

RESOLUTION NO. 3571

A RESOLUTION TO ANNUALLY ADJUST THE CITY OF RED LODGE'S WATER AND SEWER RATES AND CHARGES TO BECOME EFFECTIVE ON JULY 1, 2021 AND SETTING A DATE AND TIME FOR A PUBLIC HEARING.

WHEREAS, the water and sanitary sewer rates and charges in effect at the present time are not adequate to provide revenues to defray the increasing costs of operation, maintenance, and capital improvements of the City's water and sewer distribution facilities and systems; and

WHEREAS, the City of Red Lodge must ensure that rates, charges and classifications of its water and sewer utilities are reasonable and just in accordance with MCA 69-7-101 and 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 the new rates, must before taking effect, be approved by the City Council after advertising and conducting a public hearing pursuant to the Rules and Regulations governing Water and Waste Water Service for the City of Red Lodge, Title 10, Chapter 8, Section 1, as previously adopted by the City Council through Ordinance 916 and MCA Section 69-7-111; and

WHEREAS, Resolution No. 3386 containing the water and sewer rates and charges for the City of Red Lodge for the five-year period July 1, 2015 to June 30, 2020 has aged-out and has not been amended to schedule rates and charges for the next five-year fiscal period July 1, 2020 to June 30, 2025; and

WHEREAS, current budgetary practices with respect to the operations and capital projects of the City's water and sewer enterprises require the proposed rates and adjustment methods to become effective on or about July 1, 2021, thus enabling the City to maintain grant eligibility yearly in conjunction with Resolution 3386 intentions; 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 any proposed increases or adjustments to water and sewer rates and charges.

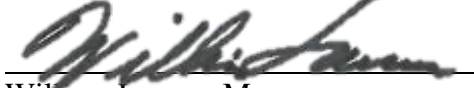
NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RED LODGE, MONTANA:

1. That the City Council of the City of Red Lodge considers it both advisable and necessary to annually adjust the municipal water and sewer rates and charges for all users and proposes to adjust the rates and charges as specifically described within "EXHIBIT A" containing the City's FY 2019-20 rates and charges schedule, the 2020 Montana Consumer Price Index (CPI) and inflation rate, and a sample utility bill. The referenced documents are attached hereto and hereby incorporated into this Resolution by reference.
2. That a public hearing was held on May 11th, 2021 at 6:00 p.m. in the City Council Chambers, at City Hall, Red Lodge, Montana, for the purpose of gathering and receiving testimony, input and comments from all interested or affected users, citizens, persons, associations, corporations and/or companies.
3. Notice of the hearing was published once a week for three consecutive weeks in the *Carbon County News*, a newspaper that conforms to the requirements of MCA § 7-1-4127, and the first such publication was no more than twenty-eight (28) days prior to the hearing and the last publication was not less than three (3) days prior to the hearing, in a form substantially similar to the Notice of Public Hearing marked and attached hereto as "Exhibit A".

4. Additionally, the notice of the hearing was mailed at least seven (7) days and not more than thirty (30) days prior to the hearing to all persons who are served by the City's utilities. The notice contained a sample bill showing the amount an average customer's monthly bill will change.
5. A copy of this Resolution and Notice of the Public Hearing (EXHIBIT A) was mailed to the Montana Consumer Counsel at least seven (7) days before but not more than thirty (30) days prior to the hearing date.


PASSED and APPROVED by the City Council of the City of Red Lodge this 11th day of May, 2021.

CITY OF RED LODGE



William Larson, Mayor

ATTEST:



Loni Hanson, City Clerk

EXHIBIT A

**City of Red Lodge Water and Sanitary Sewer Utility Service
Rates and Charges**

And

Notice of Public Hearing

OFFICIAL NOTICE IS HEREBY GIVEN that the Red Lodge City Council will hold a Public Hearing on May 11, 2021 at 6:00 p.m. in the Council Chambers at City Hall located at 1 South Platt, P.O. Box 9, Red Lodge, Montana 59068 regarding proposed municipal water and sewer rate adjustments.

The City is proposing to modify the existing **water rates** annually beginning on July 1, 2021 as shown herein and continuing annually for the next five fiscal years. The City proposes to modify the current fiscal year rates (FY 2019-20) and charges using the Montana State Consumer Price Index and inflation rate (determined annually). The table below represents the proposed adjustment to the FY 2021-22 water rates and charges based on the current FY 2019-20 rates and the 2020 inflation rate (a percentage).

WATER Rates and Charges		FY 2019-20 Rates	2020 Inflation Rate (MT)	FY 2021-22 Rates
Base Rate per EDU		\$ 24.84	1.2%	\$ 25.14
Capital Expenses per EDU		\$ 14.07	1.2%	\$ 14.24
Curb-Stop Fee per Service		\$ 2.00	No change	\$ 2.00
Total		\$ 40.91		\$ 41.38
Meter Size	EDUs	Monthly Service Charge		
¾"	1.00	\$ 40.91	1.2%	\$ 41.38
1"	1.79	\$ 71.65	1.2%	\$ 72.51
1½"	4.00	\$ 157.65	1.2%	\$ 159.54
2"	7.14	\$ 279.83	1.2%	\$ 283.19
3"	16.00	\$ 624.59	1.2%	\$ 632.01
4"	28.57	\$ 1,113.71	1.2%	\$ 1127.01
Block		Monthly Usage Charge per 1,000 gallons		
0 to 3,000 gallons		\$ -	-	\$ -
3,001 to 8,000 gallons		\$ 4.46	1.2%	\$ 4.51
8,001 to 20,000 gallons		\$ 5.86	1.2%	\$ 5.93
> 20,001 gallons		\$ 7.39	1.2%	\$ 7.48

Fiscal Year (FY) being July 1 - June 30

Each year the City shall follow the same adjustment procedure: current FY rates and charges adjusted using the MT State CPI inflation rate published each February and effective beginning each July 1.

- Curb-stop fees will not be adjusted and
- the inflation rate variable used by the City to update water and sewer rates and charges will not exceed 3% even if the State determines the inflation rate is above 3%.

The City is proposing to modify the existing **sewer rates** annually beginning on July 1, 2021 as shown herein and continuing annually for the next five fiscal years. The City proposes to modify the current fiscal year rates (FY 2019-20) and charges using the Montana State Consumer Price Index and inflation rate (determined annually). The table below represents the proposed adjustment to the FY 2021-22 sewer rates and charges based on the current FY 2019-20 rates and the 2020 inflation rate (a percentage).

SEWER Rates and Charges	FY 2019-20 Rates	2020 Inflation Rate (MT)	FY 2021-22 Rates
Base Rate per EDU	\$ 25.79	1.2%	\$ 26.10
Capital Expenses per	\$ 24.48	1.2%	\$ 24.77
Total	\$ 50.27	1.2%	\$ 50.87

Meter Size	EDUs	Monthly Service Charge		
¾"	1.00	\$ 50.27	1.2%	\$ 50.87
1"	1.79	\$ 89.99	1.2%	\$ 91.07
1½"	4.00	\$ 201.10	1.2%	\$ 203.51
2"	7.14	\$ 358.96	1.2%	\$ 363.27
3"	16.00	\$ 804.39	1.2%	\$ 814.04
4"	28.57	\$ 1,436.34	1.2%	\$ 1,453.58
Block	Monthly Usage Charge per 1,000 gallons			
0 to 3,000 gallons	\$ -	-	-	\$ -
3,001 to 8,000 gallons	\$ 1.74		1.2%	\$ 1.76
8,001 to 20,000	\$ 2.28		1.2%	\$ 2.31
> 20,001 gallons	\$ 2.89		1.2%	\$ 2.92

Fiscal Year (FY) being July 1 - June 30

Each year the City shall follow the same adjustment procedure: The current FY rates and charges adjusted using the MT State CPI inflation rate published each February and applied effective each July 1. As with the water utility, the inflation rate variable used by the City to update water and sewer rates and charges will not exceed 3% even if the State determines the inflation rate is above 3%.

Other water and sewer charges and fees shall remain unchanged as below:

Discontinuance/Re-establishment Charges

- A. Water Service: Charge for discontinuance/re-establishment of water service
 - Inside normal working hours (when City Hall is open) – Fifty dollars (\$50.00).
 - Outside normal working hours – Seventy-five dollars (\$75.00).
- B. Wastewater Service: Charge for discontinuance/re-establishment of wastewater service:
 - Per hour – Sixty dollars (\$60.00).

Miscellaneous Fees

- Application fee for service area enlargements \$500.00
- Application fee for extensions \$500.00
- Fee for special meter accuracy test (Data Logs) \$75.00
- Fee for setting/removing fire hydrant meter \$50.00 (deposit required for anticipated water use)
- Fee for performing fire flow test (Admin) \$60.00
- Main Tapping fee \$500.00
- Late payment interest charge 1% per month
- Fee for disposal septage \$25.00/1000 gallons or a yearly fee as determined by City Council for each individual hauler
- Annual Deposit (to cover potential service gaps) \$100.00

The Montana Consumer Price Index is revised each February for the previous year and is published on-line at <https://www.mtcounties.org/resources-data/consumer-price-index/>


Montana Consumer Price Index (past 15 years) showing Annual Increase percentage (inflation rate):

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	Annual Increase
2006	198.300	198.700	199.800	201.500	202.500	202.900	203.500	203.900	202.900	201.800	201.500	201.800	201.600	3.2%
2007	202.416	203.499	205.352	206.686	207.949	208.352	208.299	207.917	208.490	208.936	210.177	210.036	207.342	2.8%
2008	211.080	211.693	213.528	214.823	216.632	218.815	219.964	219.086	218.783	216.573	212.425	210.228	215.303	3.8%
2009	211.143	212.193	212.709	213.240	213.856	215.693	215.351	215.834	215.969	216.177	216.330	215.949	214.537	-0.4%
2010	216.687	216.741	217.631	218.009	218.178	217.965	218.011	218.312	218.439	218.711	218.803	219.179	218.056	1.6%
2011	220.223	221.309	223.467	224.906	225.964	225.722	225.922	226.545	226.889	226.421	226.230	225.672	224.939	3.2%
2012	226.665	227.663	229.392	230.085	229.815	229.478	229.104	230.379	231.407	231.317	230.221	229.601	229.594	2.1%
2013	230.280	232.166	232.773	232.531	232.945	233.504	233.596	233.877	234.149	233.546	233.069	233.049	232.957	1.5%
2014	233.916	234.781	236.293	237.072	237.900	238.343	238.250	237.852	238.031	237.433	236.151	234.812	236.736	1.6%
2015	233.707	234.722	236.119	236.599	237.805	238.638	238.654	238.316	237.945	237.838	237.336	236.525	237.017	0.1%
2016	236.916	237.111	238.132	239.261	240.229	241.018	240.628	240.849	241.428	241.729	241.353	241.432	240.007	1.3%
2017	242.839	243.603	243.801	244.524	244.733	244.955	244.786	245.519	246.819	246.663	246.669	246.524	245.120	2.1%
2018	247.867	248.991	249.554	250.546	251.588	251.989	252.006	252.146	252.439	252.885	252.038	251.233	251.107	2.4%
2019	251.712	252.776	254.202	255.548	256.092	256.143	256.571	256.558	256.759	257.346	257.208	256.974	255.657	1.8%
2020	257.971	258.678	258.115	256.389	256.394	257.797	259.101	259.918	260.280	260.388	260.229	260.474	258.811	1.2%

2020														
Increase over prior year	2.5%	2.3%	1.5%	0.3%	0.1%	0.6%	1.0%	1.3%	1.4%	1.2%	1.2%	1.4%	1.2%	1.2%

Comparison of a FY 2020-21 Utility Bill to the proposed adjusted FY 2021-22 Utility Bill:

CITY OF RED LODGE
 1 PLATT AVENUE SOUTH, P.O. BOX 9, RED LODGE, MONTANA 59068



(406) 446-1606 EXT 2 Katherine

Account Number:		
Service Address:		
Customer Name:		<u>FY 2021-22 Adjusted Bill</u>
Billing Date:	03/01/2021	08/01/21
Current Charges:	\$91.18	\$92.25
Past Due Charges:	\$0.00	\$0.00
Due Date:	03/15/2021	8/15/21
Last Payment:	\$91.18, 02/16/2021	\$91.18, 7/16/2021
Current Usage:	1000	1000
Previous Reading:	379600, 01/19/2021	384600, 06/19/21
Current Reading:	380600, 02/18/2021	385600, 07/18/21

Service	Current	Past Due	Balance	
WATER	38.91 39.38	0.00	38.91 39.38	<u>Important Messages</u> PAYMENTS NOT RECEIVED BY THE 25 th OF EACH MONTH WILL ACQUIRE A 10% LATE PENALTY FEE.
SEWER	50.27 50.87	0.00	50.27 50.87	
CURBSTOP FEE	2.00 2.00	0.00	2.00 2.00	
Totals:	91.18 92.25	0.00	91.18 92.25	
> DO NOT PAY - DRAFTING ACCOUNT ON THE 15TH<				

Thank you for your prompt payment!

2020 State of Montana Consumer Price Index (CPI) inflation rate is 1.2%

If the monthly water, sewer and curbstop fee currently totals \$91.18, the adjusted bill for August 2021 would be \$92.25 (water and sewer are adjusted, but not the curbstop fee).

This adjustment is made by multiplying each current FY 2020-21 rates for water (38.91) and sewer (50.27) by themselves (1) and the annual inflation rate (.012) and then adding the curbstop fee (2.00):

$$\begin{aligned}
 38.91 \times 1.012 &= 39.38 \\
 50.27 \times 1.012 &= 50.87 \\
 \text{curbstop fee} &= 2.00 \text{ (no change)} \\
 \text{Total} &= 92.25
 \end{aligned}$$

As an example, this residential customer's adjustment amounts to:

\$1.07 additional per month during FY 2021-22

For more information, please contact Loni Hanson at the City of Red Lodge, P.O. Box 9, Red Lodge, MT 59068 or by phone at 406-446-1606.

Dated this 11th day of May, 2021.

Loni Hanson
CITY CLERK

CITY OF RED LODGE
1 South Platt, PO Box 9
Red Lodge, MT 59068

Publish Carbon County News:
April 22, 2021
April 29, 2021
May 6, 2021