

RESOLUTION NO. 2016- #009

RESOLUTION TO CHANGE RATES FOR USERS OF THE CITY OF POLSON MUNICIPAL SEWER SYSTEM

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 (Section 69-7-101, et seq, MCA). Rates, charges and classifications must be reasonable and just;

WHEREAS, the City has completed a Preliminary Engineering Report (PER) and the Polson City Commission (Commission) has chosen to support, in the public interest, the construction of a mechanical wastewater treatment plant using a sequencing batch reactor treatment (SBR) process to replace the existing lagoon system in fiscal year 2016-17 and 2017-18 with preliminary and final design engineering and equipment procurement occurring in fiscal year 2015-16;

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

WHEREAS, the Commission previously considered the need for the rate increases to cover the cost of reserve and debt service for the sewer improvements;

WHEREAS, the Commission, on September 3, 2014 held a public hearing upon the rate request and did not establish the full rate increase as suggested by the consultants and preferred to step the increases over the period of planning, designing and construction of the proposed improvements;

WHEREAS, the Commission established the sewer rates as found in the attached Exhibit A under Current Monthly Minimum Charge and Current Usage Rate Per 1,000 gallons and advised the public that further increases would be heard in the future as it became necessary;

WHEREAS, pursuant to Section 69-7-111, MCA, the Commission held a public hearing on June 6, 2016 on the issue of imposing, establishing, changing or increasing rates, fees, or charges for services or facilities;

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

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

Section 1. Sewer System Charges. The rate increase will occur in two steps. Effective July 1, 2016 the Sewer Service charges shall be changed to reflect the rates in Step 1 of Exhibit A attached hereto. When the final bids for construction of the wastewater treatment plant are received a further increase up to the rates listed in Step 2 of Exhibit A may be established.

Section 2. 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 3. 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 for the Sewer services.

PASSED AND ADOPTED by the City Commission of the City of Polson, Montana, this 20th day of June, 2016.

Effective Date: June 30, 2016

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 Sewer Rates - 05/16/2016
 Rates Initially Calculated by Carl Brown Consulting, LLC
 Information compiled by Cindy M Dooley, CPA Finance Officer

Proposed Increase has 2 steps

How to Use this Table*

- 1) Locate your meter size and whether you are charged on a winter average (residential) water usage or actual (commercial) water usage
- 2) Multiply usage times the usage rate 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)	Current Monthly Minimum Charge	Current Usage Rate Per 1,000 Gallons	Step 1		Step 2		Step 2	
				Monthly Minimum Charge (Effective 07/01/16)	Usage Rate Per 1,000 Gallons (Effective 07/01/16)	Maximum Monthly Minimum Charge (Effective date TBD)	Maximum Usage Rate Per 1,000 Gallons (Effective date TBD)		
3/4" - AVG	0.000	25.04	3.47	33.38	4.62	39.64	5.20		
3/4" - ACT	0.000	25.04	3.47	33.38	4.62	39.64	5.20		
1.0" - AVG	0.000	28.79	3.47	38.39	4.62	45.59	5.20		
1.0" - ACT	0.000	28.79	3.47	38.39	4.62	45.59	5.20		
1.5" - AVG	0.000	36.50	3.47	48.66	4.62	57.79	5.20		
1.5" - ACT	0.000	36.50	3.47	48.66	4.62	57.79	5.20		
2.0" - ACT	0.000	47.29	3.47	63.05	4.62	74.87	5.20		
3.0" - ACT	0.000	78.10	3.47	104.14	4.62	123.66	5.20		
4.0" - ACT	0.000	121.42	3.47	161.66	4.62	191.97	5.20		
6.0" - ACT	0.000	244.51	3.47	326.01	4.62	387.13	5.20		
Sewer Only - Residential		32.50		43.34		50.38			
Sewer Only - Commercial		170.42		227.22		264.14			

*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 times the usage rate. Add this amount to the minimum monthly charge for the total monthly sewer rate

TBD = To be determined