

**RESOLUTION NO. 2014-Res. #003**

**A RESOLUTION TO CHANGE RATES FOR USERS OF THE CITY OF POLSON MUNICIPAL  
WATER AND SEWER SYSTEMS**

**RECITALS**

**WHEREAS**, the City of Polson (City) has the power and authority to regulate, establish, and change as it considers proper, the rates, charges, and classifications imposed on utility services to its inhabitants and other persons served by its water and sewer systems. Rates, charges and classifications must be reasonable and just; and

**WHEREAS**, the water and sewer rates have not been increased since 2009 and rates have not kept pace with increasing operating expenses, water debt service and capital improvements; and

**WHEREAS**, the current water rate structure is complex with separate rate classes for commercial users and residential users and then further differentiated by meter size; and

**WHEREAS**, the City is undertaking a major water project called the "Downtown Looping Project" in fiscal year 2014-15 and anticipating the construction of a well on the east side of the City when land can be purchased; and

**WHEREAS**, the City has recently completed a Preliminary Engineering Report (PER) and the Polson City Commission (Commission) has preference to support, in the public interest, the construction of a mechanical wastewater treatment plant using a membrane bioreactor treatment (MBR) process to replace the existing lagoon system in the coming years

**WHEREAS**, the Commission has proposed to fund such capital improvements by the issuance of long term obligation bonds and accordingly, finds it will be necessary and prudent for the City to collect revenues towards the repayment of such obligation; and

**WHEREAS**, the Commission has hired a consultant for the purpose of equitably and reasonably spreading the service charges over the users and consumers of the water and sewer systems and has received a report upon which this Resolution is based; and

**WHEREAS**, pursuant to Section 69-7-111, Montana Code Annotated, the Commission held a public hearing on September 3, 2014, pursuant to notice, published and sent, on the issue of imposing, establishing, changing or increasing rates, fees, or charges for services or facilities; and

**WHEREAS**, the Commission, by separate ordinance, is amending the Polson City Code to reflect the restructuring of the rates and charges; and

**WHEREAS**, it appears in the best public interest for the improvement, maintenance and operation of the water and sewer systems that the following be adopted.

**NOW, THEREFORE, BE IT RESOLVED** that the City Commission hereby adopts and establishes the following rates for the water and sewer systems of the City of Polson:

Section 1. Water Service Charges. Effective November 1, 2014, the Water Service charges shall be changed in accordance with Exhibit A attached hereto and made a part hereof.

Section 2. Sewer System Charges. Effective November 1, 2014 the Sewer Service charges will be changed in accordance with Exhibit B, attached hereto and made a part hereof.

Section 3. Determination of Annual Budget for the Water and Sewer Systems. At least once each year the City Commission shall determine the amount of money needed to pay the following costs of the Water and Sewer Systems:

- (a) payment of the reasonable expense of operation and maintenance of the systems;
- (b) administration of the systems;
- (c) the payment of principal and interest on bonded and/or other indebtedness of the systems;  
and
- (d) the establishment or maintenance of required reserves, including reserves needed for expenditures for depreciation and replacement of facilities, as may be determined necessary from time to time by the Commission or as covenanted in the ordinance or resolution authorizing any outstanding bonds of the systems.

The Commission, thereafter, shall establish rates and charges to meet the service capacity and demands of the ratepayers.

Section 4. Further Rate Increases. Subsequent adjustment to the rates and charges for the use of the Water and Sewer Systems will be made by resolution of the Commission in accordance with Montana law.

**BE IT FURTHER RESOLVED THAT** the City Clerk is hereby instructed to place this Resolution in the City of Polson Book of Resolutions and to hereinafter collect the charges established hereby for Water and Sewer services.

**PASSED AND ADOPTED** by the City Commission of the City of Polson, Montana, this 3<sup>rd</sup> day of September, 2014.

Effective Date: September 13, 2014

\_\_\_\_\_  
Heather Knutson, Mayor

Attest:

Approved as to form and content:

\_\_\_\_\_  
Cora E. Pritt, City Clerk

\_\_\_\_\_  
M. Richard Gebhardt, City Attorney

City of Polson  
 Table of Proposed Water Rates - 09/03/2014  
 Rates Calculated by Carl Brown Consulting, LLC  
 Information compiled by Cindy M Dooley, CPA Finance Officer

How to Use this Table\*

- 1) Locate your meter size
- 2) Locate the line for your amount of gallons used per month in thousands of gallons
- 3) Multiply the usage times the rate over usage for that line and add the monthly minimum charge to determine the charge for the month

| WATER                        |                                      |                          |                                   |  |        |
|------------------------------|--------------------------------------|--------------------------|-----------------------------------|--|--------|
| Meter size                   | Usage Over (in thousands of gallons) | Monthly Minimum Charge** | Rate Over Usage Per 1,000 Gallons |  | Line # |
| 3/4"                         |                                      | 17.09                    |                                   |  | 1      |
|                              | 5.000                                | 17.09                    | 1.96                              |  | 2      |
|                              | 8.000                                | 22.97                    | 2.54                              |  | 3      |
|                              | 11.000                               | 30.59                    | 4.33                              |  | 4      |
| 1"                           |                                      | 24.56                    |                                   |  | 1      |
|                              | 5.000                                | 24.56                    | 1.96                              |  | 2      |
|                              | 10.000                               | 34.36                    | 2.54                              |  | 3      |
|                              | 25.000                               | 72.46                    | 4.33                              |  | 4      |
| 1.5"                         |                                      | 39.88                    |                                   |  | 1      |
|                              | 5.000                                | 39.88                    | 1.96                              |  | 2      |
|                              | 30.000                               | 88.88                    | 2.54                              |  | 3      |
|                              | 60.000                               | 165.08                   | 4.33                              |  | 4      |
| 2"                           |                                      | 61.34                    |                                   |  | 1      |
|                              | 5.000                                | 61.34                    | 1.96                              |  | 2      |
|                              | 50.000                               | 149.54                   | 2.54                              |  | 3      |
|                              | 100.000                              | 276.54                   | 4.33                              |  | 4      |
| 3"                           |                                      | 122.63                   |                                   |  | 1      |
|                              | 5.000                                | 122.63                   | 1.96                              |  | 2      |
|                              | 120.000                              | 348.03                   | 2.54                              |  | 3      |
|                              | 240.000                              | 652.83                   | 4.33                              |  | 4      |
| 4"                           |                                      | 208.44                   |                                   |  | 1      |
|                              | 5.000                                | 208.44                   | 1.96                              |  | 2      |
|                              | 210.000                              | 610.24                   | 2.54                              |  | 3      |
|                              | 435.000                              | 1,181.74                 | 4.33                              |  | 4      |
| 6"                           |                                      | 453.60                   |                                   |  | 1      |
|                              | 5.000                                | 453.60                   | 1.96                              |  | 2      |
|                              | 485.000                              | 1,394.40                 | 2.54                              |  | 3      |
|                              | 975.000                              | 2,639.00                 | 4.33                              |  | 4      |
| Fire Sprinkler System - Low  |                                      | 19.74                    |                                   |  | 1      |
| Fire Sprinkler System - Med  |                                      | 26.38                    |                                   |  | 1      |
| Fire Sprinkler System - High |                                      | 39.57                    |                                   |  | 1      |

\*Example

Customer has a 3/4" meter and uses 9,000 gallons per month.

- 1) Select the rates for the 3/4" meter
- 2) Water usage is over 8,000 gallons but not over 11,000 gallons so line #3 would be selected
- 3) The usage over 8,000 gallons is 1,000 gallons or 1.000. Multiply 1.000 \* \$2.54 which equals a usage charge of \$2.54.
- 4) Add the monthly minimum charge of \$22.97 to the usage charge of \$2.54 for a total water charge of \$25.51 for the month.

\*\*The monthly minimum charge includes the base rate plus usage up to the rate block for that line

City of Polson  
 Table of Proposed Sewer Rates - 09/03/2014  
 Rates Calculated by Carl Brown Consulting, LLC  
 Information compiled by Cindy M Dooley, CPA Finance Officer

How to Use this Table\*

- 1) Locate your meter size and whether you are charged on a winter average water usage or actual water usage
- 2) Multiply the usage times the rate over usage for that line and add the monthly minimum charge to determine the charge for the month

| SEWER                    |                                      |                        |                                   |  |        |
|--------------------------|--------------------------------------|------------------------|-----------------------------------|--|--------|
| Meter size               | Usage Over (in thousands of gallons) | Monthly Minimum Charge | Rate Over Usage Per 1,000 Gallons |  | Line # |
| 3/4" - AVG               |                                      | 25.04                  |                                   |  | 1      |
|                          | 0.000                                | 25.04                  | 3.47                              |  | 2      |
| 3/4" - ACT               |                                      | 25.04                  |                                   |  | 1      |
|                          | 0.000                                | 25.04                  | 3.47                              |  | 2      |
| 1.0" - AVG               |                                      | 28.79                  |                                   |  | 1      |
|                          | 0.000                                | 28.79                  | 3.47                              |  | 2      |
| 1.0" - ACT               |                                      | 28.79                  |                                   |  | 1      |
|                          | 0.000                                | 28.79                  | 3.47                              |  | 2      |
| 1.5" - AVG               |                                      | 36.50                  |                                   |  | 1      |
|                          | 0.000                                | 36.50                  | 3.47                              |  | 2      |
| 1.5" - ACT               |                                      | 36.50                  |                                   |  | 1      |
|                          | 0.000                                | 36.50                  | 3.47                              |  | 2      |
| 2.0" - ACT               |                                      | 47.29                  |                                   |  | 1      |
|                          | 0.000                                | 47.29                  | 3.47                              |  | 2      |
| 3.0" - ACT               |                                      | 78.10                  |                                   |  | 1      |
|                          | 0.000                                | 78.10                  | 3.47                              |  | 2      |
| 4.0" - ACT               |                                      | 121.42                 |                                   |  | 1      |
|                          | 0.000                                | 121.42                 | 3.47                              |  | 2      |
| 6.0" - ACT               |                                      | 244.51                 |                                   |  | 1      |
|                          | 0.000                                | 244.51                 | 3.47                              |  | 2      |
| Sewer Only - Residential |                                      | 32.50                  |                                   |  | 1      |
| Sewer Only - Commercial  |                                      | 170.42                 |                                   |  | 1      |

\*Example

Customer has a 3/4" meter and has a winter average of 3,000 gallons per month.

- 1) Select the rates for the 3/4" meter - average (3/4" - AVG)
- 2) Multiply 3.000 \* \$3.47 which equals a usage charge of \$10.41
- 4) Add the monthly minimum charge of \$25.04 to the usage charge of \$10.41 for a total sewer charge of \$35.45 for the month.