



CITY OF BILLINGS

PUBLIC WORKS BOARD

JAMES MARISKA, CHAIRMAN



PUBLIC WORKS BOARD MINUTES

April 17, 2014

The meeting convened at 5:20 pm.

Members present: Ed Hammer, James Mariska, and Ryan Sullivan

Members Absent: David Hummel

Staff present: Jennifer Duray, Kelly Frank, Vern Heisler, and Dave Mumford

Guest: Tom Llewellyn and Al Towleron

OLD BUSINESS

APPROVAL OF MEETING MINUTES

Mr. Hammer motioned to approve the minutes of the February 20, 2014 meeting as written. Mr. Mariska seconded the minutes. All members were in favor. Motion passed.

NEW BUSINESS

1. RATES – SYSTEM DEVELOPMENT FEES

Jennifer Duray, Public Works Finance Manager gave a presentation regarding the Phillips 66 SDF. The City of Billings hired AE2S as a consultant to calculate the System Development Fee that Phillips 66 would be assessed. There are two components to the methodology which are the system buy-in and incremental components that equal the SDF fee and tweaked it to because Phillips 66 is only using part of the City's wastewater system. There must be a nexus between the cost of providing the service and the charge. Calculation of the SDF includes:

1. Identifying the system capacity and usage
2. Existing system/facility value
3. Cost of future facilities
4. Spread the system facility value across available capacity
5. Apply the system value per unit of capacity to P66 capacity

Jennifer Duray explained the many aspects of each calculation point. The final System Development Fee for Phillips 66 will be approximately \$1.65 million. Phillips 66 can challenge the rate study and if the point is valid the fee can be adjusted. However, if Phillips 66 simply doesn't like the fee, there is a 10 day complaint system to send it to City Administrator and City Council. Phillips 66 will meet with the Public Works Administration staff on May 6th to discuss the SDF they will be assessed. The public hearing for City Council will be May 27th.

2. WATER RATES

Jennifer Duray gave an overview of the proposed water rate increase presentation that Public Works will be presenting to City Council work session on April 21. AE2S was also the consultant for the water rate study for the City of Billings. There are two proposed rate scenarios. The first rate scenario incorporates prudent lawn water of 37 CCF based on residential property size of 10,569 square feet and 1.5 inches of water per week. This scenario would have four rate tiers with tier 1 0-6CCF, tier 2 7-43CCF, tier 3 44-100CCF, and tier 4 100+CCF. The most significant change will be the added tier or tiers in each scenario depending upon which alternative City Council votes for. Retail water and wastewater rates may also increase for Heights Water District. Even with the proposed increases Billings will still one of the lowest costs in the state. Public Works Board recommended alternative 2 with 5 tiers for the water rates. These rates increases are needed to provide funding for the improvements to the Wastewater Treatment Plant. Hopefully, the improvements made will last 10-15 years before new standards are set by the EPA.

Ryan Sullivan asked if the City had a program that would help citizens convert their existing water system to a low flow system. Mr. Mumford stated the City does not have any programs in place currently.

4. UPDATE ON SOLID WASTE FEES

The rate increase for Solid Waste fees was approved by City Council. Monthly solid waste fees for residential will increase to \$8.98 that includes the 5% franchise fee on July 1st. The previous monthly fee was \$8.16 per month starting July 1st. The landfill tipping fee will increase to \$17.00 per ton. Other cities and counties will be charged \$19.43 per ton and will be billed monthly. Out of state haulers will be billed \$26.06 per ton. The increase in fees will help to purchase an additional 26 acres needed for the landfill.

Other Business

Mr. Mumford gave the board an update on Zimmerman Trail and the several rocks that weigh several tons that need to come down before the road is safe to travel. At least one rock will be anchored with bolts to the wall. New storm sewer lines will be installed in Grand Ave from 17th Street West to 24th Street West, but most of the work will be done at night. Also, MDT has several overlay projects that include Laurel Road, Montana Ave, and 27th Street.

Meeting adjourned at 7:00.