



Miles City // FY2025-2026 Operational and Financial Snapshot

Miles City by the Numbers

Employees: **92 Full Time**

Median Household Income: **\$60,732**

Population: **8,412**

Top 3 Sectors: **Government, Retail Trade, Health Care**

Operational Review

Recent Accomplishments

- ✓ Funding and Construction of New Fire Station
- ✓ Commissioning of a Citywide Capital Improvements Program and Master Plan
- ✓ Library Improvement and Modernization Project
- ✓ FloodWise Assistance with Headwaters Economics

Upcoming Opportunities

- ☐ Prioritize Financial Transparency
- ☐ Set Priorities with a Strategic Plan
- ☐ Update Utility Rates and Explore New Revenue Sources
- ☐ Improve Cost Recovery for Ambulance Services
- ☐ Establish Funding Strategies for Major Projects

Priority Projects

- ☐ Tongue River Levee (\$63.0M)
- ☐ Drinking Water Intake (\$7.0M)
- ☐ Tongue River Force Main Improvements (\$1.1M)
- ☐ Wastewater Plant Upgrades (\$800K)
- ☐ Replacement Fire Engine (\$700K) & Ambulance (\$500K)
- ☐ Downtown Sewer Improvements (\$650k)



Financial Review

Revenue: **\$25.3M**

Expenditures: **\$28.9M**

Deficit: **-\$3.6M**

Top Revenue Sources

A. Federal and State Funding: **\$9.0M**

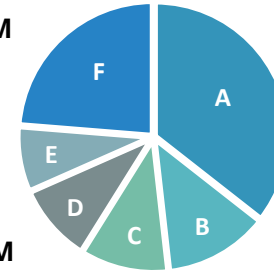
B. Property Taxes: **\$3.2M**

C. Water Utility Revenue: **\$2.7M**

D. Sewer Utility Revenue: **\$2.4M**

E. Ambulance Charges: **\$2.0M**

F. All Other Revenue Sources: **\$6.0M**
Includes Interdepartmental Transfers, Special Improvement Districts, Fees and Fines, etc.



Top Three Expenditures

- 1 **\$10.4M** Capital & Infrastructure Needs (36% of Budget)
- 2 **\$7.2M** Wages (25% of Budget)
- 3 **\$1.3M** Debt Principal Interest Costs (5% of Budget)

Long-Term Debt

Fire Station

\$310k Annual Payment
\$6.4M Total Debt
2044 Last Payment

! Debt Capacity*

Revenues fall well below the 110% target needed to safely cover debt.

Water & Sewer

\$800k Annual Payment
\$9.4M Total Debt
2038 Last Payment

Water Fund: **88%** **-22%**

Sewer Fund: **57%** **-53%**

110% Target

Annual Service Costs per Household

General Fund

Property Tax per \$100K

Miles City: \$309
Lewistown: \$298
Sidney: \$215
Glendive: \$325

Water Charges

Avg. Monthly Rates

Miles City: \$24
Lewistown: \$33
Sidney: \$42
Glendive: \$53

Sewer Charges

Avg. Monthly Rates

Miles City: \$33
Lewistown: \$31
Sidney: \$49
Glendive: \$58

*Debt service coverage ratio (DSCR) compares net annual revenues to annual debt obligations. A 110% target ensures debt is covered with revenue to spare. At 88% and 57%, neither the Water or Sewer funds meet this threshold. Data from Census.gov, 2023 Montana DNRC Statewide Rate Comparison, and the City's FY25 Approved Budget and FY24 Audit. Staff counts excludes elected officials. Analysis conducted by AE2S Nexus and Headwaters Economics. It is intended to provide general information and does not constitute legal, financial, or investment advice.

Recommendations

Needs

Steps to Take

1. Start Here: Establish a Strong Foundation

**Focus City Efforts
Around Shared Priorities**
\$25,000 – \$40,000

The City is managing multiple projects and initiatives with limited staff time and resources, making it difficult to prioritize and make consistent progress.

Develop a Strategic Plan with clear community goals to establish a roadmap for the future. Ensure that the city's CIP aligns with strategic priorities and identify near-term vs long-term actions.

**Build Community Trust
& Transparency**
\$25,000 - \$60,000

Residents may not fully understand the services the City provides or the value of their tax contributions, making it harder to build support for future decisions.

Develop a Community Engagement Plan, prioritizing regular communication about services, projects, and costs. **Communicate the value of typical and forgotten services.** Use simple visuals to explain budgets, fees, and investments.

2. Next Steps: Build Financial Stability

**Align Rates & Fees with
the Cost of Service**
\$30,000 - \$40,000

The City's aging infrastructure and rising costs are increasing financial pressure on the budget. The City has not updated rates and fees to keep up with inflation or to prepare for significant upgrades*.

Conduct a utility rate study to assess which rates and fees need to be updated, by how much, and over what timeframe. Adjust rates gradually and **create a plan to add financial capacity** for future capital investments, including water and wastewater projects.

**Improve Financial
Stability of Ambulance**
\$30,000 - \$40,000

The City's ambulance service charge does not fully cover operating and capital costs, creating more pressure on the general fund.

Conduct a cost-of-service study to evaluate fee structures and billing practices, accounting for operating costs and emergency vehicle depreciation. Assess opportunities for partnerships or cost-sharing to make the service more affordable.

**Identify & Develop New
Revenue Sources**
Varied cost

The City has notable funding needs when it comes to its infrastructure, including parks, levees, and stormwater. Existing revenue are likely not sufficient to meet growing service and infrastructure needs.

Conduct a feasibility study to assess options (e.g. new taxes, special districts, charges, etc.), legal considerations, and affordability. **Identify revenue sources aligned with community priorities.** Phase in new mechanisms over time.

3. Plan & Implement: Deliver Major Projects

**Example: Establish a
Funding Strategy for the
Tongue River Levee**

The City's levee system requires a significant investment (\$60+M) with no dedicated long-term funding source currently in place.

The City is working with the Army Corps of Engineers to fund this project, but it will likely require a large local contribution. **Evaluate the creation of a levee or special district** to fund the project's local cost share.