

RESOLUTION NO. 7

RESOLUTION OF THE FLATHEAD COUNTY WATER DISTRICT NUMBER 101, MONTANA MODIFYING THE BASIS ON WHICH WATER CHARGES ARE IMPOSED AND INCREASING 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, a notice of public hearing was published in accordance with law and mailed to all users of the District's System notifying them that pursuant to a resolution adopted by the Board on February 4, 2020, it was the intention of the District to modify the basis on which water charges are imposed and to increase rates for users of the System. A public hearing was held on 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, for the purpose of hearing comments from the public on the modification of the water charges and 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 Board of the District as follows:

Section 1. Determination of Annual Budget for 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 2. Current Water Rates.

2.01 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  $\frac{3}{4}$  inch service, which is the standard service for single family residential users, equals 1 Equivalent Residential Unit (ERU).

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

2.03 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. New Monthly Charge. Commencing with the April 2020 billing, the current monthly charge per ERU for the use and availability of the System will be increased, as follows.

3.01 Base Rate. Effective with the April 2020 billing, the base rate for all users of the System will be increased to \$45 per ERU per month as follows (the “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 will be charged a minimum of a 1-inch service line, or a minimum of \$90.00 per month.

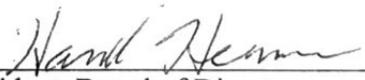
3.02 Usage Charge. In addition, effective with the April 2020 billing, the monthly usage charge for the use and availability of the System will be \$2.20 per 1,000 gallons of water (or increment thereof) based each month on the number of gallons of water used per service connection in such month.

3.03 Monthly Charge. Effective with the April 2020 billing, the Monthly Charge will be the sum of the Base Rate and the Usage Charge (such sum, the “Monthly Charge”).

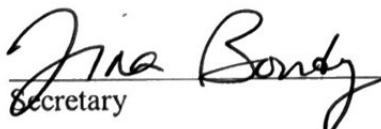
Section 4. Further Rate Increases. Subsequent adjustment to the rates and charges for the use of the System will be made by a resolution of the Board duly adopted after a public hearing with notice thereof given as provided by law.

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

Passed and approved this 3rd day of March, 2020.

  
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President, Board of Directors

Attest:

  
\_\_\_\_\_  
Gina Bondy  
Secretary

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of Flathead County Water District Number 101, Montana (the "District"), hereby certify that the attached resolution is a true copy of Resolution No. 7 entitled: "RESOLUTION OF THE FLATHEAD COUNTY WATER DISTRICT NUMBER 101, MONTANA MODIFYING THE BASIS ON WHICH WATER CHARGES ARE IMPOSED AND INCREASING 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 meeting on March 3, 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 Rohletter and Linda Bosworth; voted against the same: ∅; abstained from voting thereon: ∅; or were absent: 2.

WITNESS my hand officially this 3<sup>rd</sup> day of March, 2020.

  
Tia Bonty  
Secretary