

RESOLUTION No. 3450

A RESOLUTION OF THE CITY COUNCIL OF RED LODGE, MONTANA TO ADJUST THE FEE SCHEDULE AND WATER AND SEWER RATES FOR SEASONAL OCCUPANTS AND UNDEVELOPED LOTS AND MISCELLANEOUS CHARGES FOR THE CITY OF RED LODGE TO BECOME EFFECTIVE ON JANUARY 1, 2018.

WHEREAS, the application of the water and sanitary sewer rates and charges in effect at the present time is not complete and thorough enough to provide for fair and consistent utility billing throughout the City; and

WHEREAS, the Council desires to have a sustainable budget source to fund major sewer and water infrastructure projects that is beneficial to and supported by all Red Lodge City residents; and

WHEREAS, the lack of a complete and thorough fee schedule hinders the collection of adequate revenue to defray the increased costs of operation, maintenance, and capital improvements of the City's water and sewer distribution facilities and systems; and

WHEREAS, a Water and Sewer Rate Study had been conducted for the City of Red Lodge, in March, 2015, to ensure that rates, charges and classifications are reasonable and just and in accordance with MCA 69-7-101 and to ensure that undertakings are self-supporting in accordance with MCA 7-7-4424; and

WHEREAS, the provision of the water and sewer systems and facilities is essential to the preservation of the public's health and welfare; and, that how the adjustment of rates are applied must, before taking effect, be approved by the City Council after advertising and conducting a public hearing pursuant to the Rules and Regulations governing Sewer and Water Service for the City of Red Lodge, in its municipal code at Title 10 - Sewer and Water, Chapter 8 - Rates, Charges, And Fees, Section 1 - Established by Resolution, as previously adopted by City Council Ordinances 835, 835-Amended, and 916; and

WHEREAS, current budgetary requirements with respect to the operation of said facilities in addition to on-going and future projects require that the proposed rates become effective on January 1, 2018 to enable the City to proceed as expeditiously as possible to accomplish the objectives herein above recited; and

WHEREAS, the provision of emergency services by the Red Lodge Fire Department benefits all property owners within the City and requires access and the use of City water as made available through the installation, system enhancement, and operations and maintenance of the City water; and

WHEREAS, pursuant to Montana law, the City Council has determined that a public hearing must be advertised and held to gather public testimony and input regarding the proposed increases in water and sewer rates for seasonal occupants and undeveloped lots, and increases in miscellaneous charges.

NOW THEREFORE BE IT RESOLVED by the City Council:

1. That the City Council considers it advisable and necessary to both adjust the application of the Water and Sewer Fee Schedule, and to also increase certain miscellaneous fees as noted on Exhibit A, attached hereto; and to the extent permitted by Montana Code Annotated and/or the existing service agreements with those applicable portions of Remington Ranch; Beartooth Business Park; and the Woodlands, to also apply Exhibit A thereto.
2. That Resolution of Intent No. 3443 was approved at a Public Hearing held on September 12, 2017, and that a Public Hearing was held on October 10, 2017 at 6 p.m. in the City Council Chambers, at City Hall, at 1 Platt Ave. S., Red Lodge, MT, 59068, for the purpose of gathering and receiving testimony, input and comments from all interested or affected users, citizens, persons, associations, corporations and/or companies regarding this Resolution No. 3450.
3. Notice of the October 10, 2017 Public Hearing was published multiple times, in the Carbon County News, mailed to utility customers, and to the Montana Consumer Counsel pursuant to MCA § 7-1-4127 and 69-7-111.
4. At the duly noticed public hearing held on October 10, 2017, the Council continued the hearing to October 24, 2017; thereby preserving its legally noticed status.
5. At the public hearing held on October 24, 2017, the Council again continued the hearing to November 14, 2017; thereby preserving its legally noticed status.
6. In addition to the legal notice requirements for this Water and Sewer rate adjustment public hearing per MCA § 7-1-4127 and 69-7-111 as noted herein above in item 4, additional but not required courtesy notice was provided to almost 650 undeveloped lot owners both within and without the City limits.

EXHIBIT – A

to Resolution No. 3450

The City Council hereby adopts the following rate schedule. The below noted fees/charges supersede and replace any previously established rates for water and/or sewer services.

Monthly Water Fees (Fiscal Year being July 1- June 30) **EXISTING – NO CHANGE** EXHIBIT A-1

| | | Current | FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 | FY 2019-20 |
|---------------------------|--|------------------------|------------|------------|------------|------------|-------------|
| Base Rate per EDU* | | - | \$ 22.95 | \$ 23.41 | \$ 23.88 | \$ 24.35 | \$ 24.84 |
| Capital Expenses per EDU | | - | \$ - | \$ 2.81 | \$ 5.63 | \$ 9.85 | \$ 14.07 |
| Curb-Stop Fee per Service | | - | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 | \$ 2.00 |
| Total | | - | \$ 24.95 | \$ 28.22 | \$ 31.51 | \$ 36.20 | \$ 40.91 |
| Meter Size | EDUs | Monthly Service Charge | | | | | |
| ¾" | 1.00 | \$ 22.95 | \$ 24.95 | \$ 28.22 | \$ 31.51 | \$ 36.20 | \$ 40.91 |
| 1" | 1.79 | \$ 32.79 | \$ 43.08 | \$ 48.93 | \$ 54.82 | \$ 63.23 | \$ 71.65 |
| 1½" | 4.00 | \$ 39.35 | \$ 93.80 | \$ 106.88 | \$ 120.03 | \$ 138.82 | \$ 157.65 |
| 2" | 7.14 | \$ 71.05 | \$ 165.86 | \$ 189.20 | \$ 212.68 | \$ 246.22 | \$ 279.83 |
| 3" | 16.00 | \$ 163.96 | \$ 369.20 | \$ 421.50 | \$ 474.11 | \$ 549.28 | \$ 624.59 |
| 4" | 28.57 | \$ 327.91 | \$ 657.68 | \$ 751.08 | \$ 845.02 | \$ 979.23 | \$ 1,113.71 |
| Block | Monthly Usage Charge per 1,000 gallons | | | | | | |
| 0 to 3,000 gallons | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 3,001 to 8,000 gallons | \$ 4.12 | \$ 4.12 | \$ 4.20 | \$ 4.29 | \$ 4.37 | \$ 4.46 | \$ 4.46 |
| 8,001 to 20,000 gallons | \$ 5.41 | \$ 5.41 | \$ 5.52 | \$ 5.63 | \$ 5.74 | \$ 5.86 | \$ 5.86 |
| > 20,001 gallons | \$ 6.83 | \$ 6.83 | \$ 6.97 | \$ 7.11 | \$ 7.25 | \$ 7.39 | \$ 7.39 |

*One (1) EDU = equivalent dwelling unit, which is a typical ¾" residential water service.

Monthly SEWER Fees (Fiscal Year being July 1- June 30) **EXISTING – NO CHANGE** EXHIBIT – A 2

| | | Current | FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 | FY 2019-20 |
|--------------------------|--|------------------------|------------|-------------|-------------|-------------|-------------|
| Base Rate per EDU | | - | \$ 23.83 | \$ 24.31 | \$ 24.79 | \$ 25.29 | \$ 25.79 |
| Capital Expenses per EDU | | - | \$ 10.82 | \$ 13.55 | \$ 16.28 | \$ 20.38 | \$ 24.48 |
| Total | | - | \$ 34.65 | \$ 37.86 | \$ 41.07 | \$ 45.67 | \$ 50.27 |
| Meter Size | EDUs | Monthly Service Charge | | | | | |
| ¾" | 1.00 | \$ 23.83 | \$ 34.65 | \$ 37.86 | \$ 41.07 | \$ 45.67 | \$ 50.27 |
| 1" | 1.79 | \$ 42.66 | \$ 62.02 | \$ 67.76 | \$ 73.52 | \$ 81.75 | \$ 89.99 |
| 1½" | 4.00 | \$ 95.32 | \$ 138.60 | \$ 151.43 | \$ 164.29 | \$ 182.67 | \$ 201.10 |
| 2" | 7.14 | \$ 170.15 | \$ 247.40 | \$ 270.30 | \$ 293.26 | \$ 326.07 | \$ 358.96 |
| 3" | 16.00 | \$ 381.82 | \$ 554.40 | \$ 605.71 | \$ 657.16 | \$ 730.70 | \$ 804.39 |
| 4" | 28.57 | \$ 680.82 | \$ 989.95 | \$ 1,081.56 | \$ 1,173.45 | \$ 1,304.75 | \$ 1,436.34 |
| Block | Monthly Usage Charge per 1,000 gallons | | | | | | |
| 0 to 3,000 gallons | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 3,001 to 8,000 gallons | \$ 1.61 | \$ 1.61 | \$ 1.64 | \$ 1.68 | \$ 1.71 | \$ 1.74 | \$ 1.74 |
| 8,001 to 20,000 gallons | \$ 1.61 | \$ 2.11 | \$ 2.15 | \$ 2.20 | \$ 2.24 | \$ 2.28 | \$ 2.28 |
| > 20,001 gallons | \$ 1.61 | \$ 2.67 | \$ 2.72 | \$ 2.78 | \$ 2.83 | \$ 2.89 | \$ 2.89 |

*One (1) EDU = equivalent dwelling unit, which is a typical ¾" residential water service.

Based upon an assumed average usage of 6,000 gallons per month, the rate structure is estimated to increase the monthly charges as follows for a typical ¾" service (Fiscal Year being July 1- June 30)

| Fund | Current | FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 | FY 2019-20 | Current Target Rate |
|-----------------------|----------|------------|------------|------------|------------|------------|---------------------|
| Water | \$ 35.31 | \$ 37.31 | \$ 40.83 | \$ 44.37 | \$ 49.32 | \$ 54.29 | \$ 58.74 |
| Sewer | \$ 28.66 | \$ 39.48 | \$ 42.78 | \$ 46.10 | \$ 50.79 | \$ 55.50 | \$ 37.76 |
| Water and Sewer | \$ 63.97 | \$ 76.79 | \$ 83.61 | \$ 90.46 | \$ 100.12 | \$ 109.79 | \$ 96.51 |
| Increase Over Current | - | \$ 12.82 | \$ 19.64 | \$ 26.49 | \$ 36.15 | \$ 45.82 | - |

DEVELOPED LOTS --- Discontinuance/Reestablishment Charges.

A. Water Service: Charge for discontinuance/reestablishment of water service:
Inside normal working hours (i.e. when City Hall is open) — Sixty Dollars (\$60.00).
Outside normal working hours — Ninety Dollars (\$90.00).

B. Wastewater Service: Charge for discontinuance/reestablishment of wastewater service:
Same Hourly Rate as noted above for Water Service, except that in addition, a fee of \$150 per hour for heavy equipment shall be added.

C. Seasonal Occupant (Developed Lot): All developed lots with a structure connected to the City Water and Sewer system shall be charged for Water and Sewer service regardless of the status of the service. When the Water Service is turned-off at the request of the owner, the full amount attendant to both Water and Sewer Fees as hereon shown shall continue to be required except that the “Base Rates” for both Water and Sewer shall not apply during said time of voluntary turn-off.

UNDEVELOPED LOTS --- Infrastructure Related Service Charges.

A. Undeveloped Lot – Inside City Limits:

All vacant lots within the City limits shall be charged a pro-rata fair share of the infrastructure costs associated with the provision of Water and Sewer service, (Vacant Lots are all lots where habitable structures do not exist, or if structures do exist, are otherwise by prior written approval of the City not connected to the City Water and Sewer Service.) Any individual lot which may have multiple Curbstops (due to lot aggregation or otherwise), shall be charged as if it has only One (1) Curbstop. Water and Sewer Fees, as hereon shown, shall be required except that the “Base Rates” for both Water and Sewer shall not apply. All Miscellaneous Fees shall be applicable as noted hereon. Curbstop and Capital Expenses shall be charged as follows:

1. CURBSTOP PRESENT: 50% of the Capital Expense, and 100% of the Curbstop fees
2. CURBSTOP ABSENT, BUT MAIN LINES PRESENT IN STREET ADJACENT TO LOT: 40% of the Capital Expense and 0% of the Curbstop fees
3. CURBSTOP ABSENT AND MAIN LINES ABSENT FROM STREET ADJACENT TO LOT: 0% (i.e. No Fee)

B. Undeveloped Lot – Outside the City Limits:

All vacant lots located outside the City Limits, and located within those applicable portions of Remington Ranch; Beartooth Business Park; and the Woodlands, shall be charged a pro-rata fair share of the infrastructure costs associated with the provision of Sewer service only. Sewer Fees, as hereon shown, shall be required except that the “Base Rates” shall not apply. All Miscellaneous Fees shall be applicable as noted hereon. Sewer Capital Expenses shall be charged at 50%.

Miscellaneous Fees.

| | |
|---|---|
| Application fee for service area enlargements | \$500.00 |
| Application fee for extensions | \$500.00 |
| Fee for special meter accuracy test (Data Log) | \$75.00 |
| Fee for setting/removing fire hydrant meter | \$50.00 (The PW Director may require a deposit for anticipated water use.) |
| Fee for performing fireflow test (Admin) | \$60.00 |
| Main-Line Tapping fee: | \$500.00 (Additional fees apply for Mains larger than 12") |
| <u>Late payment penalty charge</u> | <u>10% per month **</u> |
| <u>Shut-Off Notice charge</u> | <u>\$25 ***</u> |
| <u>Service Call (Not charged when on site less than 10 minutes and use of tools not required)</u> | <u>Sixty Dollars (\$60.00).</u> Inside normal working hours (i.e. when City Hall is open) |
| | <u>Ninety Dollars (\$90.00).</u> Outside normal working hours |
| <u>Fee for Disposal of Septage</u> | <u>Septage shall not be accepted until such time that the Council adopts, by Resolution, specific protocols to ensure compliance with the City's DEQ Wastewater Discharge Permit.</u> |

** Payment for all utility billing related fees shall be due as of the 15th of each month. The Utility department shall provide a grace period of no more than 10 calendar days (after which the account shall be considered delinquent); and shall then apply the late payment penalty charge as hereon shown to the full amount of the utility bill.


*** Shut-Off Notices (door hangers) will be placed if payment is not received prior to delinquency for the 2nd month.

INTRODUCED at a Regular meeting of the City Council on November 28, 2017 by Council Member Corey Thompson.


PASSED AND APPROVED BY THE RED LODGE CITY COUNCIL on this 28th day of November, 2017.

City of Red Lodge:

Approved as to Form:

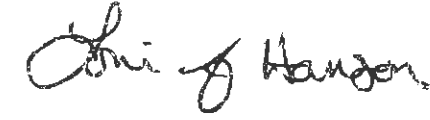


Michael Schoenike, Mayor



Rebecca Narmore, City Attorney

Attest:



Loni Hanson, City Clerk