

RESOLUTION NO. **255**

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, a notice of public hearing was mailed to all users of the Town's System notifying them that pursuant to Resolution No. 254, adopted April 12, 2010, it was the intention of the Town to increase the rates and charges for the System and notice of public hearing was published as required by Section 69-7-111, M.C.A. A public hearing was held on May 10, 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 sewer 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 and availability 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:

<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:

Quarterly Sewer Charge				
<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	\$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 will increase the Quarterly Charge for all users. The Base Rate Charge per EDU from July 2010 through June 2011 will be increased by \$14.10 to \$69.12 and the Debt Service Charge per EDU will be increased 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 rate increase represents an increase in the Quarterly Charge of approximately 24% over the existing rates.

In addition, the Town will 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 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 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 rate increase represents an increase in the Quarterly Charge of approximately 1.9% over rates in effect from July 2012 through June 2013.

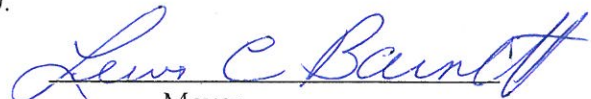
Quarterly Sewer Charge for July 2014 – June 2015				
<u>Water Line/ Meter Size</u>	<u>Multiplier</u>	<u>Base Rate Charge</u>	<u>Debt Service Charge</u>	<u>Total per Quarter</u>
¾ inch	1.00	\$81.72	\$60.90	\$142.62
1 inch	1.79	\$146.28	\$109.00	\$255.28
1½ inch	4.00	\$326.88	\$243.60	\$570.48
2 inch	7.14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

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

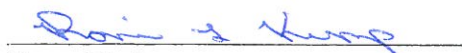
Section 5. Further Rate Increases. Subsequent adjustments to the Quarterly Charge will be made by resolution of the Town Council duly adopted after a public hearing with notice thereof given as provided by law.

Section 6. Effective Date of Resolution. This resolution shall be immediately filed with the Town Clerk and shall become effective 10 days after filing with the Town Clerk.

Passed and approved this 10th day of May, 2010.


Mayor

ATTEST:


Town Clerk

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 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 May 10, 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: Pat Groninger, Desera Towle, Robin Holcomb and Clayton Floyd Jr.; voted against the same: NONE; abstained from voting thereon: NONE; or were absent: NONE.

WITNESS my hand officially this 13th day of May, 2010.

Robin E. King
Town Clerk