

RESOLUTION NO. 2016- #006

**RESOLUTION OF INTENT 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 is required to hold a public hearing 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 ratepayers and citizens of the City of Polson that a hearing be held upon the following proposal.

NOW, THEREFORE, BE IT RESOLVED that it is the intention of the City Commission to change the rates for the sewer services to the ratepayers of the City of Polson as shown on the attached Exhibit A and made a part hereof. The rate increase is proposed to be established in two steps. The first step will be for a set amount to continue through design. When the final bids for construction are received a further increase (step 2) up to the limit established by the Commission may be established.

BE IT FURTHER RESOLVED THAT a public hearing on the rate changes for the Sewer service will be held on June 6, 2016, commencing at 5:30 PM at the City Council Chambers, 106 1st St E, Polson, Montana.

BE IT FURTHER RESOLVED THAT the City 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 Lake County Leader on May 19, 2016, May 26, 2016 and June 2, 2016; and to mail or cause to be mailed a notice to all persons serviced by these utilities at least seven (7) days and not more than thirty (30) days prior to the public hearing. The mailed notice will be in the form of a letter to account owners mailed no later than May 25, 2016 and must contain a reasonable estimate of the average amount that the ratepayer will be charged under the proposed resolution. Any person desiring accommodation for attendance at such hearing, or for further information about the hearing or the new rates, should contact the Finance Officer at the above address or phone 883-8204. The City Council Chambers is a handicap accessible facility.

PASSED AND ADOPTED by the City Commission of the City of Polson, Montana, this 16th day of May, 2016.

Effective Date: May 16, 2016

Heather Knutson, Mayor

Attest:

Cora Pritt, Clerk

Approved as to form and content:

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

