

NOTICE OF RATE INCREASE AND PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on October 1, 2018 the City Council of the City of Belgrade Montana, adopted a Resolution of Intention to Increase the Rates for users of the municipal water and sewer systems.

It is necessary to increase the rates and charges for the services provided by the water and sewer systems in order to collect sufficient revenues to pay costs associated with the operation and maintenance of the systems, to construct improvements, to make debt service payment, to fulfill the City’s requirements in the water and sewer debt covenants, and to ensure the systems have adequate reserves. The amount of water covered by the “Base Rate” will be reduced from 5,000 gallons to 2,000 gallons per month.

Water Rates

Effective December 1, 2018 the base rate for residential water service will remain at \$18.19 per month (Water Base Rate Charge), however, the number of gallons included in the base rate will be reduced from 5,000 to 2,000 gallons. The charge for usage in excess of 2,000 gallons per month will remain at \$1.37 per 1,000 gallons. The change to the number of gallons included in the base rate represents an average increase in costs of approximately 21% over existing water rates. The following table shows the increase proposed for base rates and excess rates for each year going forward:

Fiscal Year	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Base Rate	\$18.19	\$18.19	\$19.10	\$20.05	\$21.06	\$21.90	\$22.78	\$23.69	\$24.63	\$25.62	\$26.64
Excess Rate	\$1.37	\$1.37	\$1.44	\$1.51	\$1.59	\$1.65	\$1.72	\$1.78	\$1.86	\$1.93	\$2.01

The base rate for non-residential/commercial water service for up to 2,000 gallons will be increased from \$18.19 to \$20.01 per month (Water Base Rate Charge). The charge for usage in excess of 2,000 gallons per month will increase from \$1.37 to \$1.51 per 1,000 gallons. The proposed non-residential/commercial rate increase represents an average increase of approximately 33% over existing water rates. The following table shows the increase proposed for base rates and excess rates for each year going forward:

Fiscal Year	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Base Rate	\$20.01	\$22.01	\$24.21	\$26.15	\$27.72	\$29.38	\$30.85	\$32.39	\$33.69	\$35.03	\$36.43
Excess Rate	\$1.51	\$1.66	\$1.82	\$1.97	\$2.09	\$2.21	\$2.32	\$2.44	\$2.54	\$2.64	\$2.75

Sewer Rates

Effective December 1, 2018 the base rate for residential sewer service for up to 2,000 gallons will be increased from \$24.93 to \$27.42 per month (Sewer Base Rate Charge). The charge for usage in excess of 2,000 gallons per month will increase from \$1.97 to \$2.27 per 1,000 gallons. The proposed rate change represents an average increase of approximately 36% over the existing rates. The following table shows the increase proposed for base rates and excess rates for each year going forward:

Fiscal Year	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Base Rate	\$27.42	\$30.17	\$33.18	\$34.84	\$35.89	\$36.60	\$37.34	\$38.08	\$38.84	\$39.62	\$40.41
Excess Rate	\$2.27	\$2.61	\$3.00	\$3.45	\$3.55	\$3.62	\$3.69	\$3.77	\$3.84	\$3.92	\$4.00

The base rate for non-residential/commercial sewer service for up to 2,000 gallons will be increased from \$24.93 to \$29.92 per month (Sewer Base Rate Charge). The charge for usage in excess of 2,000 gallons per month will increase from \$1.97 to \$2.56 per 1,000 gallons. The proposed non-residential/commercial rate change represents an average increase of approximately 49% over existing sewer rates. The following table shows the increase proposed for base rates and excess rates for each year going forward:

Fiscal Year	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Base Rate	\$29.92	\$35.90	\$43.08	\$47.39	\$50.23	\$51.23	\$52.26	\$53.30	\$54.37	\$55.46	\$56.57
Excess Rate	\$2.56	\$3.33	\$4.33	\$5.63	\$5.96	\$6.08	\$6.21	\$6.33	\$6.46	\$6.58	\$6.71

Combined Increase

Based on residential usage of 6,000 gallons in one month

Old rates: \$46.46

New rates: \$60.17 - represents an increase of \$13.71 in this scenario

Based on non-residential/commercial usage of 6,000 gallons in one month

Old rates: \$46.46

New rates: \$66.21 - represents an increase of \$19.75 in this scenario

PUBLIC HEARING

A Public Hearing on the proposed rate increases will be held on November 5, 2018, at **7:00 p.m.** at the City Council Chambers, 91 East Central Avenue, Belgrade, MT 59714, phone (406) 388-3760.

Directed by the Order of the Belgrade City Council on the 1st day of October, 2018. Susan Caldwell, City Clerk