

# New Madison water pipeline boosts city budget to \$166M

By KAYLA MATZKE NEWBANKS, News-Record Writer [kmatzke@gilletteneewsrecord.net](mailto:kmatzke@gilletteneewsrecord.net)

Published: Saturday, June 19, 2010 11:36 PM MDT

The City of Gillette will spend more in the coming fiscal year than last year, but only because of state grants and loans totaling \$41.5 million that will pay for initial planning for the Gillette Regional Water Project to build a parallel pipeline to the Madison aquifer.

The city proposes to spend \$166.2 million — which includes the water project and dipping into \$3.6 million from its reserves — in 2010-11, up from \$150.1 million last year.

But without the water project in the equation, spending on operating and capital would drop by about \$21 million. The biggest reason for the drop came from an \$8 million Boxelder Road extension project that was put on hold.

The City Council is expected to approve the budget Monday evening after a scheduled public hearing.

Like other governments, the city has had to deal with a drop in revenue after several years of increases. About 86 percent of the city's revenue comes from sales and use tax, and this year, sales tax revenue declined by about 25 percent.

Even though revenues are down, the city tried to be as responsible as it could be with its budget.

"To meet the economic challenges we currently face, all city divisions were instructed to include only the expenditure requests absolutely critical to their function," City Administrator Mike Muirhead wrote in his budget summary.

Cuts have been made across the board to almost every department, but Muirhead believes the city still will preserve its level of services.

"Not wanting to add to the hardships already being faced by our citizens, this budget does not include any rate increases to our utility customers," he wrote. But that excludes water, which will see a 22 percent increase in April 2011. In some cases, reserve funds will have to be used to offset expenses.

But the city remains hopeful for its future budgets.

"While economists debate when and to what extent economic recovery will happen, we have reason to remain optimistic in Gillette," Muirhead wrote.

The city is down 14 full-time positions. It employs 265 people and it can authorize 279 full-time positions.

Muirhead has said there are no layoffs planned within the city for the next fiscal year. But as employees retire or leave the city, their positions will be evaluated to determine if there is a need for replacement.

And the city won't be giving raises. It's taking a "conservative" approach to raises this year and is offering a one-time lump sum payment based upon employees' performance. Those payments will range from \$500 to \$1,500 and they won't be added to employees' base pay or carried over for the next year.

Here are some highlights of the budget:

\$24 million has been allocated for the Optional 1 Percent Sales Tax fund with \$7.7 million dedicated toward street improvements and \$7.3 million pledged for water projects.

\$3.6 million will be pulled from its reserves to pay for Optional 1 Percent Sales Tax projects that otherwise wouldn't be completed because of a decrease in the fund. Some of those projects are the McManamen Park reconstruction and the Interstate Industrial Park's road and drainage reconstruction.

\$4.5 million for the yearly lease payment for its purchase of 23 percent of the WyGen III.

## If you go

**What:** The City of Gillette's final budget hearing

**When:** 7:30 p.m. Monday in the City Council chambers in City Hall

**Why:** The public can weigh in on the budget before it's voted on