



City of Missoula, Montana
Item to be Referred to City Council Committee

Committee: Public Works

Item: A RESOLUTION OF THE MISSOULA CITY COUNCIL INCREASING THE MUNICIPAL STORMWATER, WASTEWATER, AND WATER RATES FOR USE OF THE MISSOULA CITY UTILITY SYSTEMS AND AMENDING THE UTILITY RATE SCHEDULE TO BE EFFECTIVE JANUARY 1, 2022.

Date: November 4, 2021

Sponsor(s): Logan McInnis

Prepared by: Katie Emery

Ward(s) Affected:

- | | |
|---|---------------------------------|
| <input type="checkbox"/> Ward 1 | <input type="checkbox"/> Ward 4 |
| <input type="checkbox"/> Ward 2 | <input type="checkbox"/> Ward 5 |
| <input type="checkbox"/> Ward 3 | <input type="checkbox"/> Ward 6 |
| <input checked="" type="checkbox"/> All Wards | <input type="checkbox"/> N/A |

Action Required:

Conduct a public hearing and adopt a Resolution of the Missoula City Council increasing the municipal stormwater, wastewater, and water rates for use of the Missoula City Utility Systems and amending the Utility Rate Schedule.

Recommended Motion(s):

I move the City Council: **[First reading and preliminary adoption]** Set a public hearing on December 6, 2021 for a Resolution of the Missoula City Council increasing the municipal stormwater, wastewater, and water rates for use of the Missoula City Utility Systems and amending the Utility Rate Schedule to be effective January 1, 2022. **[Second and final reading]** Approve a Resolution of the Missoula City Council increasing the municipal stormwater, wastewater, and water rates for use of the Missoula City Utility Systems and amending the Utility Rate Schedule to be effective January 1, 2022.

Timeline:

Referral to committee:	November 8, 2021
Committee discussion:	November 10, 2021
Council action (or sets hearing):	November 15, 2021
Public Hearing (if required):	December 6, 2021
Deadline:	December 13, 2021

Background and Alternatives Explored:

On June 20, 2016, the City adopted the water rates that had been in place prior to City ownership of the water utility. FCS Group was then hired in 2017 to perform a cost of service rate study for the City's stormwater, wastewater and water utilities. The FCS rate study was relied on to establish new storm water utility rates that were adopted by City Council on December 16, 2019. The FCS rate study was also relied on to establish a new wastewater rate structure that was adopted by the City Council on July 20, 2020. The new wastewater rate structure did not change the revenue requirement but shifted existing revenues among customer classes and adjusted to a volume-based rate for all classes.

The water rates proposed with this Resolution are the results of the FCS rate study. The study preserves the City's uniform rate structure, which charges all customer classes the same rate per hundred cubic feet (CCF) of billed usage.

Based on the projected revenues and operating and capital expenditures for each of the water, wastewater and stormwater utilities over the next 3 fiscal years (FY22 through FY 24), the following rate increases are proposed: in Table 1.

Table 1

	Proposed 2022	Proposed 2023	Proposed 2024
Water	3%	5%	5%
Wastewater	9%	9%	9%
Stormwater	6%	9%	9%

Financial Implications:

The proposed water, wastewater, and stormwater utility rates will increase the average residential customer's combined monthly bill by \$3.22 effective January 1, 2022, an additional \$4.43 effective January 1, 2023, and an additional \$4.74 effective January 1, 2024.

Links to external websites:

<https://www.engagemissoula.com/proposed-utility-rate-increases>