

RESOLUTION 2025-08

Resolution of 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 (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 persons served by the municipal systems. Rates, charges, and classifications 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 Water System (System), and to build necessary reserves, and

WHEREAS, a public hearing was mailed to all users of the System notifying them that, pursuant to Resolution 2025-06, adopted May 12, 2025, it was the intention of the Town to increase the rates and charges for users of the System and notice of public hearing was published as required by Section 69-7-11. A public hearing was held on June 19, 2025, at 6:00 pm at the Sheridan Senior Citizen Center, 210 Crofoot St., in the Town of Sheridan, Montana, for the purpose of hearing comments from the public on the water rate increase, and

WHEREAS, all persons appearing were given an opportunity to speak at the public hearing.

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

SECTION 1: 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:

<u>Service Line</u>	<u>EDU’s</u>
¾ inch	1.00
1 inch	1.79
1 ¼ inch	2.78
1 ½ inch	4
2 inch	7.14
3 inch	16
4 inch	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.

<u>Service Line</u>	<u>Cost per EDU</u>	<u>EDU’s</u>	<u>Base Rate Charge</u>
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 inch	\$45.00	7.14	\$321.30
3 inch	\$45.00	16	\$720.00
4 inch	\$45.00	28.57	\$1,285.65

SECTION 2: New Water Rates. Effective the July 2025 water bill, the Town will charge all users connected to the System the following water rates.

2.1 Base Rate Charge. The Base Rate Charge will be increased from \$45.00 to \$54.00 per EDU as follows:

<u>Service Line</u>	<u>Cost per EDU</u>	<u>EDU's</u>	<u>Base Rate Charge</u>
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 inch	\$54.00	7.14	\$385.56
3 inch	\$54.00	16	\$864.00
4 inch	\$54.00	28.57	\$1,542.78

2.2 Monthly Usage charge. In addition to the base rate change, the Town will charge a monthly water usage per 1,000 gallons of water (or increment thereof) will be used each month on the number of gallons of water used per service connection in such month as follows:

<u>Number of Gallons Used</u>	<u>Cost Per 1,000 Gallons change</u>
0 to 20,000 Gallons	\$1.50 per 1,000 Gallons
20,001 to 40,000 Gallons	\$1.75 per 1,000 Gallons
40,001 to 60,000 Gallons	\$2.00 per 1,000 Gallons
Greater than 60,000 Gallons	\$2.25 per 1,000 Gallons

2.3 Month Late Fee: The late fee on accounts that are over 30 days past due will receive a \$5.00 penalty fee each month they are past due.

2.4 Monthly Charge: The monthly water charge for each connection consists of the monthly base rate charge plus the monthly usage rate for each connection.

2.5 Rate of Increase: For a user with a ¾ inch service connection and no water usage the monthly charge represents an increase of \$9.00 per month over the current monthly charge or approximately 20%. As rates have not been increased since 2019 this is an average of 3.33% which is in line with the annual inflation cost increase for the past five years. For a user with a ¾ inch service connection using

5,000 gallons of water a month the proposed monthly charge represents an increase of \$1.25 over the current monthly charge.

2.6 Non-Sufficient Fund Fee: The Town will also be adding a Non-sufficient Fee of \$5.00 for any checks that are returned for insufficient funds. The fees is for reimbursement of the fee that the Town is charged by the bank.

SECTION 3: Determination of Annual Budget for the System: 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 the principal and interest on any bonded or other indebtedness of the System; and (d) the establishment of 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 4: Further Rate Increases. The Town proposes a 3% base rate increase to keep up with inflation effective July 1, 2026 and the following consecutive years (July 1, 2027, July 1, 2028, July 1, 2029, and July 1, 2030) evaluating rates for adequacy at that time. Subsequent adjustment to the rates and the 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.

SECTION 5: Effective Date of Resolution: This resolution shall be immediately filed with the Town Clerk/Treasurer and shall become effective July 14, 2025.

Passed and approved this 14th day of July 2025.

Robert Stump, Mayor

Attest:

Kristi Millhouse, Clerk/Treasurer