

June 19, 2025, Public Hearing Water and Sewer Rates

Council Members in attendance were Jan Bowey, Diane Kaatz, Tammy Todd, and Curtis Green. Also in attendance were Mayor Robert Stump and Clerk/Treasurer Kristi Millhouse.

Guests: Jim Kaatz (online), Janis Hansen, Chris Roberts, Joani Rogers, Barrie Crandall, Sean Hill, Patricia Wang, Richard Wang, Joan Prough, Floyd Shammel, Jim Prough, Kaylie Theis, Lois and Allen Paige, Luke Cordingly, Rick Hecker, and Anne Wentz

Mayor Stump called the meeting to order with the Pledge of Allegiance at 6:00 pm.

Water and Sewer Rates: Mayor Robert Stump reviewed the current rates and what the proposed rates were. The water base rate is currently \$45 and the proposed increase on the base rate is \$9.00 for a total of \$54.00. The cost per gallon for the water will be as follows:

Number of Gallons used Cost per 1,000 Gallons or increments.

0 to 20,000 gallons Increase from \$1.25 to \$1.50 per 1,000 gallons.

20,001 to 40,000 gallons Increase from \$1.50 to \$1.75 per 1,000 gallons.

40,001 to 60,000 gallons Increase from \$1.75 to \$2.00 per 1,000 gallons.

Greater than 60,000 gallons Increase from \$2.00 to \$2.25 per 1,000 gallons.

The sewer base rate is currently \$43 and the proposed increase to the base rate is \$9.00 for a total of \$52.00. Sewer currently has a usage rate of \$2.00 which will go to \$2.50 per 1,000 gallons. The Town is proposing the late fee which is currently at \$5.00 to go up to \$10.00 (\$5.00 water and \$5.00)

The Town is also proposing an annual increase of 3% over the next five years to keep up with inflation. The rates shall be subject to an annual review.

Floyd Shammel asked about the reason and calculation for the water and sewer rate increase. Mayor Stump explained the shortage in the funds. Sewer charges are calculated based on average water usage from October 1 to March 30 for billing from April through September. The idea is that during these months we are rating just water going down the pipes and not on the yards.

Bob went over the water calculation worksheets. There are 486 connections that are used to calculate the rates. The Town also has to take into consideration the operations and maintenance (O&M) and reserve requirements for loans. Richard Wang asked why the council did not raise the rates last year. Discussion arose regarding why the council did not raise the rates last year since it is their job to review annually. Jan commented on Richard Wang's question. Jan's only option moving forward is that the water and sewer needs to operate in the black. We cannot operate in the red. Diane commented that it is expensive to live here. Most people work 2 or 3 jobs.

Chris Roberts asked if MCA allows the General Fund to subsidize the water and sewer funds. Mayor Stump commented that no, the general fund cannot subsidize the water and sewer funds. The water fund has to sustain the water system, and the sewer fund has to sustain the sewer system. Bob explained how the salaries are related to the water and sewer budget. We split the salaries in the budget as a 40% split to the Water Fund, 40% to the sewer fund and 20% to the general fund. All of the individuals that work for the Town deal with water and sewer. Bob went through the preliminary budget and the items that go in the water and sewer budget. Bob provided the consumer price index, and it has gone up over 22% over the past five years. Joani Rogers asked if he could explain the pivot and why does the Town pay for a pivot. The pivot is used to disperse treated water from the lagoon to a rancher's field. This prevents the lagoons from overflowing.

Jan explained what the reserves are for loans. They are collateral for our loan. Just like an individual purchases a house and that house is collateral. The Town allocates funds for collateral purposes, as it is not feasible to repossess a water or sewer system.

Luke Cordingley – asked who provided the CPI info – Tom Roberts.

Patricia Wang – commented that the average in the State is \$93.00 for water. Sheridan pays \$111 dollars. Discussion occurred regarding the base rates. Diane gave figures from Towns that are local. Patricia says it does not matter what the average is. Diane said that you need to look at the Town's systems and what condition the system is in. Do they have loans or not? Patricia said it does not matter when she has to write a check.

Jan noted that she reviewed the median, and Sheridan's position is consistent with other cities and towns.

Shawn Hill – With the increase does this account for capital improvements for future growth. Bob went over the capital improvement list. Are we continuing to look at alternative options to decrease our costs? Bob is open to any suggestions.

Allen Paige inquired about the status of the water rights for Indian Creek. Are there any plans to use that water? Bob would love to use it, but it would have to be treated. It does not seem to be a feasible option.

Patricia Wang asked if there is something we can do for those that cannot afford the \$18.00. Ann asked if they could put extra on their accounts for those that need help. Can it be saved? Kristi commented that the individual that made the donation would have to pick those to whom it goes.

An individual asked what the outlook is for growth. Bob Stump commented that he is of the opinion that we need to consider looking for other water sources.

Are current wells at capacity? Well five was a really good producer when it was put in it should have been screened, but it was not. It has been there for 25 years. Part of the rehab is to get it cleaned.

How old is the sewer system? It was finished in 2011. We were forced to do the sewer project and it is still part of the debt.

Jan stated that if people have ideas to help decrease costs, the council is willing to listen to them. All grants we have require a match. Nursing Home and hospital are on a dead-end line. We do have a grant for this, but we do have to have a match for it. We would love to hear from grant writers.

Richard asked if they would like a committee for writing grants. He is willing to look at grants and future water issues. Jan commented that she would, but you need to have professionals on the committee such as plumbers, electricians, etc. As long as it is not grinding an ax. Patricia asked what she was referring to. Jan said there are some horrible comments on Facebook. Jan is open to any options a person has and likes to see positive options and not negativity. Bob noted that having several individuals like Kaylie Theis would improve productivity and achievements within this town. She has accomplished much with the SCCF group.

Tammy commented that she has to agree with Bob's comments.

Meeting adjourned at 7:30 pm.

**Meeting agenda’s were posted at Town Hall, Walter’s IGA, Opportunity Bank of Montana, US Post Office, McLeod Mercantile and the Town website.

ATTEST:

Signature on file

Signature on file

Kristi Millhouse, Clerk/Treasurer

Robert Stump, Mayor

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