

RESOLUTION NO. 258

RESOLUTION OF THE TOWN OF STEVENSVILLE,
MONTANA TO INCREASE THE RATES FOR THE USERS OF
THE MUNICIPAL WATER SYSTEM

RECITALS

WHEREAS, the Town pursuant to authority conferred by Montana Code Annotated (M.C.A.), Title 7, Chapter 13, Parts 43 and 44, as amended (the "Act"), and other laws of the State of Montana, has established and presently owns and operates a municipal water system (the "System"); and

WHEREAS, pursuant to Section 7-13-4307, M.C.A., the rates and charges established for the services and facilities afforded by the System shall be sufficient in each year to provide income and revenues adequate for the payment of reasonable expense and operation and maintenance and for the accumulation of such reserves and the making of such expenditures for depreciation and replacement of the System; and

WHEREAS, the Town intends to make improvements to the System, consisting of water meter installation and installation of a new transmission main from the well field to the Town and new water supply wells and pump house construction, distribution system improvements, decommissioning of the existing infiltration gallery, construction of a booster station and installation of pressure reducing valves (the "Improvements"); and

WHEREAS, based on the information provided to the Town from the Town's engineering firm, Professional Consultants, Inc., in Missoula, Montana, (the "Engineer"), the estimated cost of the Improvements is \$4,324,400; and

WHEREAS, the Town proposes to issue water system revenue bonds (the "Bonds") in an amount not to exceed the aggregate amount of \$2,173,000 to pay for a portion of the costs of making the Improvements to the System and associated costs; and

WHEREAS, the Town has no debt or other obligations payable from the revenues of the System; and

WHEREAS, costs of the Improvements in excess of the proceeds of the Bonds are expected to be paid from a USDA Rural Development grant in the amount of \$864,900, a Treasure State Endowment Program grant in the amount of \$500,000, a Water Resources Development Act grant in the amount of \$175,000, a Water Resources Development Act special appropriation in the amount of \$487,500, a Department of Natural Resources and Conservation Grant in the amount of 100,000, and funds the Town has on hand and available therefor in the amount of approximately \$24,000; and

WHEREAS, it is necessary to collect sufficient revenues to repay said water system revenue bonds and pay costs associated with the operation and maintenance of the System; and

WHEREAS, the Town has determined that the current rates and charges for the services and facilities afforded by the System are inadequate to meet the requirements of Section 7-13-4307, M.C.A.; and

WHEREAS, pursuant to Sections 7-13-4308 and 69-7-101, M.C.A., the Town has the power and authority to regulate, establish, and change, as it considers proper, rates, charges, and classifications imposed for utility services to its inhabitants and other persons served by the municipal systems. Rates, charges, and classifications must be reasonable and just; and

WHEREAS, the Town in consultation with its Engineer and the Montana Rural Water Users Association has determined it to be in the best interest of the Town and the users of the System to increase the rates and charges for the services provided by the System in order to collect sufficient revenues to meet the requirements of Section 7-13-4307, M.C.A.; and

WHEREAS, a notice of public hearing was mailed to all users of the Town's System notifying them that pursuant to Resolution No. 258, adopted July 12, 2010, it was the intention of the Town to increase the rates and charges for water service and notice of public hearing was published as required by Section 69-7-111, M.C.A. A public hearing was held on August 23, 2010 at 6:30 p.m. at the Chambers of the Town Council, Town Hall, 206 Buck Street, Stevensville, Montana, for the purpose of hearing comments from the public on the water rate increase; and

WHEREAS, all persons appearing were given an opportunity to speak at the public hearing.

NOW, THEREFORE, BE IT RESOLVED by the Town Council (the "Council") of the Town as follows:

Section 1. Determination of Annual Budget for System. Each year the Council of the Town shall determine the amount of money needed to pay the costs of the System including but not limited to: (a) the payment of the reasonable expense of operation and maintenance of the System; (b) administration of the System; (c) the payment of principal and interest on any bonded or other indebtedness of the System; and (d) the establishment or maintenance of any required reserves, including reserves needed for expenditures for depreciation and replacement of facilities, as may be determined necessary from time to time by the Council or as covenanted in the ordinance or resolution authorizing any outstanding bonds of the System. Based on the annual needs of the System, the Council will establish quarterly charges for the use of the System.

Section 2. Equivalent Dwelling Unit and Water Usage. The Town utilizes an equivalent dwelling unit methodology for imposing rates and charges, which is based on the size of the water line or meter servicing each connection. A ¾ inch service, which is the standard service for single family residential users, is 1 Equivalent Dwelling Unit (EDU). The following table shows the number of EDUs for each size of service, based on current metered connections:

<u>Water Line/Meter Size</u>	<u>Connections</u>	<u>Multiplier</u>	<u>EDUs</u>
¾ inch	725	1.00	725.00
1 inch	25	1.79	44.75
1½ inch	17	4.00	68.00
2 inch	4	7.14	28.56
3 inch	0	16.00	0
4 inch	0	28.57	0
Total			866.31

There are currently 866.31 metered EDUs in the Town.

Section 3. Current Rate. The Town currently imposes rates and charges to users of the System on a quarterly billing cycle.

The current base rate for existing services in the Town are shown on the table below:

Quarterly Water Charge (Base Rate)

<u>Water Line/Meter Size</u>	<u>Metered</u>	<u>Metered</u>	<u>Unmetered</u>	<u>Unmetered</u>
	<u>In Town</u>	<u>Out of Town</u>	<u>In Town</u>	<u>Out of Town</u>
¾ inch	\$43.96	\$39.80	\$51.31	\$58.01
1 inch	78.68	103.84	91.84	108.84
1½ inch	174.76	232.04	205.24	232.04
2 inch	313.87	414.19	366.35	313.87

In addition, the Town imposes a usage charge to metered customers based on water usage of \$0.55 for every 1,000 gallons of water used per quarter over 10,000 gallons.

Section 4. Change of Billing Cycle; Fixing of Rates. The Town shall change its current quarterly billing cycle to a monthly billing cycle and increase its water rates for all users effective as of the October 1, 2010 water billing. The Town shall charge each user of the System (including metered and unmetered properties, and in-town and out-of-town properties) a monthly flat rate of \$40.20 per EDU (the "Flat Rate"), which will be established in an amount to pay the costs of operation and maintenance of the System and debt service on the Bonds and establish appropriate reserves. The Flat Rate for each size of connection will be as follows:

<u>Water Line/Meter Size</u>	<u>Monthly Flat Rate</u>
¾"	\$ 40.20
1"	71.95
1 ½"	160.80
2"	287.03

Section 5. Base Rate; Usage Charges. From and after October 1, 2010, the Town shall charge the above Flat Rate to all users of the System on a monthly basis and discontinue the current usage charge until water meters are installed for all connections to the System and usage can be determined. Thereafter, the Town will implement a new monthly base rate per EDU (the "Base Rate") as shown in the table below.

<u>Water Line/Meter Size</u>	<u>Cost per EDU</u>	<u>Multiplier</u>	<u>Base Rate</u>
¾"	\$29.12	1.00	\$29.12
1"	\$29.12	1.79	52.13
1 ½"	\$29.12	4.00	116.49
2"	\$29.12	7.14	207.93
3"	\$29.12	16.00	465.95
4"	\$29.12	28.57	832.02

After installation of meters and determination of usage, in addition to the Base Rate, the Town shall impose a new monthly usage charge (the "Usage Charge") of \$1.85 per 1,000 gallons of water used in excess of the each user's Base Usage Allowance. For this purpose, "Base Usage Allowance" equals (i) 3,000 gallons, multiplied by (ii) the multiplier for such user, based on the water line/meter size for such user. All water used each month up to the Base Usage Allowance is included in the Base Rate. For example, a user with a ¾" line has a Base Usage Allowance of 3,000 gallons, and will incur the Usage Charge for the amount of water used in excess of 3,000 gallons in a month. The Base Usage Allowance for each line size is shown below.

<u>Water Line/Meter Size</u>	<u>Multiplier</u>	<u>Base Usage Allowance</u>
¾"	1.00	3,000 gallons
1"	1.79	5,370 gallons
1 ½"	4.00	12,000 gallons
2"	7.14	21,420 gallons
3"	16.00	48,000 gallons
4"	28.57	85,710 gallons

Upon the implementation of the Base Rate and the Usage Charge, the monthly charge for the use and availability of the System for each user will be the sum of the user's Base Rate and Usage Charge.

Section 5. Further Rate Increases. Subsequent adjustments to the Flat Rate (and thereafter to the Base Rate and Usage Charge) will be made by resolution of the Town Council duly adopted after a public hearing with notice thereof given as provided by law.


Section 6. Effective Date of Resolution. This resolution shall be immediately filed with the Town Clerk and shall become effective upon passage.

Passed and approved this 23rd day of August, 2010.



 Mayor

ATTEST:



 Town Clerk

08/23/10

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the Town of Stevensville, Ravalli County, Montana (the "Town"), hereby certify that the attached resolution is a true copy of a Resolution entitled: "RESOLUTION OF INTENTION OF THE TOWN OF STEVENSVILLE, MONTANA TO INCREASE THE RATES FOR THE USERS OF THE MUNICIPAL WATER SYSTEM" (the "Resolution"), on file in the original records of the Town in my legal custody; that the Resolution was duly adopted by the Town Council of the Town at a regular meeting on August 23, 2010, and that the meeting was duly held by the Town Council and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Resolution at said meeting, the following Council Members voted in favor thereof: Desera Towle, Robin Holcomb, Dan Mullan, Pat Groninger; voted against the same: NONE; abstained from voting thereon: NONE; or were absent: NONE.

WITNESS my hand officially this 24th day of August, 2010.

Roni J. King
Town Clerk