

Finance Committee Meeting May 21, 2015

The Finance Committee met Thursday, May 21st, 2015, at 6:00 p.m. in the City Hall Conference Room. Present were Committee Chairperson Susanne Galbraith and Committee Members Dwayne Andrews, Sheena Martin and John Hollowell.

Also present were Public Works Director Scott Gray, Grant Writer/Planner in Training Dawn Colton.

Committee Chairperson Galbraith called the meeting to order.

1. REQUEST OF CITIZENS:

None

2. DISCUSSION ON AIRPORT BUDGET FOR 2015

Airport Commission Chairperson Doug Phair thought it was time for the Airport to communicate with the City and presented some issues and possible solution to the airport fund.

Problems:

- Airport and equipment had not received any maintenance for many years.
- While Airport was a 139C, it was mandatory to maintain the Wildlife survey and Aerial survey. Those projects cost the Airport a lot of money.
- Need to rebuild half of a runway which will cost approximately \$2.5 million.
- Updating the electrical on the runway is approximately \$129,775.
- Reconstruct NW Apron pavement is approximately \$413,600.
- Engineering and design is approximately \$464,900.
- Buildings have leaking roofs.

Solutions:

- The Airport received word that the InterCap loan was approved up to \$125,000.
- FAA funds may be available for paving shoulders, paving and marking an approach, replace the NW apron wiring, and replace lighting on runway. The total for these funds available may be \$4,248,124. With this funding the Airport would have to pay 10% of the cost.
- With all the funding, grants, loans and expenses he felt that the FY15/16 budget would be \$26,800 short and asked that the City consider eliminating the Administrative fees.

3. REVIEW AND MAKE RECOMMENDATION TO SAFE ROUTES TO SCHOOL

SIDEWALK BIDS

****** *Committee member Galbraith moved to recommend accepting Century's bid of \$253,104, seconded by Committee member Hollowell.*

Planner Colton explained that the bid is \$77,209 over the engineers estimate. She said that SRTS will not pay for the overage, but there is \$39,000 in the CTEP fund that includes the \$25,000 that was put aside for this project, could be used toward the overage. Taking the overage, what is left in grant funds and the City match of \$6,045 would leave the City of Miles City \$35,425 short of money to pay for the project.

Chairperson Galbraith asked if City employees could perform some of the work in the bids.

Planner Colton said probably not, because it's in the stipulation of the grants that work by the City cannot inhibit any work completed by the company that receives the bid. There's a lot of paperwork involved and the City would have to prove that it's cheaper for the City to perform the work than the company that receives the bid.

Committee Member Andrews felt that the project has been going on for four years, and it needs to be completed. He asked if there was any place that the City could find the money.

Director Gray said that he could have less pavement preservation in District #205 in the FY15/16 budget and get the sidewalk completed.

***** *On roll call vote, Committee member Galbraith's motion passed by unanimous consent, 4-0.*

4. REVIEW AND MAKE RECOMMENDATION ON PAVING BIDS FOR MAINTENANCE DISTRICT #204 AND #205

****** *Committee Member Hollowell moved to recommend awarding the paving bid to Century for the amount of \$442,500. The motion was seconded by Committee Member Andrews, and after a brief discussion, the motion passed unanimously, 4-0.*

5. REVIEW AND RECOMMENDATION OF FLOOD CONTROL BIDS

Per Chairperson Galbraith this review and recommendation was cancelled.

6. REVIEW AND RECOMMENDATION ON WASTEWATER RATE STRUCTURE AND RATE INCREASE FOR WASTEWATER UPGRADE PHASE II

John Weikel representing Montana Rural Water system joined the meeting by conference call. The following items were presented and spreadsheets attached:

- There are 162 connections using 0 to 1000 gallons of water a month, 357 connections using 1000 to 2000 gallon, 455 connections using 2000 to 3000

gallons a month, 971 connections using less than 3000 gallons a month, 2,690 connections using more than 3000 gallons a month. This is an average of 8,171 gallons of water usage a month.

- There are 318 connections using 0 to 1000 of sewage a month, 633 connections using 1000-2000, 721 connections using 2000-3000, 1,672 connections using less than 3000 gallons and 1,992 connections using more than 3000 gallon. This is an average of 5,427 gallons of sewer usage a month. This warrants that the City should reassess from using the sewer base charge to other way of billing the connections.
- The City of Miles City is charging the water/sewer users for something they are not using, so the City is losing out on revenue. He recommended working toward a "pay for what you use" billing process.
- After calculating the wastewater funds revenue and expenditures for FY15 the cover needed for the anticipated loan is -\$340,605. With 4,100 sewer connections, the connection cost per month would be \$6.92 and per year would be \$83.07. These numbers satisfy the debt payment, but does not cover any repairs, equipment replacement or any other unanticipated cost.
- Recommended charging a monthly charge to snowbirds in the winter months that are hooked up to the sewer. Just because a resident goes away for the winter doesn't take away the City's responsibility for paying debt coverage.
- Sales of water usage become the base for charges of the sewer, because water used is processed through the wastewater system.
- City will probably have 2 increases. This is to help pay for debt repayment, replacing pipes, insurance, wages, etc.
- At this point the City of Miles City has one of the lowest rates in the state.

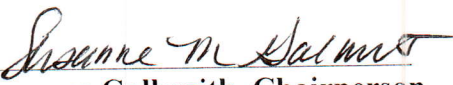
Weikel said that he needed to figure out the sewer base rate charges between residential and commercial charges.

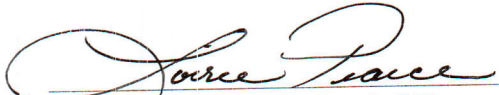
*** Committee Member Andrews moved to postpone a recommendation until further information is presented. The motion was seconded by Committee Member Hollowell and passed unanimously, 4-0.*

7. ADJOURNMENT

*** Committee member Andrews moved to adjourn the meeting, seconded by Committee Member Hollowell and passed unanimously, 4-0.*

The meeting was adjourned at 7:45 p.m.


Susanne Galbraith, Chairperson


Lorrie Pearce City Clerk/Minute Record

Revenue FY15 Est.

\$	
945,054.39	10 Months
\$	
220,012.00	(2 Months (\$110,006))
<u>\$</u>	Estimated Net
1,165,066.39	Revenue

Expenditures FY15 Est.

\$	
836,315.41	10 Months
\$	
135,817.78	(2 Months (\$67,908.89))
<u>\$</u>	Estimated Net Expenditures
972,133.19	

Wastewater System Revenue Budget FY 2015	\$
	1,165,066.39
Wastewater System Expenses Budget FY 2015	\$
	972,133.19
	<u>\$</u>

Total Net Revenues

192,933.20

Net Revenues

\$
192,933

Coverage Needed

\$
533,538

Coverage **is not** made by

\$
(340,605)

\$	
340,604.80	Revenue Needed for Coverage

<u>4,100</u>	# of Connections
83.07	Cost/Connection/Year
6.923	Cost/Connection/Month

Note: This only meets Debt Service Coverage Requirements