

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the City of Townsend, Montana (the "City"), hereby certify that the attached resolution is a true copy of Resolution No. 19-0108A, entitled: "RESOLUTION OF THE CITY OF TOWNSEND, MONTANA TO MODIFY THE BASIS ON WHICH SEWER CHARGES ARE IMPOSED AND TO ADJUST RATES FOR THE USERS OF THE SEWER SYSTEM" (the "Resolution"), on file in the original records of the City in my legal custody; that the Resolution was duly adopted by the City Council of the City at a meeting on January 8, 2019, and that the meeting was duly held by the City Council and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Resolution at said meeting, the following Council members voted in favor thereof: Ken Ulrich, Matt West, Vickie Rauson, Melissa Reddick and Mike Milby; voted against the same: \_\_\_\_\_; abstained from voting thereon: \_\_\_\_\_; or were absent: Christina Hartman.

WITNESS my hand officially this 8th day of January, 2019.

Coleen Ward.  
City Clerk-Treasurer

RESOLUTION NO. 19-0108A

RESOLUTION OF THE CITY OF TOWNSEND, MONTANA TO  
MODIFY THE BASIS ON WHICH SEWER CHARGES ARE  
IMPOSED AND TO ADJUST RATES FOR THE USERS OF THE  
SEWER SYSTEM

RECITALS

WHEREAS, pursuant to Title 7, Chapter 7, Part 44, Montana Code Annotated ("M.C.A."), the City of Townsend, Montana (the "City") is authorized to issue bonds for the purpose of financing improvements (the "Improvements") to its sewer system (the "System"); and

WHEREAS, based on the information provided to the City from the City's engineering firm, Robert Peccia & Associates, of Helena, Montana (the "Engineer"), the estimated cost of the Improvements is \$5,910,000; and

WHEREAS, the City proposes to issue sewer system revenue bonds (the "Series 2019 Bonds") in the approximate amount of \$5,160,000 to pay for a portion of the costs of making the Improvements to the System and associated costs of financing; and

WHEREAS, the City has worked with the Engineer and has determined it will be necessary for the City to increase the rates of the System to collect sufficient revenues to repay the City's outstanding sewer revenue bonds and the Series 2019 Bonds, to pay the costs associated with the operation and maintenance of the System, and to establish appropriate reserves; and

WHEREAS, under Section 69-7-101, ~~Montana Code Annotated~~ M.C.A., the City 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; provided that rates, charges, and classifications must be reasonable and just; and

WHEREAS, pursuant to Section 69-7-111, ~~Montana Code Annotated~~ M.C.A., the City Council (the "Council") of the City 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; and

WHEREAS, pursuant to Section 69-7-111, M.C.A., the City 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; and

WHEREAS, a notice of public hearing was mailed to all users of the City's System notifying them that pursuant to Resolution No. 18-1204, adopted December 4, 2018, it was the intention of the City to increase the rates and charges for sewer service and notice of public hearing was published as required by Section 69-7-111, M.C.A. A public hearing was held on January 8, 2019, commencing at 6:30 p.m., in the City Council Chambers located at 110 Broadway in Townsend, Montana for the purpose of hearing comments from the public on the sewer rate increase; and



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

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

**Section 1. Determination of Annual Budget for System.** Each year the Council of the City 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 and availability of the System.

**Section 2. Current Rate.** The City currently charges each residential user of the System a flat rate of \$61.70 per month (the "Monthly Charge"). Each commercial user of the System is charged monthly an additional flat rate, deemed fair, reasonable and equitable.

**Section 3. Fixing of Rates.**

**3.01. Monthly Charge.** Effective February 1, 2019, the basis on which sewer charges are imposed will be based on the type of dwelling and the diameter of the water service line connected to that dwelling. For example, a 3/4-inch water service line, which is the standard water service line size for single family residential users, will be equal to 1 Equivalent Dwelling Unit ("EDU").

**3.02. Residential Rate.** Single family residential users of the System will be charged a monthly flat rate of \$66.70 per EDU (the "Residential Rate"). In the event the water service line serves a structure or structures containing multiple livable dwelling units, each livable dwelling unit will be classified as one (1) EDU and each livable dwelling unit will be charged the Residential Rate. Multiple livable dwelling units include duplexes, multiplexes, apartment complexes, nursing homes, retirement homes, mobile home courts and other similar facilities.

**3.03. Commercial and Industrial Rate.** Commercial and industrial users of the System will be charged a monthly flat rate of \$66.70 per EDU as shown in the table below (such rate, the "Commercial/Industrial Rate").

<u>Water Service</u>			<u>Commercial/Industrial</u>
<u>Line Size</u>	<u>Cost per EDU</u>	<u>Multiplier</u>	<u>Rate</u>
3/4"	\$66.70	1.00	\$66.70
1"	\$66.70	1.79	\$119.39
1 1/2"	\$66.70	4.00	\$266.80
2"	\$66.70	7.14	\$476.24
2 1/2"	\$66.70	11.16	\$744.37
3"	\$66.70	16.00	\$1,067.20
4"	\$66.70	28.57	\$1,905.62

If a commercial or industrial user of the System with a water service line size that is larger than 2" can demonstrate to the satisfaction of the City that the line size in excess of 2" is for the purpose of fire protection only and not for the purpose of serving the commercial or industrial use, the Council may charge that commercial or industrial user not less than the 2" diameter rate, as determined by the Council. For purposes of this resolution "commercial" and "industrial" mean "nonresidential" and include things such as schools and other governmental buildings and churches.

3.04. Metered Rate. In lieu of either the Residential Rate or the Commercial/Industrial Rate, metered users of the System will be charged a monthly base rate of \$66.70 per EDU (the "Base Rate"). A usage charge will also be applied to any metered connection to the System. Such usage charge will be \$7.41 per 1,000 gallons of water consumed per connection in excess of 9,000 gallons of water used per month or proportionate charge for gallons of water consumed in excess of any 1,000 gallon increment (the "Usage Charge"). All metered users connected to the System will be charged the sum of the Base Rate plus the Usage Charge (the "Metered Rate").

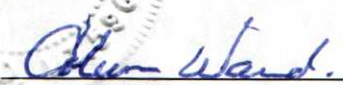
Section 4. Further Rate Increases. Subsequent adjustments to the City's sewer rates will be made by resolution of the Council duly adopted after a public hearing with notice thereof given as provided by law.

Section 5. Effective Date of Resolution. This resolution shall be immediately filed with the City Clerk-Treasurer and shall become effective upon passage.

Passed and approved this 8th day of January, 2019.

  
Mayor

ATTEST:

  
City Clerk-Treasurer