

## RESOLUTION 2025 -06

### Resolution of Intention the Town of Sheridan, Montana to Increase Rates for the Users of the Municipal Water System

**WHEREAS**, under Section 69-7-101, Montana Code Annotated, the Town of Sheridan (the "Town") has the power and authority to regulate, establish, and change, as it considers proper, rates, charges, and classifications imposed for utility services to its inhabitants and other people served by the Town's water system (the "System"). Rates, charges, and classification must be reasonable and just; and

**WHEREAS**, it is necessary for the Town to collect sufficient revenues to pay the costs associated with the operation and maintenance of the System, and to build necessary reserves; and

**WHEREAS**, pursuant to Section 69-7-111, Montana Code Annotated, the Council shall order a public hearing prior to the passage or enactment of an ordinance or resolution imposing, establishing, changing, or increasing rates, fees, or charges for services or facilities.

**NOW, THEREFORE, BE IT RESOLVED** by the Town Council (the "Council") of the Town as follows:

**SECTION 1: Intent to Increase the Water System Rates.** It is the intent of the Town Council to increase its rates for the users of the System effective for the billing period beginning July 01, 2025.

**SECTION 2: Current Base Rate Charge.** The Town's monthly charge consists of a base rate charge on all connections to the System based on an Equivalent Dwelling Unit ("EDU") system. The base rate charge for each connection is the base rate for the service line times the number of EDU's applicable to the connection. The EDU for each size of service is as follows:

Service Line	EDU's per Hookup
¾ inch	1.00
1 inch	1.79
1 ¼ inch	2.78
1 ½ inch	4.00
2 inches	7.14
3 inches	16.00
4 inches	28.57

The Town currently charges a base rate/or shut off rate of \$45.00 per month per EDU to users of the System who are connected to the System whether there is actual water use or not. The charges are shown below:

Service Line	Cost per EDU	EDU Multiplier	Base Rate Charge
¾ inch	\$45.00	1.00	\$45.00
1 inch	\$45.00	1.79	\$80.55
1 ¼ inch	\$45.00	2.78	\$125.10
1 ½ inch	\$45.00	4.00	\$180.00
2 inches	\$45.00	7.14	\$321.30
3 inches	\$45.00	16.00	\$720.00
4 inches	\$45.00	28.57	\$1,285.65

**SECTION 3: Proposed Monthly Base Rate.** Effective July 01, 2025, the Town proposes to charge all users connected to the System a flat rate of \$54.00 per month per EDU, regardless of water usage (the "Base Rate Charge"). The last rate increase was done in 2018.

SERVICE LINE	COST PER EDU	EDU's	BASE RATE CHARGE
¾ Inch	\$54.00	1.00	\$ 54.00
1 inch	\$54.00	1.79	\$ 96.66
1 ¼ inch	\$54.00	2.78	\$ 150.12
1 ½ inch	\$54.00	4.00	\$ 216.00
2 inches	\$54.00	7.14	\$ 385.56
3 inches	\$54.00	16.00	\$ 864.00
4 inches	\$54.00	28.57	\$1,542.78

**Proposed Monthly Usage Rate:** In addition to the base rate change, effective July 1, 2025, billing the monthly usage charge for the use and availability of the system, with the charge per 1,000 gallons of water (or increment thereof) will be based each month on the number of gallons of water used per service connection in such month as follows:

<b><u>Number of gallons used</u></b>	<b><u>Cost per 1,000 Gallons or increment</u></b>
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

**Proposed Monthly Late Fee:** The monthly late fee will change from \$5.00 per account to \$10.00 per account (\$5.00 for water and \$5.00 for sewer)

**Proposed Monthly Charge.** The proposed monthly water charge for each connection consists of the proposed monthly Base Rate Charge plus the proposed monthly Usage Rate for such a connection.

**SECTION 4: Rate of Increase.** For a user with a ¾ inch service connection and no water usage, the Proposed Base Rate Monthly Charge represents an increase of \$9.00 per month over the current monthly base rate (or approximately 20% equivalent to an inflation increase of \$1.50 per year since 2018).

For a user with a 3/4-inch service connection using 5,000 gallons of water a month, the Proposed Monthly Base Rate represents an increase of \$1.25 per month over the current monthly base charge.

**SECTION 5: Determination of Annual Budget for the System.** At least once each year the Council of the Town shall determine the amount of money needed to pay the costs of the System including but not limited to: (a) the payment of the reasonable expense of operation and maintenance of the System; (b) administration of the System; (c) the payment of principal and interest on any bonded or other indebtedness of the System; and (d) the establishment or maintenance of any required reserves, including reserves needed for expenditures for depreciation and replacement of facilities, as may be determined necessary from time to time by the Council or as covenanted in the ordinance or resolution authorizing any outstanding bonds of the System. Based on the annual needs of the System, the Council will establish monthly charges for the use of the System.

**SECTION 6: Further Rate Increases.** The Town proposes a 3% base rate increase to keep up with inflation effective July 1, 2026, and the following four consecutive years (2027, 2028, 2029, 2030) evaluating rates for adequacy at that time. Subsequent adjustment to the rates and charges for the use of the System will be made by a resolution of the Council duly adopted after a public hearing with notice thereof given as provided by law.

Water Base Rate Charge						
Service Line	EDU's	Current Rates	July 2026 to June 2027	July 2027 to June 2028	July 2028 to June 2029	July 2029 to June 2030
¾ Inch	1.00	\$54.00	\$55.62	\$57.29	\$59.01	\$60.78
1 Inch	1.79	\$96.66	\$99.56	\$102.55	\$105.62	\$108.79
1 ¼ inch	2.78	\$150.12	\$154.62	\$159.26	\$164.04	\$168.96
1 ½ inch	4.00	\$180.00	\$185.40	\$190.96	\$196.69	\$202.59
2 inches	7.14	\$321.30	\$330.94	\$340.87	\$351.09	\$361.63
3 inches	16.00	\$720.00	\$741.60	\$763.85	\$786.76	\$81037
4 inches	28.57	\$1,542.78	\$1,589.06	\$1,636.74	\$1,685.84	\$1,736.41

**SECTION 7: Public Hearing.** A public hearing on the rate increases for the System will be held on June 19, 2025, commencing at 6:00 p.m. in the meeting room at the Sheridan Senior Center, 210 Crofoot St., in Sheridan, Montana.

**SECTION 8: Notice.** The Town Clerk-Treasurer 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 Madisonian, a newspaper of general circulation in the Town, on May 29, 2025, June 5, 2025, and June 12, 2025, by law, and to mail or cause to be mailed a copy of said notice to all persons who own property in the Town and to all customers of the Town at least 7 days and not more than 30 days prior to the public hearing. The mailed notice must contain an estimate of the amount that the property owner or customer will be charged under the proposed ordinance or resolution. The Town Clerk is also authorized and directed to mail by first class, postage prepaid, notice of all hearings to the Montana Consumer Counsel.

Passed and approved this 12<sup>th</sup> day of May, 2025.

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Robert Stump, Mayor

ATTEST:

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Kristi Millhouse, Clerk/Treasurer

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