

RESOLUTION NO. 254

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

RECITALS

WHEREAS, the Town of Stevensville, Montana (the "Town") pursuant to authority conferred by Montana Code Annotated (M.C.A.), Title 7, Chapter 13, Part 43, as amended (the "Act"), and other laws of the State of Montana, has established and presently owns and operates a municipal sewer 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 must be sufficient in each year to provide income and revenues adequate for the payment of reasonable expense and operation and maintenance and for payment of the sums required to be paid into the sinking fund and for the accumulation of 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 installation of ultraviolet light disinfection and back-up power; performing a groundwater study and decommissioning of the polishing lagoon and related improvements (the "Improvements"); and

WHEREAS, the Town will use a combination of grant moneys and sewer system revenue bonds to pay costs of the Improvements; and

WHEREAS, it is necessary to collect sufficient revenues to repay such sewer 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 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 Sections 7-13-4307 and 7-7-4424, M.C.A.; and

WHEREAS, the Council has determined it to be in the best interest of users of the System to phase in the necessary increases; and

WHEREAS, pursuant to Section 69-7-111, M.C.A., the Town shall order a public hearing on its determination to increase rates and charges imposed on its customers.

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

Section 1. Intent to Increase Sewer User Charges. It is the intent of the Town to implement a rate increase for users of the System effective as of July 2010, as set forth herein.

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:

<u>Water Line/Meter Size</u>	<u>Connections</u>	<u>Multiplier</u>	<u>EDUs</u>
¾ inch	662	1.00	662.00
1 inch	25	1.79	44.75
1½ inch	17	4.00	68.00
2 inch	4	7.14	28.56
Total			803.31

There are currently 803.3 EDUs in the Town.

Section 3. Quarterly Sewer Charge. The Town currently charges users of the System a base rate charge of \$55.02 per EDU per quarter (the "Base Rate Charge"). The Town also imposes a quarterly charge of \$50.25 per EDU to pay debt service on the Town's outstanding \$1,250,000 Sewer System Revenue Bond, Series 2000A, and \$814,000 Sewer System Revenue Bond, Series 2000B (the "Debt Service Charge" and together with the Base Rate Charge, the "Quarterly Charge"). These charges are shown below:

<u>Water Line/ Meter Size</u>	<u>Multiplier</u>	<u>Quarterly Sewer Charge</u>		
		<u>Base Rate Charge</u>	<u>Debt Service Charge</u>	<u>Total per Quarter</u>
¾ inch	1.00	\$55.02	\$50.25	\$105.27
1 inch	1.79	\$102.99	\$85.44	\$188.43
1½ inch	4.00	\$220.08	\$201.00	\$421.08
2 inch	7.14	\$394.84	\$356.79	\$751.63

Section 4. Fixing of Quarterly Sewer Charge. Effective as of the sewer billing in July 2010, the Town proposes to increase the Quarterly Charge for all users. The Base Rate Charge per EDU from July 2010 through June 2011 is proposed to increase by \$14.10 to \$69.12 and the

Debt Service Charge per EDU is proposed to increase by \$10.65 to \$60.90, for a Quarterly Charge per EDU of \$130.02, as shown in the table below.

Quarterly Sewer Charge for July 2010 – June 2011				
<u>Water Line/ Meter Size</u>	<u>Multiplier</u>	<u>Base Rate Charge</u>	<u>Debt Service Charge</u>	<u>Total per Quarter</u>
¾ inch	1.00	\$69.12	\$60.90	\$130.02
1 inch	1.79	\$123.72	\$109.00	\$232.72
1½ inch	4.00	\$276.48	\$243.60	\$520.08
2 inch	7.14	\$493.52	\$434.83	\$928.35

This initial proposed rate increase represents an increase in the Quarterly Charge of approximately 24% over the existing rates.

In addition, the Town proposes to increase the quarterly Base Rate Charge per EDU by (i) \$3.75 effective as of July 2011 (from \$69.12 to \$72.87), (ii) an additional \$3.75 effective as of July 2012 (from \$72.87 to \$76.62), (iii) an additional \$2.55 effective as of July 2013 (from \$76.62 to \$79.17), and (iv) an additional \$2.55 effective as of July 2014 (from \$79.17 to \$81.72).

This would have the following effect on the Quarterly Charge:

Quarterly Sewer Charge for July 2011 – June 2012				
<u>Water Line/ Meter Size</u>	<u>Multiplier</u>	<u>Base Rate Charge</u>	<u>Debt Service Charge</u>	<u>Total per Quarter</u>
¾ inch	1.00	\$72.87	\$60.90	\$133.77
1 inch	1.79	\$130.44	\$109.00	\$239.44
1½ inch	4.00	\$291.48	\$243.60	\$535.08
2 inch	7.14	\$520.29	\$434.83	\$955.12

The above proposed rate increase represents an increase in the Quarterly Charge of approximately 2.8% over rates in effect from July 2010 through June 2011.

Quarterly Sewer Charge for July 2012 – June 2013				
<u>Water Line/ Meter Size</u>	<u>Multiplier</u>	<u>Base Rate Charge</u>	<u>Debt Service Charge</u>	<u>Total per Quarter</u>
¾ inch	1.00	\$76.62	\$60.90	\$137.52
1 inch	1.79	\$137.15	\$109.00	\$246.15
1½ inch	4.00	\$306.48	\$243.60	\$550.08
2 inch	7.14	\$547.07	\$434.83	\$981.90

The above proposed rate increase represents an increase in the Quarterly Charge of approximately 2.8% over rates in effect from July 2011 through June 2012.

Quarterly Sewer Charge for July 2013 – June 2014				
<u>Water Line/ Meter Size</u>	<u>Multiplier</u>	<u>Base Rate Charge</u>	<u>Debt Service Charge</u>	<u>Total per Quarter</u>
¾ inch	1.00	\$79.17	\$60.90	\$140.07
1 inch	1.79	\$141.71	\$109.00	\$250.71
1½ inch	4.00	\$316.68	\$243.60	\$560.28
2 inch	7.14	\$565.27	\$434.83	\$1,000.10

This proposed rate increase represents an increase in the Quarterly Charge of approximately 1.9% over rates in effect from July 2012 through June 2013.

Quarterly Sewer Charge for July 2014 – June 2015				
<u>Water Line/ Meter Size</u>	<u>Multiplier</u>	<u>Base Rate Charge</u>	<u>Debt Service Charge</u>	<u>Total per Quarter</u>
¾ inch	1.00	\$81.72	\$60.90	\$142.62
1 inch	1.79	\$146.28	\$109.00	\$255.28
1½ inch	4.00	\$326.88	\$243.60	\$570.48
2 inch	7.14	\$583.48	\$434.83	\$1,018.31

This proposed rate increase represents an increase in the Quarterly Charge of approximately 1.9% over rates in effect from July 2013 through June 2014.

Section 5. 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 6. Further Rate Increases. Subsequent adjustments to the Quarterly Charge or any portion thereof will be made by resolution of the Town Council duly adopted after a public hearing with notice thereof given as provided by law.

Section 7. Public Hearing. A public hearing on the rate increase will be held on Monday, May 10, 2010, commencing at 6:30 p.m. at the Chambers of the Town Council, Town Hall, 206 Buck Street, Stevensville, Montana. Written comments will be accepted until the 3:00 p.m, Friday, May 7, 2010, and verbal comments will be accepted at the Town Council meeting.

Section 8. Notice. The Town Clerk is hereby authorized and directed to publish or cause to be published a copy of a notice of the passage of this resolution in *The Bitterroot Star* and the *Ravalli Republic*, newspapers of general circulation in the Town, on April 21, April 28, and May 5, 2010, in the form and manner prescribed by law, and to mail or cause to be mailed a copy of

said notice to all persons served by the System at least 7 days and not more than 30 days prior to the public hearing. The mailed notice must contain an estimate of the amount that the customer's average bill will increase. The Town Clerk is also authorized and directed to mail first class, postage prepaid, notice of all hearings to the Montana consumer counsel.

Passed and approved this 12th day of April, 2010.


Mayor

ATTEST:


Town Clerk

NOTICE OF RATE INCREASE AND PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on April 12, 2010, the Town Council (the “Council”) of the Town of Stevensville, Montana (the “Town”), adopted a Resolution of Intention of the Town to Increase the Rates for the Users of the Municipal Sewer System.

The Town has determined that the rates and charges established for the services and facilities afforded by the municipal sewer system (the “System”) are insufficient to provide income and revenues adequate for the payment of reasonable expense and operation and maintenance and for payment of the sums required for current and anticipated sewer revenue bond indebtedness and for the accumulation of reserves and the making of expenditures for depreciation and replacement of the System. 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 to collect sufficient revenues.

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 Town currently charges users of the System a base rate charge of \$55.02 per EDU per quarter (the “Base Rate Charge”). The Town also imposes a quarterly charge of \$50.25 per EDU to pay debt service on the Town’s outstanding \$1,250,000 Sewer System Revenue Bond, Series 2000A, and \$814,000 Sewer System Revenue Bond, Series 2000B (the “Debt Service Charge” and together with the Base Rate Charge, the “Quarterly Charge”).

Effective as of the sewer billing in July 2010, the Town proposes to increase the Quarterly Charge for all users of the System. The Base Rate Charge per EDU from July 2010 through June 2011 is proposed to increase by \$14.10 to \$69.12 and the Debt Service Charge per EDU is proposed to increase by \$10.65 to \$60.90, for a Quarterly Charge per EDU of \$130.02, as shown in the table below:

Quarterly Sewer Charge for July 2010 – June 2011				
<u>Water Line/ Meter Size</u>	<u>Multiplier</u>	<u>Base Rate Charge</u>	<u>Debt Service Charge</u>	<u>Total per Quarter</u>
¾ inch	1.00	\$69.12	\$60.90	\$130.02
1 inch	1.79	\$123.72	\$109.00	\$232.72
1½ inch	4.00	\$276.48	\$243.60	\$520.08
2 inch	7.14	\$493.52	\$434.83	\$928.35

This initial proposed rate increase represents an increase in the Quarterly Charge of approximately 24% over the existing rates.

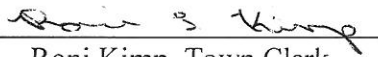
In addition, the Town proposes to increase the quarterly Base Rate Charge per EDU by (i) \$3.75 effective as of July 2011 (from \$69.12 to \$72.87), (ii) an additional \$3.75 effective as of July 2012 (from \$72.87 to \$76.62), (iii) an additional \$2.55 effective as of July 2013 (from

\$76.62 to \$79.17), and (iv) an additional \$2.55 effective as of July 2014 (from \$79.17 to \$81.72). The above proposed rate increases represent an increase in the Quarterly Charge of: (i) approximately 2.8% over rates in effect from July 2010 through June 2011, (ii) approximately 2.8% over rates in effect from July 2011 through June 2012, (iii) approximately 1.9% over rates in effect from July 2012 through June 2013, and (iv) approximately 1.9% over rates in effect from July 2013 through June 2014.

On Monday, May 10, 2010, commencing at 6:30 p.m. at the Chambers of the Town Council, Town Hall, 206 Buck Street, Stevensville, Montana, the Council will conduct a public hearing and pass upon all protests against the proposed water rate increase. Written comments will be accepted at the address below until 3:00 p.m., Friday, May 7, 2010.

Further information about the proposed rate increase may be obtained by contacting Roni Kimp, Town Clerk, Town Hall, 206 Buck Street, Stevensville, Montana 59870, phone: (406) 777-5271.

Done by Order of the Council of the Town of Stevensville, Montana, this 12th day of April, 2010.



Roni Kimp, Town Clerk

Publish: April 21, April 28, and May 5, 2010

Mail: April 21, 2010

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the Town of Stevensville, Montana (the "Town"), hereby certify that the attached resolution is a true copy of Resolution No. 25A, entitled: "RESOLUTION OF INTENTION OF THE TOWN OF STEVENSVILLE, MONTANA TO INCREASE THE RATES FOR THE USERS OF THE MUNICIPAL SEWER 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 April 12, 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: Clayton Floyd, Jr., Robin Holcomb & Desera Towle; voted against the same: none; abstained from voting thereon: none; or were absent: Pat Growinger.

WITNESS my hand officially this 12th day of April, 2010.

Robin J. King
Town Clerk