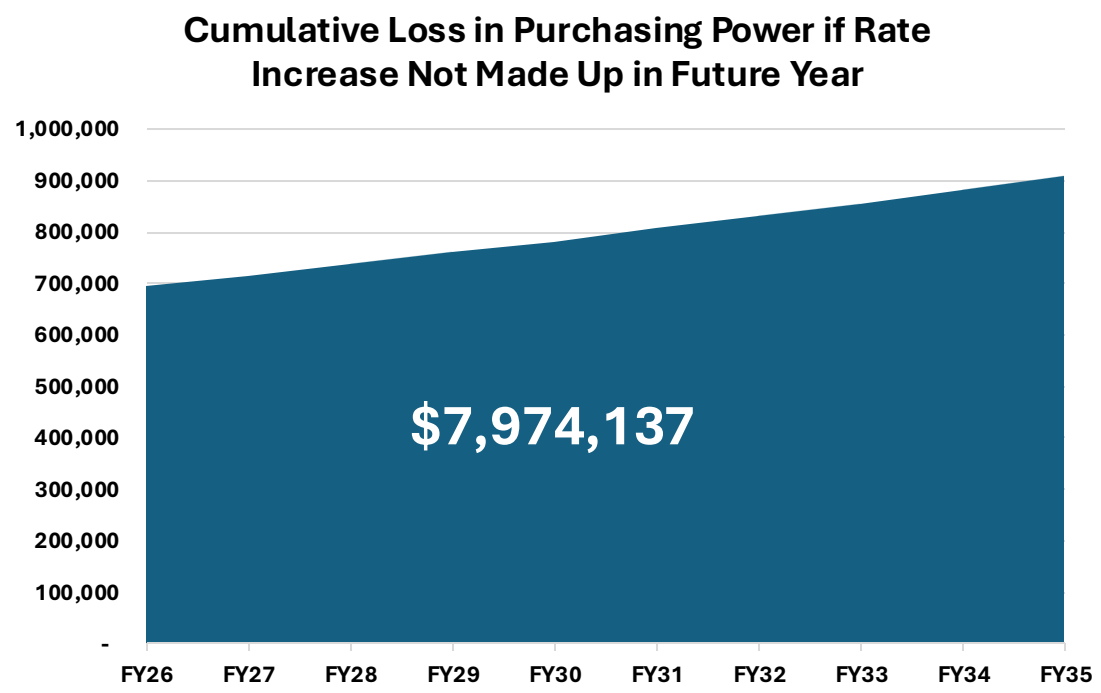


Customer	FY25 \$/Year	FY26 \$/Year	\$ Increase	% Increase	FY27 \$/Year	\$ Increase	% Increase
Par Montana	\$836,106	\$1,507,288	\$671,182	80%	\$1,560,664	\$53,376	3.5%
P66	\$702,148	\$1,411,347	\$709,199	101%	\$1,466,044	\$54,697	3.9%
Lockwood	\$460,055	\$520,089	\$60,034	13%	\$534,632	\$14,543	2.9%



# Effect of 0% Rate Increase in FY26

- Would need approximately 6.3% increase in FY28 to not lose purchasing power





# System Development Fees



# Residential Water SDF Charges

	FY 24 and FY25		FY26 and FY27		Increase
Lot Size (sq ft)	Outdoor Component	Per Unit (up to 4 units)	Outdoor Component	Per Unit (up to 4 units)	
<5,400	\$630	\$1,390	\$759	\$1,681	20.7%
5,400 to 8,600	\$1,270		\$1,534		
8,601 to 11,800	\$1,865		\$2,254		
> 11,800	\$4,895		\$5,909		

*Fees include a 4% administrative charge which will be eliminated if SB133 is signed into law.*

# Recommended Water SDF Charges

METER SIZE	NON-RESIDENTIAL				SEASONAL IRRIGATION			
	FY24 – FY25	FY26 – FY27 ¾" Base	% Increase	FY26 – FY27 1" Base	% Increase	FY24 – FY25	FY26 – FY27	% Increase
¾" or less	\$8,925	\$18,490		\$10,905		\$11,075	\$13,475	
1"	\$15,140	\$31,345		\$18,490		\$18,775	\$22,850	
1 1/2"	\$30,270	\$62,695		\$36,980		\$37,550	\$45,705	
2"	\$48,435	\$100,315	107%	\$59,170	22%	\$60,090	\$73,135	22%
3"	\$96,875	\$200,635		\$118,340		\$120,175	\$146,240	
4"	\$151,370	\$313,495		\$184,910		\$187,780	\$228,505	

*Fees include a 4% administrative charge which will be eliminated if SB133 is signed into law.*

# Recommended Wastewater SDF Charges

Meter Size	City Service Area			Lockwood Service Area		
	FY24 – FY25	FY26 – FY27	% Increase	FY24 – FY25	FY26 – FY27	% Increase
3/4" or less	\$2,800	\$2,540		\$1,270	\$1,050	
1"	\$8,600	\$7,805		\$3,895	\$3,220	
1 1/2"	\$24,970	\$22,650	-9.3%	\$11,315	\$9,350	-17.3%
2"	\$43,100	\$39,100		\$19,530	\$16,150	
3"	\$111,830	\$101,455		\$50,670	\$41,905	
4"	\$261,800	\$237,520		\$118,630	\$98,110	



# Solid Waste Fees

# What is Driving the Solid Waste Rate Increase

## Rate drivers - collections

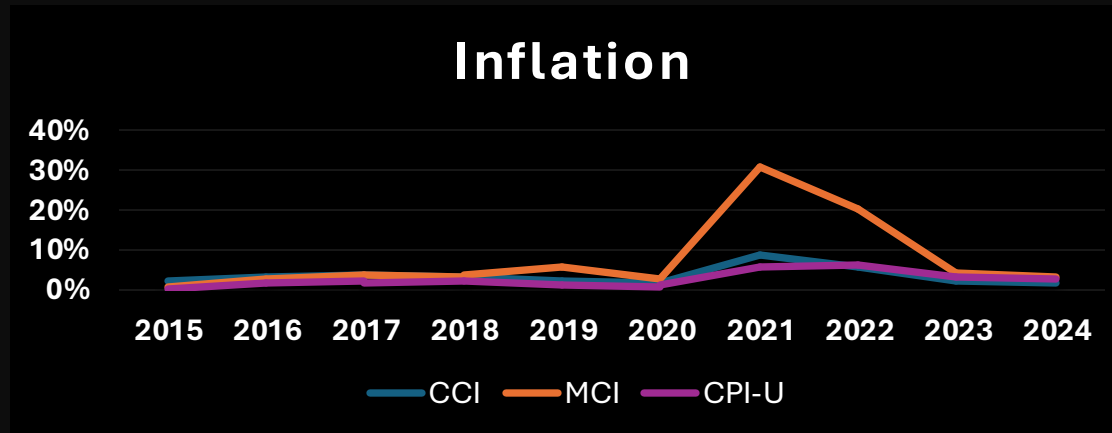
- 12% equipment operators wage increase in FY25 & 4% in FY26
- \$273,000 increase in vehicle parts and labor
- 1 FTE for yard waste plus \$400,000 truck
- Increased OT by \$135,000 to fund holidays
- BOC rent \$37,887

## Rate drivers - landfill

- 12% equipment operators wage increase in FY25 & 4% in FY26
- \$165,000 increase in vehicle parts and labor
- \$16.3M cell construction in FY27/28
- \$615,000 loss of Pacific Recycling revenue

## Collection fees include a landfill rate component

- 25% of Collection fees subsidized by landfill



Residential Cost of Service	\$19.32
Residential Rate	\$14.50
Subsidized Amount	\$4.82



# Solid Waste Rate Options

Option 1: 4% collection fee increase and 10.7% landfill increase to maintain subsidy rate of 25% (current service levels and plans)

Option 2: 0% residential collection fee increase, 4% commercial collection fee increase, and 14.6% landfill increase (BFC Recommended)

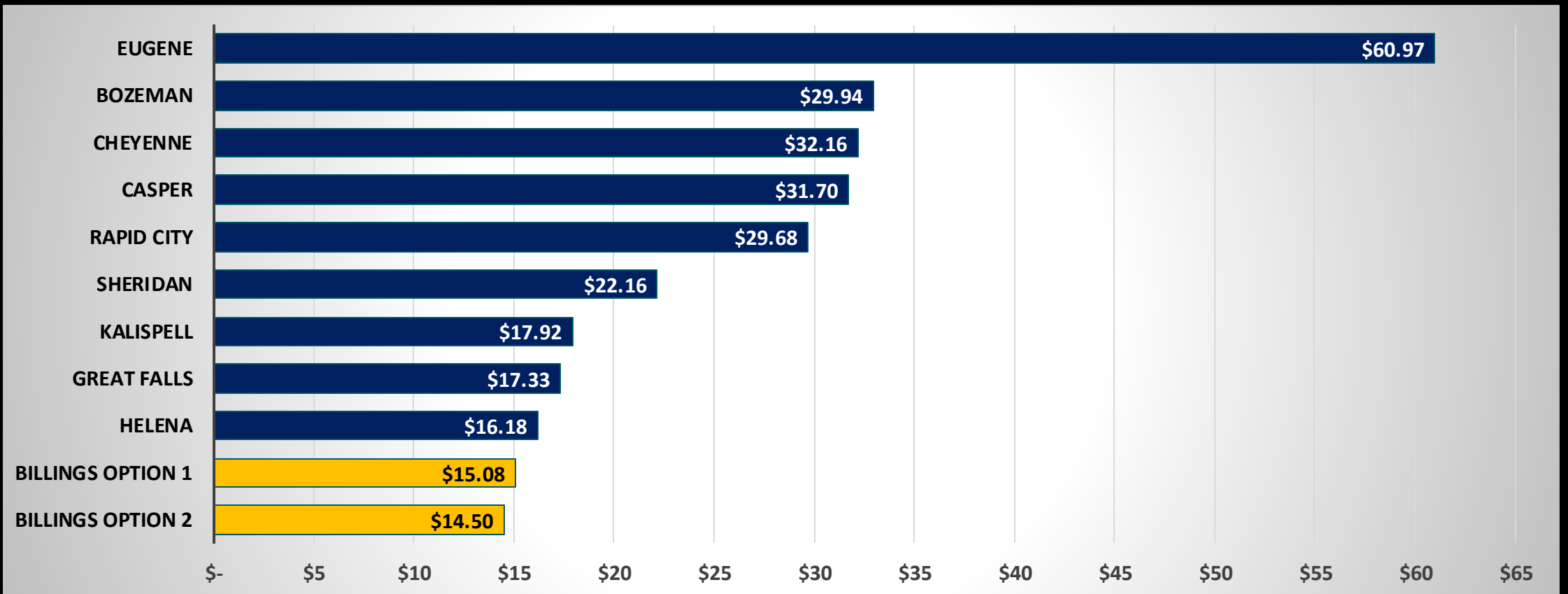


# Solid Waste Collection Fees

Service	FY25	FY26 Option 1	\$ Increase	% Increase	FY26 Option 2	\$ Increase	% Increase
Monthly residential 96-gallon container	\$14.50	\$15.08	\$0.58	4.0%	\$14.50	\$0.00	0.0%
Monthly residential 64-gallon container	\$10.35	\$10.76	\$0.41	4.0%	\$10.35	\$0.00	0.0%
Additional black 96-gallon container	\$4.85	\$5.05	\$0.20	4.0%	\$4.85	\$0.00	0.0%
Extras per item (call in)	\$5.25	\$5.50	\$0.25	4.5%	\$5.50	\$0.25	4.5%
Commercial 8 yard, 2x/week	\$173.14	\$180.07	\$6.93	4.0%	\$180.07	\$6.93	4.0%
Roll-off	\$212.00	\$225.00	\$12.00	6.1%	\$225.00	\$12.00	6.1%

	Option 1	Option 2
Residential Cost of Service	\$20.11	\$20.11
Residential Rate	\$15.08	\$14.50
Subsidized Amount	\$5.17	\$5.61
Subsidized Percentage	25%	27.9%

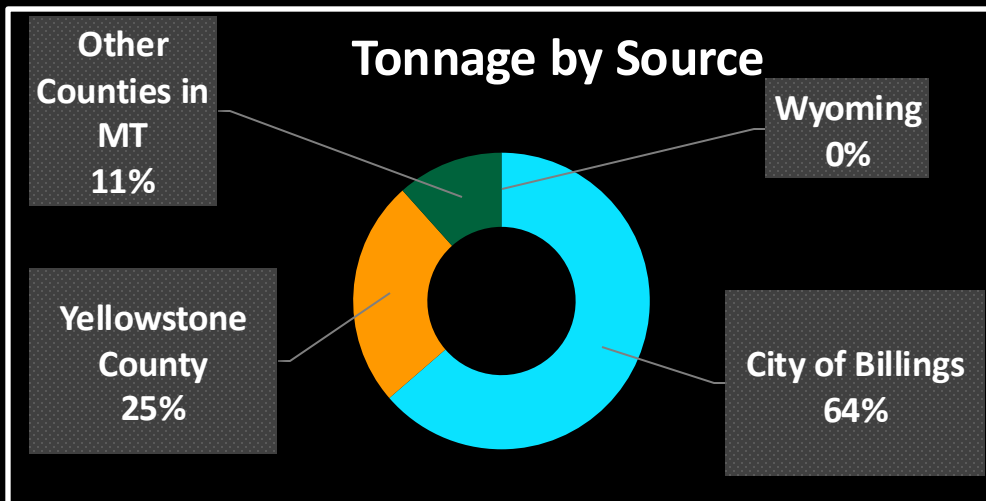
# Monthly Residential Collection 96-Gallon Container Comparison



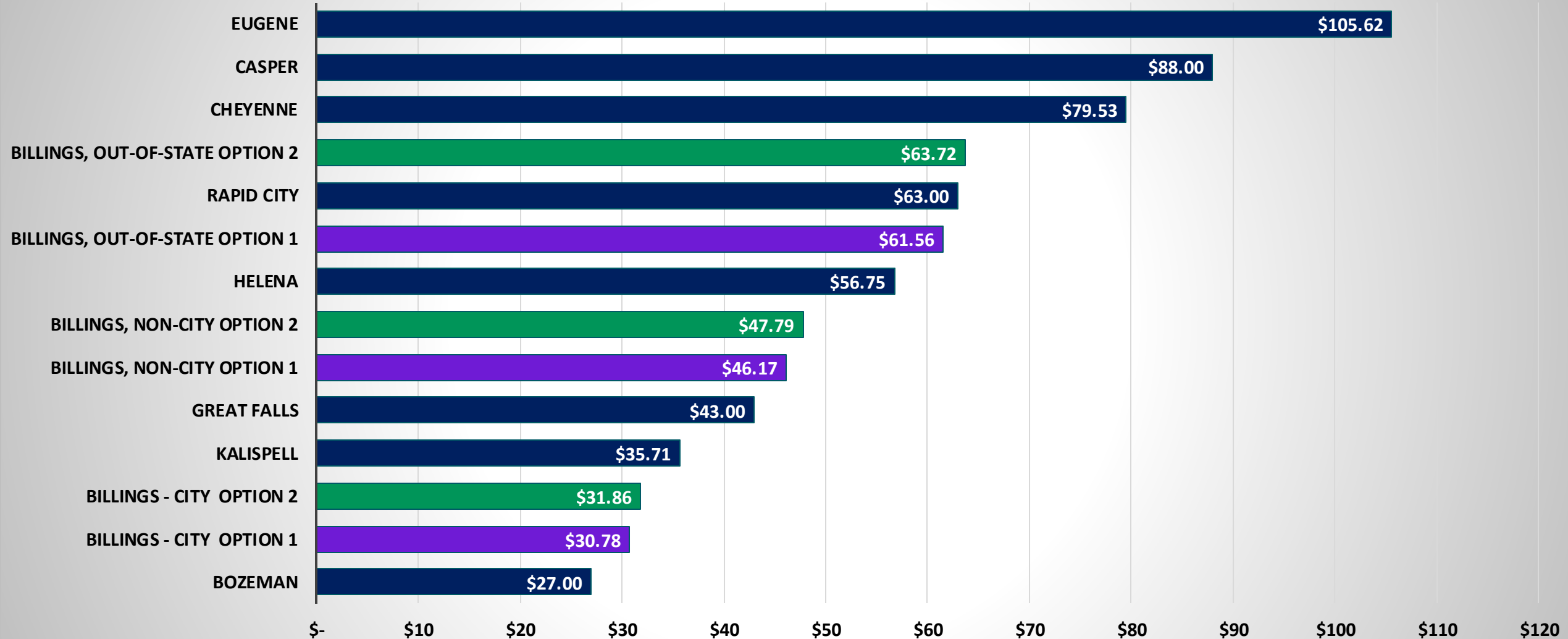


# Solid Waste – Landfill Fees

Landfill Fees	FY25	FY26 Option 1	\$ Increase	% Increase	FY26 Option 2	\$ Increase	% Increase
Landfill fee per ton – Billings	\$27.80	\$30.78	\$2.98	10.7%	\$31.86	\$4.06	14.6%
Landfill fee per ton – outside Billings	\$41.70	\$46.17	\$4.47	10.7%	\$47.79	\$6.09	14.6%
Landfill fee per ton – out of state	\$55.60	\$61.56	\$5.96	10.7%	\$63.72	\$8.12	14.6%



# Landfill Fee Comparison Per Ton



# Storm Fees

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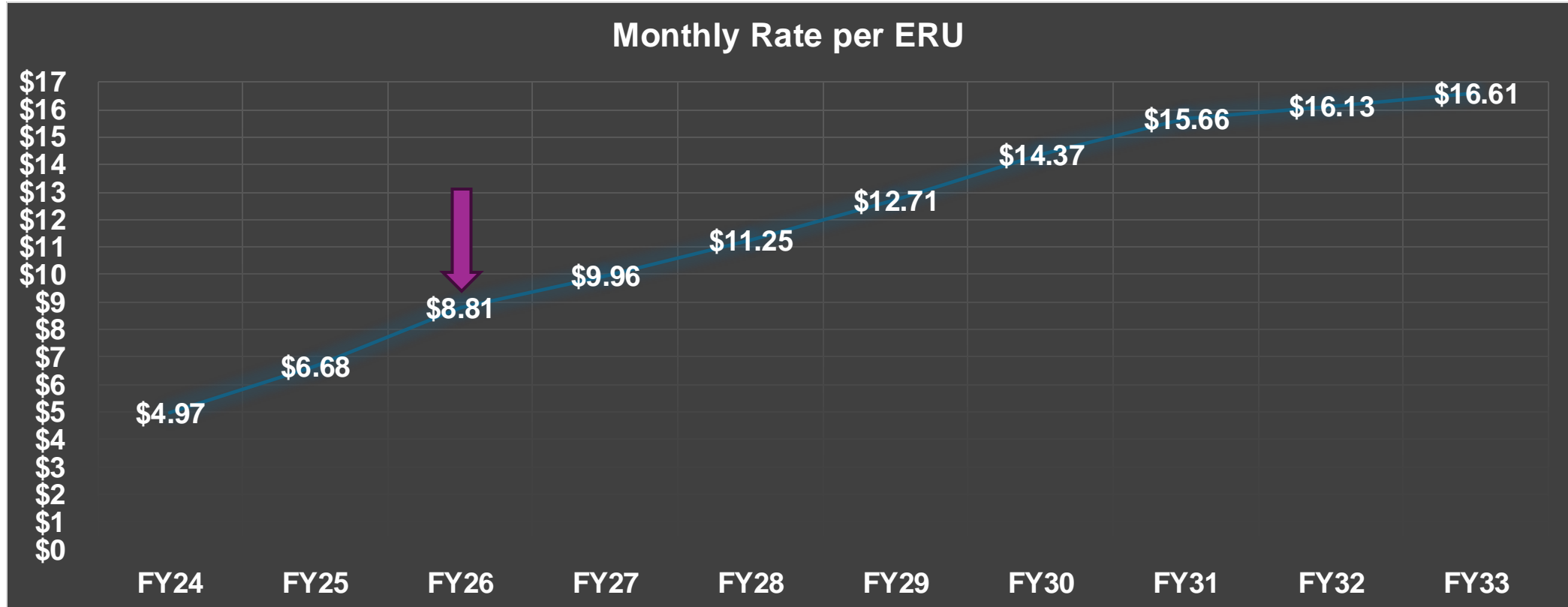


# Funding Needs

	Total Amount	Minimum	Proactive	Best Practice	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.

# Storm Rates

## (7-year ramp-up + inflation)



	FY25	FY26	FY26 \$ Inc
Average Residential Monthly Fee	\$6.68	\$8.81	\$2.13
Total Storm Fee Revenues	\$7,200,000	\$9,500,000	\$2,300,000



# Total Public Works FY26 Fees

## Average Residential Impact

### Option 1

Property Tax Statement (Annually)	FY25	FY26	\$ Change
SMD	\$216.25	\$226.20	\$9.95

Utility Bill (Monthly)	FY25	FY26	\$ Change
Water	\$47.71	\$48.87	\$1.16
Wastewater	\$30.85	\$31.80	\$0.95
Solid Waste	\$14.50	\$15.08	\$0.58
Storm	\$6.68	\$8.81	\$2.13
<b>Total Utility Bill</b>	<b>\$99.74</b>	<b>\$104.56</b>	<b>\$4.82</b>

**Total Public Works Fee Increases = \$67.79/Year or \$5.65/Month**

### Option 2

Property Tax Statement (Annually)	FY25	FY26	\$ Change
SMD	\$216.25	\$216.25	\$0.00

Utility Bill (Monthly)	FY25	FY26	\$ Change
Water	\$47.71	\$47.71	\$0.00
Wastewater	\$30.85	\$30.85	\$0.00
Solid Waste	\$14.50	\$14.50	\$0.00
Storm	\$6.68	\$8.81	\$2.13
<b>Total Utility Bill</b>	<b>\$99.74</b>	<b>\$104.56</b>	<b>\$2.13</b>

**Total Public Works Fee Increases = \$25.56/Year or \$2.13/Month**

**\$3.52/Month**

# Thank You

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