

JOURNAL OF COMMISSION WORK SESSIONS
September 19, 2006

City Commission Work Session

Mayor Stebbins presiding

CALL TO ORDER: 5:30 P.M.

ROLL CALL: City Commissioners present: Dona Stebbins, Bill Beecher, Diane Jovick-Kuntz and John Rosenbaum. Commissioner Hinz was excused. Also present were the City Manager, Assistant City Manager, Directors of Community Development, Planning, Public Works, Police Chief, Fire Chief, Fiscal Services and the City Clerk.

1. UTILITY RATE REVIEW

Public Works Director Jim Rearden reviewed the 2006 utility rate analysis for each of the utility systems provided by the City.

Storm Drain: Future and capital needs include upsizing/capacity/extensions; outfall rehab; detention point upgrades; Phase II permit-related expenses; and the North Great Falls Master Plan. The cash balance on hand June 30, 2006 was \$3,989,668. The average CIP was \$1,484,000. The average projected CIP through 2010 was \$1,302,000. Staff recommended the City Commission leave the rates at the level they currently are through 2007. Then in FY 2008 through 2011, increase the fees 1 percent annually.

Wastewater Utility: Future and capital needs included upsizing/capacity; aging infrastructure and lining; lift station capital needs; permit-related expenses; new industrial users; and the North Great Falls Master Plan. The cash balance on hand June 30, 2006 was \$2,098,362. The average actual CIP was \$3,826,312. And the average projected CIP through 2011 was \$2,956,939. Staff recommended the City Commission increase rates 5 percent through 2011 in order to fund the CIP program.

Water Utility: The average number of water main breaks is decreasing. In 2005 there were 63 compared to 74 in 2004 and 77 in 2003. However, compared to other Montana communities, Great Falls ranks the highest in water main breaks. Mr. Rearden added that while Great Falls experiences the most water main breaks, the rates are the lowest in the State when compared to the largest cities.

Consultants from Thomas, Dean and Hoskins; Black and Veatch; and Red Oak Consulting, reviewed the Water Master Plan that included an analysis of the entire water utility. They provided a list of recommended capital improvements that totaled \$112,704,600 over the next 20 years. In order to fund the CIP program, they also provided a rate analysis based on several rate increase scenarios. None of the rate scenarios offered would fund the entire list of capital improvements.

The City Commission asked what rate increase would fund all the capital needs. Commissioner Beecher stated that the Commission would be irresponsible if it did not increase the rates to keep the

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utility system operational and to fix the deteriorating infrastructure. City Manager John Lawton proposed that Staff provide the Commission with additional information as to the critical capital needs and offer funding scenarios for those projects.

ADJOURN

There being no further discussion, Mayor Stebbins adjourned the work session of September 19, 2006, at 6:55 p.m.