

City of White Sulphur Springs, Montana

Comprehensive Capital Improvements Plan

October, 2020



Introduction:

In 2017 the City of White Sulphur Springs compiled a Growth Policy document. One of the goals of the Growth Policy document was the compilation of a Capital Improvements Plan (CIP) which is also sometimes called a CCIP (Comprehensive Capital Improvements Plan).

History:

White Sulphur Springs saw population highs of over 1500 people in the early 60s which has shrunk to just over 920 people last year. This negative growth pattern is largely due to the City's natural resource based economy. Most rural communities in Montana have seen a reduction in the population base unless the community has been able to take advantage of the tourist trade. The City has seen a major reduction in the logging industry, followed by the closing of local sawmills (the mill in Townsend just closed recently).

Agriculture and timber were the primary industries within the Community for many years. More recently, increased tourism and independent businesses have started to create new and unique opportunities. These trends will hopefully continue, making White Sulphur Springs a more vibrant and resilient community. Looking forward, White Sulphur Springs it appears another cycle of natural resource development appears to be starting up with the advent of the Black Butte Copper Mine and the Gordon Butte Project. While a trend back towards natural resource development is certainly likely area, this type of development is more unpredictable in terms of the challenges and opportunities that it provides to a community like White Sulphur Springs. At the time of the draft of this Growth Policy, the certainty of these specific projects was also unknown. Regardless of an individual project, it is likely that additional natural resource development will develop near White Sulphur Springs in the future, some yet to be predicted. Balancing the community's heritage with new opportunities will be critical to a thriving community. White Sulphur Springs has a number of assets and recent activity that provide a positive framework for thinking about the future. A couple of examples of these are the construction of a new school, the reconstruction of main street and its central location in Montana, excellent natural amenities, hot springs, a ski mountain, medical facilities, and buildings with historic character and charm. At the same time, White Sulphur Springs faces challenges similar to many communities in the west, primarily with aging infrastructure and an aging population with limited resources to remedy all of the needs. In this way, the Black Butte Copper Mine specifically provides new opportunities to fix some of the infrastructure within the community based upon potential impacts. This growth policy provides a general overview of the projected growth in White Sulphur Springs as a result of the mine, but a more detailed analysis will be required of the mine through the State's Hard Rock Mining Impact Program. The White Sulphur Springs Growth Policy was developed following the development of the Meagher County Growth Policy. The Meagher County growth policy has a wealth of technical information and a variety of similar goals to this policy that should also be referred to as the Community considers actions in the future.

The Capital Improvements Plan Process

A Comprehensive Capital Improvements Plan (CCIP) is a budgeting and financial tool used by government entities to establish long term goals for maintaining, improving, or building new public facilities. The general planning process used to develop a CCIP identifies specific projects, costs, priorities, timetables, and funding sources, and includes all public facilities owned or maintained by the local government.

This CCIP for the City of White Sulphur Springs covers a five year planning period from FY2020 to FY2025, and is a living document that will be reviewed annually and updated as necessary. Some major projects considered in this planning document may extend beyond the planning period to allow the City time for funding acquisition and planning. As city needs change to reflect community necessities and service requirements, environmental factors and City priorities, the CCIP will be updated to add new projects or reprioritize existing needs. As well as aiding the City with annual budgeting requirements, the CCIP is intended to provide tangible goals and objectives for the city to improve and replace public facilities before they are faced with severe degradation or catastrophic failure.

This CCIP was developed through a cooperative process managed by a team that included The City Engineer (Innovative Engineering), the Mayor and City Council, the Public Works Department, the Fire Department, the Sheriff's Department and input from the public.

The City of White Sulphur Springs realizes the need for a planning tool that will provide direction to existing and future City Councils. The implementation of a CCIP is an effort to meet public works needs and demonstrate sound planning efforts to the local residents, as well as to funding agencies and bond underwriters. Evidence of planning and managing debt for capital improvements illustrates the need for grant and loan funding, and has the potential for minimizing interest rates and the cost of borrowing money. Recent grant applications have been criticized because of the lack of a CIP and this process will help future applications score better. In addition, the CIP process is a valuable planning tool if used properly and if the CIP is updated each year.

This CCIP is connected by reference to the existing City of White Sulphur Springs Growth Policy completed in 2017. Goals and objectives within the 2017 Growth Policy emphasize the pursuit of cost effective public services and facilities, economic development, growth that encourages preservation of the character and value of property in White Sulphur Springs, protection of the quality of housing, and development of recreation facilities. Goals and objectives also support the utilization and conservation of natural resources for economic development and conservation that retains the natural character of the community and promotes transportation improvements that support local businesses and land uses with a sensitivity to the cost of maintenance.

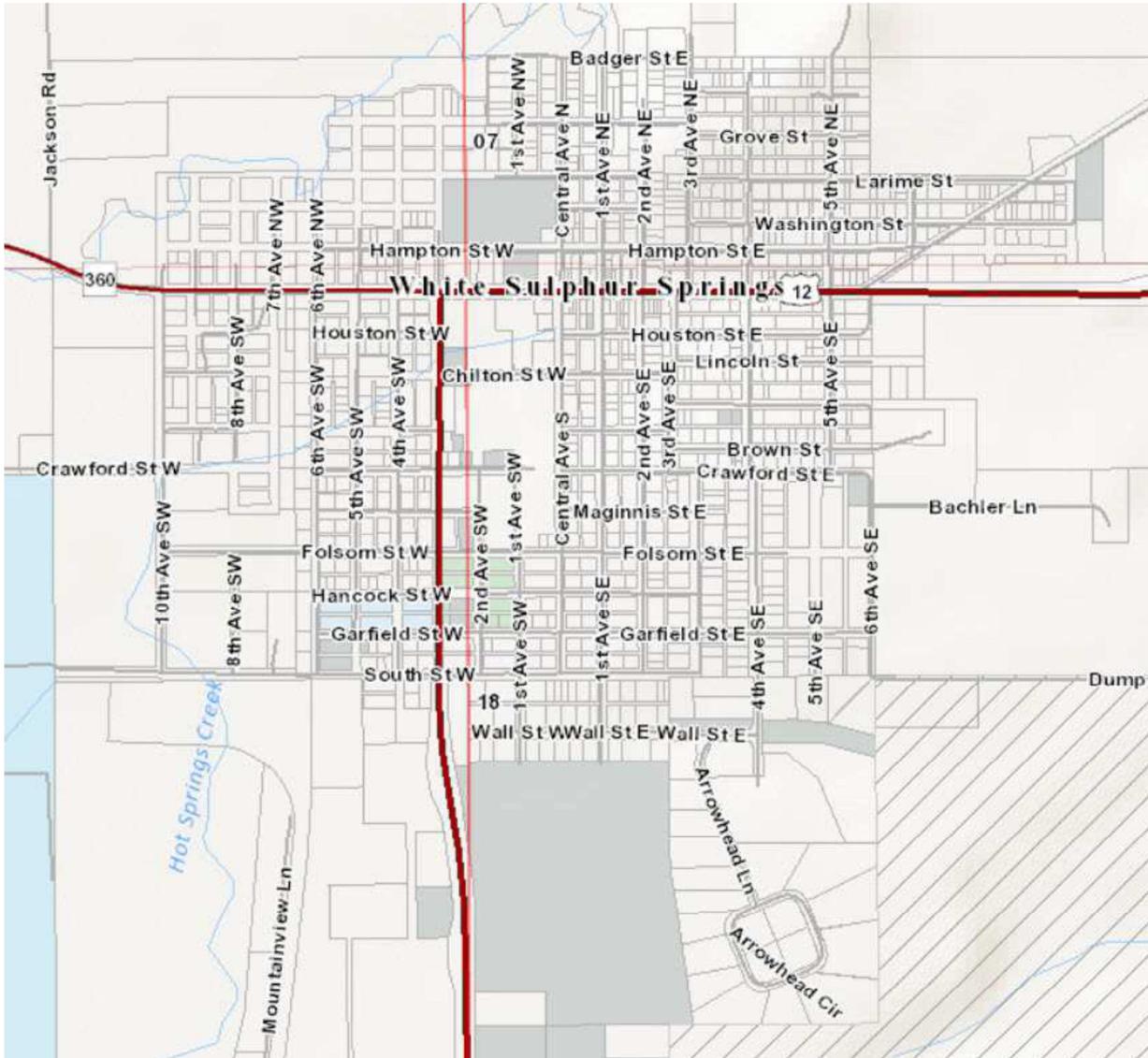
Specific issues identified and goals and objectives defined by the update to the Growth Policy (2017) have impact on the capital projects that are prioritized within this CCIP. Of primary focus within the Growth Policy are the following issues:

- Maintain and develop infrastructure to enhance the town's functioning

- Preserve and enhance the town’s unique character
- Build and make use of the town’s amenities; and
- Support the efforts of the residents to enhance and better the community

The area served by this CIP is within the City Limits of the City of White Sulphur Springs as shown below:

Figure 1 – City of White Sulphur Springs



The population of White Sulphur Springs has been declining since it peaked in about 1960. From 1910 to 2015, the City saw population growth of 122%, or a net increase of about 500 people. However since 1980 to 2014, population has declined about 30% or roughly 275 people. The population at the time of the last water system PER (2010) was about 950 people but current estimates are about 910 persons residing within City Limits. Loss of population growth reflects the need for planning at the city level and

a continued effort to set tangible goals for the city to maintain its public facilities. Planning and budgeting for population decline is as important as planning for growth.

The CIP Process

The CCIP planning process allows for the identification, review, planning and budgeting of capital expenditures. This process allows time for the study of identified projects, encourages public discussion of these projects, and allows citizens to provide advice and recommendations regarding potential projects and expenditures. The creation of a CCIP, as identified in the “Capital Improvements Planning Manual” published by the Montana Department of Commerce, follows a logical and sequential process, as outlined below.

A. Assess Needs

The first step in the CCIP planning process assessed the overall needs of the City. City department heads, city council members, and city personnel were provided an opportunity to give input on capital project needs. Departments contributing included:

1. Fire Department
2. Parks and Recreation
3. Public Works
4. City Clerk
5. Police/Sheriff Department
6. City Council
7. Public

The Mayor of White Sulphur Springs made a request of all city personnel asking about specific projects, their estimated timeline of need for the project, and capital and maintenance costs of the project if known. Each City Department testified in meetings conducted in the Fall of 2019 with about the need for the project and details that may be available to help determine timeline and cost for the project.

This Needs Assessment and public outreach is complemented by an open government policy followed by the City Council for White Sulphur Springs. This CCIP was developed in close cooperation with the City Council, which meets regularly in open session with a noticed agenda that includes time for public comment. Throughout the development of the CCIP, the topic has been on the Council’s agenda and comments were encouraged from the general public.

B. Project Identification and Prioritization of Need

The next step in the CCIP planning process evaluated potential projects and prioritized the capital needs of the City of White Sulphur Springs. Projects were limited by the Council to those in excess of \$5,000 and projects that would be completed or require planning within the next five budget cycles (FY2020- 2025). Once projects were identified by the City Council and prioritized, public comment was sought. Typical criteria utilized were:

1. Public health and safety (0-10 points) - does the project address an urgent health or safety concern, legal mandate, or code compliance?
2. Public infrastructure/ integral to another project/long term cost savings to the City (0- 10 points) – is the project directly related to infrastructure owned and maintained by the City? Does implementation of another critical project depend on this project or does it extend and existing project to provide additional benefit? Will the project provide cost savings to the City over the lifetime of the project?
3. Economic development/community benefit (0-10 points) – does the project promote increases in economic activity in the City? Does the project provide a benefit to the entire community, or only to a particular segment of the population based on location or need? Does the project improve or enhance the lives of individuals residing in the City?
4. Protection of property values (0-10 points) – does the project enhance the value of homes and businesses in the City?
5. Long range reinvestment in the City (0-10 points) – will the project serve the goals and values of the City of White Sulphur Springs over the long term?

The City Council scored each project and then sought public input before finalizing the scoring. The Council was provided with a copy of the scoring summary and then met in a public meeting to discuss and take comment on the final prioritization of projects to be included in the CCIP. Some projects or requests identified during the needs assessment were eliminated from the ranking process because the project had already been completed, it was not considered a capital project, or it was felt the project was out of the scope of the City's means or responsibility. Requests identified during the needs assessment were eliminated from the ranking process because the project had already been completed, it was not considered a capital project, or it was felt the project was out of the scope of the City's means or responsibility.

C. Funding Options

After researching all funding options, a possible funding scenario was created for each project on the final CCIP. Due to the scope and size of some projects, more than one funding source may be identified for a single project. This can be advantageous, as funding strategies that are

not dependent on one source are less vulnerable to changes in funding availability, and are more likely to be successful.

D. Adoption and Implementation of the Final CIP

The final step in completing the City of White Sulphur Springs CCIP was to adopt and implement the plan. Prior to formal adoption, a draft CCIP was provided to members of the City Council and the public. The availability of the draft CCIP for review was published in the Meagher County News. The CCIP was adopted by resolution at a public meeting held on XXXXXXXX. The formal adoption of the CCIP enables the City of White Sulphur Springs to begin implementation of the projects identified.

E. General Fund

Most projects in the CIP will be funded from the General Fund and during the most recent annual audit, the auditors recommended the City setup a couple of accounts within the General Fund to assist in financing the CIP projects. Money can moved back and forth between these accounts and still be in the General Fund, which will give added flexibility in the budgeting process. The City is currently in the process of establishing these accounts within the general fund.

City of White Sulphur Springs Budget

The City of White Sulphur Springs has an annual budget of \$2,983,992 and full time staff of five people. The City also contracts for services including City Court, City Attorney, City Engineering and Law Enforcement Services. This budget anticipates several major expenditures that may, or may not happen and if these expenses were realized, some of these expenses would have to be funded at least in part, by transfers from reserve accounts. Total expenses for the General Fund from year 2020 to 2021 are estimated as \$691,273.

The General Fund projected income looks like Table 1 shown below.

General Fund - Table 1	
Income	
Taxes	\$166,113
Licenses & Permits	\$3,100
Intergovernmental Revenues	\$141,955
Charges for Services	\$2,324
Court Fines	\$15,500
Miscellaneous	\$1,600
Investment Earnings	\$660
Total	\$331,252

Most general projects for the City will likely be funded through the General Fund. Some projects may be able to be funded through special funds or enterprise funds where funding is specifically earmarked and cannot be used for other purposes.

The following designated funds have anticipated income in these amounts:

Dedicated Funds - Table 2	
Income	
Airport	\$2,156
Liability & Comp Insurance	\$10,189
State Entitlement	\$8,766
Library Fund - nonvoted	\$6,811
Library Fund - Voted	\$6,198
Fire Department	\$9,047
Fire Department - Retirement	\$9,913
PERS	\$18,782
Group Insurance	\$9,238
Police Reserve Training	\$2,000
Gas Tax	\$32,429
Gas Tax – Special Allocation – HB 473	41,023
CDBG Fund	\$50
CIP – Aging Equipment	\$76,000
CIP – Aging City Hall	\$67,300
CIP – Aging Road & Streets	\$30,000
CIP – Aging Playground Equipment	\$9,250
Water	\$171,810
Water Line Replacement	\$35,000
Water Transmission Main Replacement	\$500,000
Water Tank Project	\$168,000
Sewer	\$137,400
Sewer Project - Phase 1	\$30,800
Sewer Project - Phase 2	\$149,500
Fireman’s Disability	\$2,000
Total	\$1,533,662

Current projected expenditures are shown below in Table 3. These projections were based on average expenses from 2017 – 2020 and will not match line item budget expenses. There may be larger line item budget expenses, based on one time anticipated expenses in the next fiscal year. Depending on the extent of the actual budget, there may be as much as \$30,000 available for projects needing financing from the general fund.

Table 3 - Projected Expenditures					
Expenses					
	2017	2018	2019	2020	Average
Council	\$5,938	\$5,336	\$4,937	\$5,087	\$5,325
Mayor	\$7,539	\$9,682	\$8,864	\$8,861	\$8,737
Court	\$19,143	\$26,149	\$16,353	\$21,323	\$20,742
Financial	\$43,426	\$56,718	\$57,504	\$63,574	\$55,306
Audit	\$8,300	\$9,800	\$8,300	\$8,770	\$8,793
Election					\$2,000
Legal	\$22,501	\$17,864	\$12,986	\$31,421	\$21,193
Facilities	\$15,488	\$14,119	\$6,697	\$22,308	\$14,653
Phone	\$5,172	\$4,931	\$5,307	\$5,550	\$5,240
Sheriff					\$17,500
Roads	\$100,798	\$126,324	\$101,479	\$83,496	\$103,024
Forestry					\$3,800
Lighting	\$11,099	\$4,576	\$4,307	\$4,497	\$6,120
Propane	\$4,648	\$6,473	\$7,410	\$5,371	\$5,976
Garbage	\$1,872	\$2,650	\$1,708	\$5,282	\$2,878
Weeds	\$527	\$499	\$499	\$554	\$520
Animal C.	\$2,513	\$294	\$1,642	\$2,400	\$1,712
Parks	\$11,448	\$4,855	\$17,078	\$26,942	\$15,081
Misc.					\$1,000
				Total	\$299,597
Airport					\$7,800
L. Insurance					\$18,000
Library - NV					\$12,475
Library -V					\$6,565
Fire	\$39,072	\$7,973	\$4,200	\$3,856	\$13,775
PERS	\$13,980	\$15,045	\$14,723	16960	\$15,177
Group I.	\$27,544	\$21,087	\$14,926	16321	\$19,970
Gas Tax	\$4,931	\$19,048	\$37,023	9363	\$17,591
Gas Tax HB473					\$40,137
CIP/Zoning					\$75,000
Water	\$252,686	\$293,071	\$386,068	\$192,725	\$281,138
H2O Line Replace					\$24,860
H2O Tran Main					\$400,000
Water Tank	\$17,946	\$36,525	\$34,585	102585	\$47,910
Sewer	\$92,176	\$83,605	\$183,878	57003	\$104,166
Sewer Phase 1	\$10,860	\$10,380	\$9,900	26420	\$14,390
Sewer Phase 2	\$30	\$34,505	\$26,107	71850	\$33,123
				Total	\$1,431,674

There are other funds in the City budget including Special Revenue Funds and Enterprise Funds. Money collected and placed into these funds generally must be used for these specific purposes. A CIPP project may be allowed to be funded with these types of funds if it meets the description of that fund's purpose.

The City will have two tasks at hand for each potential CIPP project. The first is to rank each project on the basis of need and importance to the City. The second will be to determine how to fund each project.

CIPP Projects

1. Purchase two new fire trucks for the fire department. The existing trucks are 25 and 30 years old and newer trucks are needed to keep the equipment dependable. Each truck is estimated to have a cost of \$150,000. Currently, the Fire Department gets about \$6,282 in taxes from the City and depends heavily on revenue from FEMA in the form of a \$25,000 grant and another \$1,500 grant from the Bair Foundation. The Fire Department had reported expenditures of \$3,856 in 2020, \$4,200 in 2019, \$7,973 in 2018 but spent about \$39,072 in 2017. Average expenditures over the last four years is on average about \$13,775 – about double the income generated by Taxes. The purchase of new trucks will need to be funded from outside sources – perhaps another grant from FEMA.

2. New fire station – the existing fire station will not be large enough to house the new trucks. The Central Valley Fire Station in Belgrade Montana has built several new stations in the last few years. A Typical new un-manned fire station will cost between \$250,000 and \$500,000 and a station with some residential components could cost as much as \$750,000. This project will have to be funded from outside sources.

3. Existing fire station re-roof. The existing fire station has a leaking roof and a new roof configuration is planned to replace the existing flat roofed structure. MMIA will provide ??????? towards the cost of a new roof, which is estimated at \$30,000. The City will have to come up with the rest of the funding – again – perhaps from an outside source.

4. Resurfacing the City's tennis courts. The estimated cost of new surfacing is about \$45,000. Expenditures in the Parks Department has averaged about \$15,000 per year with expenses of \$26,942 in 2020, \$17,000 in 2019, only \$4,855 in 2018, and \$11,500 in 2017. The Parks Department is funded through the General Fund, which has a projected income of \$332,000 this year and average expenses of \$300,000. Council-person Patti Berg has been working on this cost estimate, and a plan for funding. She indicated that the Community Foundation has about \$5,000 they could make available for this project, and that the Rotary Club is interested in helping out. She thought about half of the cost of this project could be raised from private funding.

5. Standby generators for well house. The City has had to operate on wells with the sand filter shut down because of turbidity issues more frequently in 2019 than the typical one month of shut down that occurs during spring runoff. Only one well can operate at a time because of their close proximity to each other, and neither has access to backup power. If a power outage occurs when work is being done on the water transmission main replacement project, the City will be out of water. Typical backup

generators with automatic transfer switches cost from \$50,000 - \$75,000. The water fund has a projected income of \$205,900 and average annual expenses of \$281,000 so it is likely that this project will need to be funded through use of reserves, or through outside financial assistance. SRF would likely loan the amount required and provide a Principle Forgiveness of about half, which would reduce the City's portion of the debt to about \$37,500. Rural Development also provides grant/loan combinations for projects like this, with a maximum possible grant of 75% and loan of 25% if the median household income of the proposed service area is below the higher of the poverty line or 60 percent of the State nonmetropolitan median household income. In 2018, the federal poverty income threshold was \$25,465 for a family of four with two children.

6. Replacement of Water Transmission Main – Phase III. The water transmission main from the east end of the alfalfa field east of the City needs to be replaced. This project is estimated to cost about \$540,000 to complete and will be funded by TSEP, CDBG or Rural Development with a match from the City's water main replacement fund. The water line fund has a balance of about \$337,000 and SRF would likely loan the amount required and potentially provide a Principle Forgiveness of about half, which would reduce the City's portion of the debt to about \$270,000. Rural Development also provides grant/loan combinations for projects like this, with a maximum possible grant of 75% and loan of 25% if the median household income of the proposed service area is below the higher of the poverty line or 60 percent of the State nonmetropolitan median household income.

7. Modifications to plumbing in the current well house. The current plumbing configuration in the existing well house only allows water to be metered from Well No. 2, which is located in the well house. The second well is located outside the well house, and is plumbed directly into the distribution system. This water use is not measured, which is against DNRC and DEQ rules, and also makes it difficult to know how much water the City consumes when the sand filter is turned off. The estimated cost of this project is \$35,000. The water fund has a projected income of \$205,900 and average annual expenses of \$281,000 so it is likely that this project will need to be funded through use of reserves, or through outside financial assistance. SRF would likely loan the amount required and provide a Principle Forgiveness of about half, which would reduce the City's portion of the debt to about \$17,500. Rural Development also provides grant/loan combinations for projects like this, with a maximum possible grant of 75% and loan of 25% if the median household income of the proposed service area is below the higher of the poverty line or 60 percent of the State nonmetropolitan median household income.

8. Looping all Dead End Mains. According to the record drawings produced by RPA (1986), there are 13 dead end water mains in the City's distribution system. Approximately 5,700 lineal feet of six inch PVC is included in this scenario to loop in all of the dead end mains in the system. In general, all improvements to fire flow capacity as a result of this improvement are limited to those areas directly served by each dead end main. The estimated cost of this project is \$915,000, which will be funded by TSEP, CDBG or Rural Development with Matching funds from the City's water main replacement account.

9. Replacing all undersized water mains. The system currently has multiple fire hydrants throughout the City that are served by four inch cast iron mains. This is clearly out of compliance with DEQ standards (DEQ-1 8.2.3), which states:

“The minimum size of water main for providing fire protection and serving fire hydrants must be six inches in diameter.”

The concern is that four inch (and smaller) lines, particularly those that are old and tuberculated, present a significant restriction on capacity and hence fire protection. This deficiency represents a threat to public safety. It follows that all undersized four and two inch mains should be replaced, as those that do not directly serve fire hydrants still present a restriction in available fire flows in a looped distribution grid.

In order to get an idea of the minimal impact to fire flows, all four and two inch mains in the distribution system were replaced by six inch PVC. This improvement would replace approximately 16,000 lineal feet of undersized water main. The greatest improvement to fire flow capacity is realized in those areas directly served by undersized mains, especially along undersized dead end mains. Fire flows on the west end of the City realized a significant improvement due to the upsizing of an old four inch steel main along Main Street that currently acts as a bottleneck, stifling capacity by introducing a great deal of headloss. On average, fire flows on the west end along Main Street increase by roughly 900 gpm. The cost of completing this work is estimated as \$2,101,00 which would be funded by TSEP, CDBG or Rural Development with matching funds from the City’s water main replacement account.

10. New City Shops Building – Need some cost data for this project

11. Purchase a one ton dually shop truck – flat bed with dumping capabilities for \$25,000. Current city trucks are at the end of their useable life cycles and are not dependable for trips outside city limits. Additionally, the City’s dump truck is often pressed into service to haul a small amount of sand to a slick spot when a smaller truck could do the job better. This purchase would likely be financed equally between the General Fund, Water fund and Sewer Fund.

12. Purchase a grader for work on city streets for \$50,000. The cost of this acquisition would be split between Gas Tax revenues (80%), Water fund Revenues (10%) and Sewer Fund Revenues (10%).

13. Pave two blocks of streets in the city. Costs for this project are specific to the location as the condition of the sewer, water and drainage facilities should all be considered before a project cost can be compiled. A logical way to proceed on this project is to identify the two blocks that are most in need of improvement, and then develop a project cost. Funding for this project would likely come from a combination of General Fund and Gas Tax revenues.