

RESOLUTION 01-17658

A RESOLUTION ADOPTING REVISED WASTEWATER LATERAL AND TRUNK CONSTRUCTION FEES, A REVISED WATER MAIN CONSTRUCTION FEE, AND A NEW WATER TRANSMISSION CONSTRUCTION FEE ENACTED PURSUANT TO TITLE 69, CHAPTER 7, MONTANA CODE ANNOTATED.

WHEREAS, city staff have prepared and submitted to the city council a report dated December 6, 2000, and entitled: *Report on Adoption of Water and Wastewater Construction Fees*; and

WHEREAS, the construction fees in effect at the present time are not adequate to provide revenues with which to accomplish the extension, expansion, and improvement of such water and wastewater system; and

WHEREAS, current construction fees are not adequate to meet current construction costs of water and wastewater lines, accomplish good planning goals, provide builder/developer equity; and

WHEREAS, under Title 69, Chapter 7 of the Montana Code Annotated, and under the terms of City Resolution Number 13585, the City of Billings is authorized to regulate the City's municipal water and wastewater utilities and to change water and wastewater rates, fees, and charges as may be deemed by the City Council to be reasonable and just; and

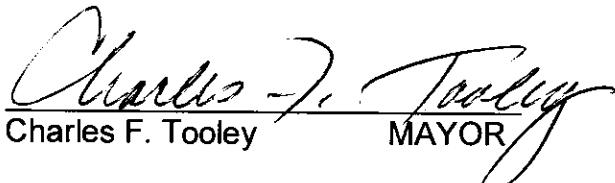
WHEREAS, it is essential to the public health, welfare, and safety of the inhabitants of the City of Billings and its environs to provide an adequate public water and wastewater and to provide adequate funding to meet the cost of extending, expanding, and improving the same;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BILLINGS, MONTANA:

1. That the revenue requirements and the schedule of rates, fees, and charges proposed in Exhibit "A" entitled, *REPORT ON ADOPTION OF WATER AND WASTEWATER CONSTRUCTION FEES, BILLINGS, MONTANA, 2000*, annexed hereto and by this reference incorporated herein, are found to be just, reasonable, and necessary for the continued sound operation of the water and wastewater utilities and that the proposed construction fees are approved and adopted and published as the construction fees of the City of Billings, Montana water and wastewater utilities, effective February 1, 2001.
2. That this Resolution is to be immediately filed in the City Clerk's Office, and that the decision adopting the construction fees shall be final ten days after such are so filed.
3. That the Public Utilities Department is directed to file a copy of the revised water and wastewater rate schedules with the Public Service Commission within ten days after filing of this resolution by the City Clerk.

PASSED by the affirmative vote of the City Council of the City of Billings, Montana, on the 22nd day of January, 2001.

CITY OF BILLINGS:


Charles F. Tooley MAYOR

ATTEST:

Marita Herold
Marita Herold, CMC/AAE

CITY CLERK



Filed in the Office of the City Clerk this 22nd day of January, 2001.

Marita Herold
CITY CLERK



**BILLINGS
PUBLIC UTILITIES DEPARTMENT**
P.O. BOX 30958
BILLINGS, MT 59111
PHONE (406) 657-8315
FAX (406) 657-8319



"Water and Wastewater Service...Billings' premier pipelines to public health and safety."
December 6, 2000

TO: Honorable Mayor & City Council
FROM: Dennis Taylor, City Administrator
Bill McGill, Asst. City Administrator
Carl Christensen, Utilities Director *chc*
Alan Towlerton, Asst. Utilities Director *Al*

MEETING DATE: January 22, 2001
SUBJECT: **RESOLUTION ADOPTING WATER AND WASTEWATER CONSTRUCTION FEES**

RECOMMENDATION:

We recommend approval of the resolution adopting revised Wastewater Lateral and Trunk Construction Fees, revised Water Main Construction Fee, and adoption of a new Water Transmission Construction Fee.

BACKGROUND:

Resolution 13858 requires that we provide the following information to the City Council regarding the above recommended construction fees:

- I. **SUPPORTIVE DOCUMENTATION:** Documentation supporting the need for the recommended Construction Fees is provided in Exhibit "A" attached herewith and entitled: "Report on Adoption of Water and Wastewater Construction Fees for Billings, Montana."
- II. **SCHEDULE OF EXISTING SPECIAL FEES AND CHARGES:** Exhibit "B1" attached hereto depicts the existing water special fees and charges and Exhibit "B2" attached hereto depicts the existing wastewater special fees and charges.
- III. **SCHEDULE OF PROPOSED CONSTRUCTION FEES:** Exhibit "C1" attached hereto depicts the revised Water Main Construction Fee and the new Water Transmission Construction Fee along with annual adjustments, and Exhibit "C2" attached hereto depicts the revised Wastewater Lateral and Trunk Construction Fees along with annual adjustments.

BillingsPride
City-wide

Honorable Mayor & City Council

Page 2

December 6, 2000

IV. **PROPOSED CONSTRUCTION FEES:** It is recommended that the proposed Water and Wastewater Construction Fees be adjusted as follows: 1) The Wastewater Lateral Construction Fee would be changed from \$0.09/sq ft to \$50/front foot; 2) The Wastewater Trunk Construction Fee would be increased from \$0.026/ sq ft to \$0.07/sq ft; 3) The Water Main Construction Fee would be increased from \$6/front foot to \$50/front foot; and 4) The new Water Transmission Construction Fee would be \$0.07/sq ft. The proposed Construction Fees are recommended to become effective February 1, 2001, and will include an annual inflationary rider of approximately 3%.

V. **REASONS FOR ADOPTING CONSTRUCTION FEES:** The reasons for adopting the proposed Water and Wastewater Construction Fees is to adjust them to reflect current construction costs, give the City a method to finance the construction of off site improvements, and to create a system that will treat all builders and developers in a fair and equitable manner. Construction Fees are applied to lots that have not participated in an SID or to lots that do not already receive water and/or wastewater service.

VI. **TYPICAL BILLS UNDER EXISTING AND PROPOSED RATES:** An existing monthly water and/or wastewater bill will not be increased as a result of the adoption of the proposed construction fees.

VII. **MAILING LIST:** Exhibit "D" attached herewith, lists the names and addresses of all persons/agencies sent copies of the information contained herein.

VIII. **DESIGNATED UTILITY EMPLOYEE:** We have designated Alan Towleron as the city employee who will be responsible for answering questions or responding to inquiries concerning the proposed adoption of the Water and Wastewater Construction Fees. Alan Towleron can be reached as follows:

Alan Towleron, P.E.
Asst. Public Utilities Director
2251 Belknap Avenue
P.O. Box 30958
Billings, MT 59111
Telephone: (406) 657-8310

Honorable Mayor & City Council

Page 3

December 6, 2000

IX. **RESOLUTION ADOPTING CONSTRUCTION FEES:** Attached, as Exhibit "E" is a copy of a proposed resolution that the City Council can use to adopt the proposed Water and Wastewater Construction Fees.

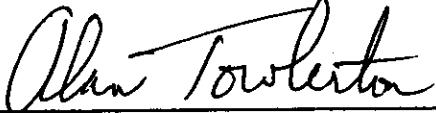
Please keep in mind that the public hearing regarding the construction fee adjustments is scheduled for January 8, 2001, 7:30 p.m., in the City Council Chambers at City Hall.

After the public hearing is held, the City Council will then need to take action on the resolution adopting the proposed Water and Wastewater Construction Fees. The City Council is scheduled to take such action January 22, 2001. It's important to note that state law requires us to adhere to our published hearing and adoption schedule.

Honorable Mayor & City Council
Page 4
December 6, 2000

C E R T I F I C A T I O N

I, Alan Towlerton, Asst. Public Utilities Director, City of Billings, Montana, do hereby certify that to the best of my knowledge, the information supplied herein and attached hereto is a true and accurate compilation of information contained in the books of the Public Utilities Department.



Alan Towlerton

STATE OF MONTANA)
) ss.
County of Yellowstone)

On this 6th day of December, 2000, before me, the undersigned, Notary Public for the State of Montana, personally appeared Alan Towlerton, known to me to be the person whose name is subscribed to the above certification and acknowledged to me that he executed the same.

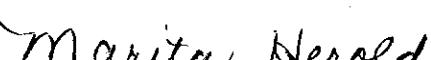
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the date and year in this certification first above written.

(SEAL)



Joyce B. Pirie
Notary Public for the State of Montana
Residing at Billings, Montana
My commission expires: 11-27-2001

FILED with the office of City Clerk this 22nd day of January, 2001.



Marita Herold
City Clerk

REPORT ON ADOPTION
OF
WATER AND WASTEWATER CONSTRUCTION FEES
FOR
BILLINGS, MONTANA



PREPARED BY:
PUBLIC UTILITIES DEPARTMENT
CITY OF BILLINGS
2000

EXHIBIT A

PURPOSE

The purpose of this report is to document and support the recommendation for adoption of revised Wastewater Lateral and Trunk Construction Fees, revised Water Main Construction Fee and a new Water Transmission Fee for the City of Billings, Montana.

RECOMMENDATION

Staff recommends the adoption of the Resolution that is set forth herein as Exhibit "E". This resolution provides for the adoption of a revised Wastewater Lateral Construction Fee that will be changed from \$0.09/sq ft to \$50/front foot, a revised Wastewater Trunk Construction Fee that will increase from \$0.026/sq ft to \$0.07/sq ft, a revised Water Main Construction Fee to increase from \$6/front foot to \$50/front foot, and a new Water Transmission Construction Fee at \$0.07/sq ft all to become effective February 1, 2001. Both water and wastewater construction fees are recommended to include an annual inflationary rider of approximately 3% following implementation through February 1, 2007 for wastewater and through February 1, 2006 for water.

BACKGROUND

One of the primary issues identified in the draft West End Master Plan is the provision of municipal water and sanitary sewer service. Without these services being available, accomplishing many of the goals of the plan will be difficult. In addition, discussions with developers revealed that it is difficult for them to finance significant off-site facilities, such as water and wastewater. Because developers in our area generally develop smaller subdivisions on a phased basis, the economic impact of off-site facilities on the initial development phases can quickly make the development infeasible.

For these reasons, we believe it makes sense for the City, through the Public Utilities Department, to initially finance and construct off-site water and sanitary sewer facilities for developments. By utilizing the construction fees that are the subject of this report, the Department will be reimbursed by developments as they receive service. We see this approach as not only fostering development and growth in the community by treating builders and developers equitably, but also being the best method for realizing the goals outlined in the West End Master Plan as one of the requirements will be that any property receiving service must petition the city for annexation.

ESTIMATED IMPACT

Since this program will not affect user fees, existing customers will see no increase in their monthly bills as a result of adopting the recommended construction fees. Only developments that have not previously help pay for public facilities through Special Improvement Districts or private contracts will be assessed the subject fees.

PROGRAM DETAILS

The example on the following page is a visual representation of the program basics. In the example, Development "A" is the initial development in the area. The first step is that the developer must petition the city for annexation. Assuming the property is annexed, the City would then finance and construct the off-site water and sewer to the nearest edge of Development "A". The development would be assessed \$0.14/sq. ft. (\$0.07 for water and \$0.07 for sewer) for their share of the off-site water and sewer. In addition, the development would either construct their share of the water and sewer facilities across the frontage of the development or pay the City \$50/front foot (\$100/front foot total) for each of the facilities and the City would construct them.

Now Development "B" comes along and wants water and sewer service. The first step again is to petition for annexation. Assuming this takes place, Development "B" would be assessed \$0.14/sq. ft. for their share of the off-site facilities and \$50/front foot (\$100/front foot total) for the facilities across the frontage of the development. Since the City already built the facilities across the frontage of Development "B", they would not have the option of building them, they would automatically be assessed the front footage charge.

This rationale described above would apply to all developments within the service area of the City regardless of location.

DERIVATION OF FEES

Some of the proposed construction fees exist at the present time; we are merely updating them or modifying their form. The Wastewater Lateral, Wastewater Trunk and Water Main Construction Fees already exist. Their current levels are \$0.09/sq. ft., \$0.026/sq. ft. and \$6/front foot respectively. The Water Transmission Construction Fee is a new fee that is a counterpart to the Wastewater Trunk Construction Fee.

We propose converting the Wastewater Lateral Construction Fee of \$0.09/sq. ft. to a front footage basis at a level of \$50.00/front foot. Correspondingly, the current Water Main Construction Fee of \$6/front foot will increase to \$50/front foot. Since all the proposed fees are intended to reflect current construction costs, we reviewed the construction costs of recent projects involving these types of facilities and found that the costs averaged approximately \$100/foot, including engineering, which when divided between property on both sides of the street results in the \$50/foot that we propose.

The last significant increase in the Wastewater Trunk Construction Fee from \$0.0125/sq. ft. to \$0.0225/sq. ft. was in 1971. While there was a slight increase again in 1982 to the current \$0.026/sq. ft., it didn't fully reflect inflationary effects. Therefore, we applied a 4% inflation factor from 1971 to arrive at the recommended \$0.07/sq. ft. Wastewater Trunk and Water Transmission Construction Fees.

EXAMPLE

OFF SITE FACILITIES FOR DEVELOPMENT "A"
(BY CITY)

DEVELOPMENT "A" BUILDS
SHARE OF FRONTAGE FACILITIES
OR PAYS \$50/FT. IF CITY BUILDS

WATER
SEWER
EASY STREET



PUBLIC UTILITIES DEPT.	
BILLINGS, MONTANA	
FACILITIES DEVELOPMENT	
DATE: 11-30-2000	SCALE: N.T.S.
DRAWN BY: CK	

City of Billings, Montana

PUBLIC UTILITIES DEPARTMENT

RATES AND CHARGESSheet No. 5 of 6SCHEDULE VWATER - SPECIAL FEES AND CHARGES

Available for: INSIDE AND OUTSIDE CITY CUSTOMERS.

Application and Permit Fees. The following fees and/or charges shall accompany the appropriate applications and permits at the time they are submitted to the public utilities department:

<u>ITEM</u>	<u>FEE/CHARGE</u> (\$)
(1) Application for enlargement of the water service area of the city.....	39.00
(2) Application for extension of the water system of the city.....	56.00
(3) Application for introduction of water service to a previously unserved tract or parcel of land which does not require an extension of the water distribution system.....	17.00
(4) Application for water service line installation permits:	
(a) Water service line permit.....	28.00
(b) Fireline permit.....	28.00
(c) Combination water service line and fireline permit.....	34.00
(5) Special Agreements.....	84.00
(6) Water main construction fee (\$/front foot).....	6.00
(7) Water meter accuracy test fee.....	25.00
(8) Construction meter setting and removal fee (\$/meter)	25.00
(9) Fireflow fee (\$/hydrant).....	20.00
(10) Turn-on/Turn-off charge:	
(a) Normal working hours.....	12.00
(b) Outside normal working hours.....	16.00
(11) Utility bill insert fee:	
(a) City departments (\$.1,000 inserts).....	21.00
(b) Other agencies (\$/inserts).....	0.30
(12) Water main tapping fee:	
(a) Two inch diameter tap or smaller (\$/tap).....	65.00
(b) Over two inch diameter tap (\$/tap).....	300.00
(13) Flushing, testing, and chlorinating fee (\$/600 feet of pipe).....	150.00
(14) City of Billings Franchise Fee (%).....	4
(15) Late-Payment Interest Charge (%/Month).....	1.5
(16) Water Service Line Repair Program Fee (\$/month).....	1.00

Special Terms and Conditions: SEE SCHEDULE I

Effective: September 2, 1998By Harold D. Underwood
Public Utilities Director

APPROVED BY THE CITY COUNCIL OF THE CITY OF BILLINGS, MONTANA

EXHIBIT B1

Resolution No. 98-17395Date Approved: August 24, 1998

U-G-47 (2/82) NO12782

City of Billings, Montana

PUBLIC UTILITIES DEPARTMENT

RATES AND CHARGESSheet No. 4 of 6SCHEDULE IIIWASTEWATER - SPECIAL FEES & CHARGES

Available for: INSIDE AND OUTSIDE CITY CUSTOMERS LOCATED WITHIN CITY'S ADOPTED WASTEWATER SERVICE AREA.

<u>ITEM</u>	<u>FEE/CHARGE</u> (\$)
(1) Application for enlargement of the wastewater service area of the city.....	39.00
(2) Application for extension of the wastewater collection system of the city.....	56.00
(3) Application for introduction of wastewater service to a previously unserved tract or parcel of land which does not require extension of the wastewater collection system.....	17.00
(4) Application for sanitary sewer service line installation permits:	
(a) Domestic users permit.....	28.00
(b) Major and significant industrial users permit.....	560.00
(c) Minor industrial users permit.....	56.00
(5) Special Agreements.....	84.00
(6) Lateral Sewer Construction Fee (\$/sq.ft.)...	0.0900
(7) Universal Trunk Sewer Construction Fee (\$/sq.ft.).....	0.0260
(8) Septage Disposal Permit Fee	
(a) First 2,000 gallons or any portion thereof.....	24.00
(b) Each additional 1,000 gallons or any portion thereof.....	12.00
(9) City of Billings Franchise Fee (%).....	4
(10) Late-payment Interest Charge (%/month).....	1.5

Special Terms and Conditions: See Schedule I

Effective: July 1, 1995

By Gerald Underwood
Public Utilities Director

APPROVED BY THE CITY COUNCIL OF THE CITY OF BILLINGS, MONTANA

Resolution No. 95-16945 Date Approved: May 22, 1995
U-G-47 (2/B2) NO12782

EXHIBIT B2

City of Billings, Montana

PUBLIC UTILITIES DEPARTMENT

RATES AND CHARGES

Sheet No. 7 of 7

SCHEDULE VII

Water - Main and Transmission Construction Fee

Effective Date

	<u>2/01/01</u>	<u>2/01/02</u>	<u>2/01/03</u>	<u>2/01/04</u>	<u>2/01/05</u>	<u>2/01/06</u>
	\$	\$	\$	\$	\$	\$

Water Main Construction Fee (\$/front foot)	50.00	51.50	53.00	54.50	56.00	57.50
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Water Transmission Construction Fee (\$/square foot)	0.07	0.0725	0.075	0.0775	0.08	0.0825
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The Water Main Construction Fee will be calculated by using the total lot frontage abutting public rights-of-way containing public water mains. The frontage of irregularly shaped lots may be adjusted to determine an equitable value.

By _____
Public Utilities Director

APPROVED BY THE CITY COUNCIL OF THE CITY OF BILLINGS, MONTANA

Resolution No. _____ Date Approved: _____
U-G-47 (2/82) NO12782

EXHIBIT C

City of Billings, Montana

PUBLIC UTILITIES DEPARTMENT

RATES AND CHARGES

Sheet No. 7 of 7

SCHEDULE VII

Wastewater - Lateral and Trunk Construction Fee

Effective Date

	<u>2/01/01</u>	<u>2/01/02</u>	<u>2/01/03</u>	<u>2/01/04</u>	<u>2/01/05</u>	<u>2/01/06</u>	<u>2/01/07</u>
	\$	\$	\$	\$	\$	\$	\$
Wastewater Lateral Construction Fee (\$/front foot)	50.00	51.50	53.00	54.50	56.00	57.50	59.00
Wastewater Trunk Construction Fee (\$/square foot)	0.07	0.0725	0.075	0.0775	0.08	0.0825	0.085

The Wastewater Lateral Construction Fee will be calculated by using the total lot frontage abutting public rights-of-way containing public sewer lines. The frontage of irregularly shaped lots may be adjusted to determine an equitable value.

By _____
Public Utilities Director

APPROVED BY THE CITY COUNCIL OF THE CITY OF BILLINGS, MONTANA

Resolution No. _____ Date Approved: _____
U-G-47 (2/B2) NO127B2

EXHIBIT C2

C E R T I F I C A T E

I HEREBY CERTIFY that on November 6, 2000 copies of the foregoing document were mailed to:

Montana Consumer Council
34 West 6th Avenue
Helena, MT 59601

City-County Library
City Hall
Billings, MT

Charles F. Tooley, Mayor
City Hall
Billings, MT

Shirley Girard McDermott, Council Member
City Hall
Billings, MT

Stephen Bradley, Council Member
City Hall
Billings, MT

Gary McDaniel, Council Member
City Hall
Billings, MT

Jan Iverson, Council Member
City Hall
Billings, MT

Mark Kennedy, Council Member
City Hall
Billings, MT

Jack Johnson, Council Member
City Hall
Billings, MT

Milton "Mick" Ohnstad, Council Member
City Hall
Billings, MT

EXHIBIT D

Mark Elison, Council Member
City Hall
Billings, MT

Michael Larson, Council Member
City Hall
Billings, MT

Dennis Taylor, City Administrator
City Hall
Billings, MT

William McGill, Asst. City Administrator
City Hall
Billings, MT

Brent Brooks, City Attorney
City Hall
Billings, MT

Marita Herold, City Clerk
City Hall
Billings, MT

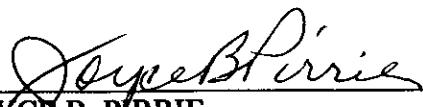
Maria Christiaens, Utility Board Member
2530 Interlachen
Billings, MT 59105

Charles Brooks, Utility Board Member
2226 Fairview Place
Billings, MT 59102

Bruce Kline, Utility Board Member
1734 Mariposa Lane
Billings, MT 59102

Barry Nolan, Utility Board Member
3005 Fairway Drive
Billings, MT 59102

Dan Bergstrom, Utility Board Member
511 Woodland Drive
Billings, MT 59102


JOYCE B. PIRRIE
SENIOR ADMINISTRATIVE COORDINATOR

RESOLUTION _____

A RESOLUTION ADOPTING REVISED WASTEWATER LATERAL AND TRUNK CONSTRUCTION FEES, A REVISED WATER MAIN CONSTRUCTION FEE, AND A NEW WATER TRANSMISSION CONSTRUCTION FEE ENACTED PURSUANT TO TITLE 69, CHAPTER 7, MONTANA CODE ANNOTATED.

WHEREAS, city staff have prepared and submitted to the city council a report dated December 6, 2000, and entitled: *Report on Adoption of Water and Wastewater Construction Fees*; and

WHEREAS, the construction fees in effect at the present time are not adequate to provide revenues with which to accomplish the extension, expansion, and improvement of such water and wastewater system; and

WHEREAS, current construction fees are not adequate to meet current construction costs of water and wastewater lines, accomplish good planning goals, provide builder/developer equity; and

WHEREAS, under Title 69, Chapter 7 of the Montana Code Annotated, and under the terms of City Resolution Number 13585, the City of Billings is authorized to regulate the City's municipal water and wastewater utilities and to change water and wastewater rates, fees, and charges as may be deemed by the City Council to be reasonable and just; and

WHEREAS, it is essential to the public health, welfare, and safety of the inhabitants of the City of Billings and its environs to provide an adequate public water and wastewater and to provide adequate funding to meet the cost of extending, expanding, and improving the same;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BILLINGS, MONTANA:

1. That the revenue requirements and the schedule of rates, fees, and charges proposed in Exhibit "A" entitled, *REPORT ON ADOPTION OF WATER AND WASTEWATER CONSTRUCTION FEES, BILLINGS, MONTANA, 2000*, annexed hereto and by this reference incorporated herein, are found to be just, reasonable, and necessary for the continued sound operation of the water and wastewater utilities and that the proposed construction fees are approved and adopted and published as the construction fees of the City of Billings, Montana water and wastewater utilities, effective February 1, 2001.
2. That this Resolution is to be immediately filed in the City Clerk's Office, and that the decision adopting the construction fees shall be final ten days after such are so filed.

3. That the Public Utilities Department is directed to file a copy of the revised water and wastewater rate schedules with the Public Service Commission within ten days after filing of this resolution by the City Clerk.

Passed by the affirmative vote of the City Council of the City of Billings, Montana, on the _____ day of _____, 2001.

APPROVED:

MAYOR

ATTEST:

CITY CLERK

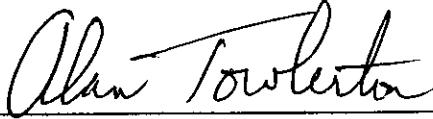
Filed in the Office of the City Clerk this _____ day of _____, 2001.

CITY CLERK

Honorable Mayor & City Council
Page 4
December 6, 2000

C E R T I F I C A T I O N

I, Alan Towlerton, Asst. Public Utilities Director, City of Billings, Montana, do hereby certify that to the best of my knowledge, the information supplied herein and attached hereto is a true and accurate compilation of information contained in the books of the Public Utilities Department.



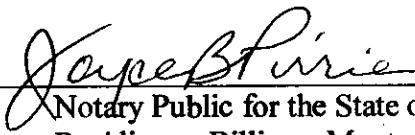
Alan Towlerton

STATE OF MONTANA)
) ss.
County of Yellowstone)

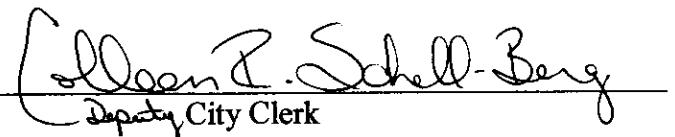
On this 6th day of December, 2000, before me, the undersigned, Notary Public for the State of Montana, personally appeared Alan Towlerton, known to me to be the person whose name is subscribed to the above certification and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the date and year in this certification first above written.

(SEAL)


Joyce B. Purie
Notary Public for the State of Montana
Residing at Billings, Montana
My commission expires: 11-27-2001

FILED with the office of City Clerk this 6th day of December,
2000.


Colleen R. Schell-Berg
Deputy City Clerk