

RESOLUTION NO. 6.

RESOLUTION OF INTENTION OF FLATHEAD COUNTY WATER
DISTRICT NUMBER 101, MONTANA TO MODIFY THE BASIS ON WHICH
WATER CHARGES ARE IMPOSED AND TO INCREASE RATES FOR THE
USERS OF THE WATER SYSTEM

RECITALS

WHEREAS, Flathead County Water District Number 101, Montana (the "District") has determined to undertake certain improvements to its water system (the "System"), including replacing the existing water main distribution system; rehabilitating the District's water storage tank, well, and booster tank; and related improvements (the "Improvements"); and

WHEREAS, pursuant to Title 7, Chapter 13, Parts 22 and 23, Montana Code Annotated ("M.C.A."), the District is authorized to issue bonds for the purpose of financing the Improvements to the System; and

WHEREAS, based on the information provided to the District by the District's engineering firm, A2Z Engineering PLLC, of Kalispell, Montana, the estimated total cost of the Improvements is \$1,197,000, which estimate is subject to change; and

WHEREAS, costs of the Improvements are expected to be paid from a USDA Rural Development grants in the total amount of \$601,000, funds the District has on hand and available therefor in the amount of approximately \$9,000, and water system revenue bonds issued by the District in the estimated aggregate principal amount of \$587,000; and

WHEREAS, it will be necessary for the District to collect sufficient revenues to pay debt service on its water system revenue bonds, to pay the costs associated with the operation and maintenance of the System, and to establish appropriate reserves; and

WHEREAS, the District has determined that the current rates of the System do not produce sufficient revenues; and

WHEREAS, the Board of Directors of the District (the "Board") has determined it is in the best interests of the District to modify the basis on which water charges are imposed and increase the rates and charges for the use and availability of the System; and

WHEREAS, pursuant to Section 7-13-2275, M.C.A., the Board 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 Board as follows:

Section 1. Intent to Adjust the Water System Rates. It is the intent of the Board to modify the basis on which water charges are imposed and to increase rates for the use and availability of the System effective as of the April 2020 billing.

Section 2. Current Water Rates.

1.1 Equivalent Residential Unit. The District utilizes an equivalent residential unit methodology for imposing rates and charges, which is based on the size of the meter servicing each connection. A ¾ inch service, which is the standard service for single family residential users, equals 1 Equivalent Residential Unit (ERU).

1.2 Residential Monthly Charge. The District currently charges residential users of the System a monthly flat rate of \$44.46 per ERU.

1.3 Commercial Monthly Charge. Each commercial user of the System is currently charged a monthly charge per ERU as shown below:

Commercial Business	Number of ERUs	Cost per ERU	Monthly Charge
Travel Inn	8	\$44.46	\$355.68
Howell Pottery	1	\$44.46	\$44.46
Outfitters Supply #7373	1	\$44.46	\$44.46
Outfitters Supply #7365	1	\$44.46	\$44.46
Wilco + Gas Station	2	\$44.46	\$88.92
Phyggs Deli	1	\$44.46	\$44.46
Diamond Cuts	1	\$44.46	\$44.46
Junction Gas	1	\$44.46	\$44.46
Bonneville Power Administration	1	\$44.46	\$44.46

Section 3. Proposed Monthly Charge. Commencing with the April 2020 billing, the District proposes to increase the current monthly charge per ERU for the use and availability of the System, as follows.

3.1. Proposed Base Rate. Effective with the April 2020 billing, the District proposes to establish a base the rate for all users of the System of \$45 per ERU per month as follows (the "Proposed Base Rate"):

<u>Diameter</u>	<u>Cost per ERU</u>	<u>Multiplier</u>	<u>Proposed Base Rate</u>
¾"	\$45.00	1.0	\$ 45.00
1"	\$45.00	2.0	90.00
1 ½"	\$45.00	5.0	225.00
2"	\$45.00	8.0	360.00
3"	\$45.00	15.0	675.00
4"	\$45.00	30.0	1,350.00

All commercial connections would be charged a minimum of a 1-inch service line, or a minimum of \$90.00 per month.

3.2. Proposed Usage Charge. In addition, effective with the April 2020 billing, the District proposes to establish a monthly usage charge for the use and availability of the System of \$2.20 per 1,000 gallons of water (or increment thereof) based each month on the number of gallons of water used per service connection in such month.

3.3. Proposed Monthly Charge. Effective with the April 2020 billing, the Monthly Charge is proposed to be the sum of the Proposed Base Rate and the Proposed Usage Charge (such sum, the "Proposed Monthly Charge").

Section 4. Amount of Proposed Increase. For a residential user with a ¾-inch service connection using 3,000 gallons of water a month, the Proposed Monthly Charge represents an increase of \$7.14 per month over the current Monthly Charge (or approximately 16% percent).


Section 5. Determination of Annual Budget for the System. Each year the Board 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 Board or as covenanted in the ordinance or resolution authorizing any outstanding bonds of the System. Based on the annual needs of the System, the Board will establish monthly charges for the use and availability of the System.

Section 6. Further Rate Adjustments. Subsequent adjustments to the monthly charge will be made by resolution of the Board and in accordance with Section 7-13-2275, M.C.A. and other applicable provisions of State law.

Section 7. Public Hearing. A public hearing on the rate increase will be held on Tuesday, March 3, 2020, commencing at 7:00 p.m. at the Bad Rock Volunteer Fire Department, located at 3395 State Highway 206 in Columbia Falls, Montana.

Section 8. Notice. The District Secretary 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 *Daily Inter Lake*, a newspaper of general circulation in the District, on February 11 and February 18, 2020, and to mail or cause to be mailed a copy of said notice to all persons who own property in the District and to all customers of the District 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 resolution.

Passed and approved this 4th day of February, 2020.



President, Board of Directors

ATTEST:




Secretary

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the Flathead County Water District Number 101, Montana (the "District"), hereby certify that the attached resolution is a true copy of Resolution No. 6 entitled: "RESOLUTION OF INTENTION OF FLATHEAD COUNTY WATER DISTRICT NUMBER 101, MONTANA TO MODIFY THE BASIS ON WHICH WATER CHARGES ARE IMPOSED AND TO INCREASE RATES FOR THE USERS OF THE WATER SYSTEM" (the "Resolution"), on file in the original records of the District in my legal custody; that the Resolution was duly adopted by the Board of Directors of the District at a regular meeting on February 4, 2020, and that the meeting was duly held by the Board of Directors 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 Directors voted in favor thereof: Harold Herman; Brian Rehletter and Linde Bosworth; voted against the same: Ø; abstained from voting thereon: Ø; or were absent: 2.

WITNESS my hand officially this 4th day of February, 2020.


Secretary