

CITY OF HARDIN
NOTICE OF RATE INCREASE AND PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on April 1, 2025, the City Council (the "Council") of the City of Hardin, Montana (the "City"), adopted a Resolution of Intention of the City to Increase Rates and Charges for the users of the Water and Sewer Systems; and Calling a Public Hearing Thereon.

The City currently imposes a monthly rate charge (the "Monthly Rate Charge") on all connections to the Water and Sewer Systems. The costs of the Water and Sewer Systems covered by the Monthly Rate Charge are the amount necessary to pay the costs of operating and maintaining the Water and Sewer Systems, to pay the principal of and interest on any outstanding or authorized debt of the Water and Sewer Systems and to establish and maintain appropriate reserves. Rates and charges for the Water and Sewer Systems are determined in part by meter sizes and monthly water usage.

The City charges users of the Water System a base rate per month per connection based on meter size, which base rate includes the use of 3,000 gallons of water per month. The current water base rate for a connection with a ¾" meter is \$20.33. In addition, the City charges users of the Water System a monthly usage fee of \$2.6932 per 1,000 gallons of water or portion thereof used per connection per month over the 3,000 gallons included in the base rate. The monthly residential charge for the Water System is equal to the residential base rate plus the residential usage fee.

The City charges residential users of the Sewer System a flat rate of \$44.67 per month per connection. The City charges commercial users of the Sewer System a base rate of \$44.67 per month per connection, which includes the use of 7,200 gallons of water per month. In addition, the City charges commercial users of the Sewer System a monthly usage fee of \$3.8544 per 1,000 gallons of water or portion thereof used per connection per month over the 7,200 gallons included in the commercial base rate. The monthly commercial charge for the Sewer System is equal to the commercial base rate plus the commercial usage fee.

Effective as of the June 2025 billing, the City proposes to (i) increase the residential water base rate by 5% for each meter size, and (ii) increase the water usage rate to \$2.75 per 1,000 gallons or portion thereof used per connection per month over the 3,000 gallons included in the water base rate. Assuming a meter size of ¾" and the use of 7,300 gallons of water per month, the proposed water charge represents an increase of approximately 5.99% over the current water charge. A chart showing the current and proposed water base rates by meter size is attached to the notice mailed to customers and is available from the Finance Officer/City Clerk.

Effective as of the June 2025 billing, the City proposes to (i) increase the monthly residential sewer flat rate to \$83.00 per month per connection, (ii) increase the commercial sewer base rate to \$83.00 per month per connection, and (iii) increase the commercial sewer usage rate to \$6.00 per 1,000 gallons of water or portion thereof used per connection per month over the 7,200 gallons included in the commercial sewer base rate. The proposed residential sewer rate represents an increase of approximately 85.8% over the current residential sewer rate, and assuming the use of 10,200 gallons of water per month, the proposed commercial sewer charge represents an increase of approximately 79.6% over the current commercial sewer charge.

On May 6, 2025 at 6:00 p.m. at the City Council Chambers, 401 North Cheyenne Avenue, Hardin, Montana 59034, the Council will conduct a public hearing and pass upon all protests against the proposed rate increases regarding the Water and Sewer Systems. Comments may be given orally at the hearing or submitted in writing before 3:00 p.m. on the date of the hearing.

Further information about the proposed rate increases may be obtained by contacting Andrew Lehr, Finance Officer/City Clerk, 406 North Cheyenne Avenue, Hardin, Montana 59034, phone: (406) 665-9260 Ext 102.

Done by Order of the Council of the City of Hardin, Montana, this 2nd day of April, 2025.



Andrew Lehr
Finance Officer/City Clerk
Publish: April 16, 23, 30
Mail: April 15, 2025



The City of Hardin would like to update the community on our upcoming Waste Water Upgrades project. The existing waste water plant is 45 years old (built in the late 70s to early 80s) and has become increasingly difficult to maintain and comply with state and federal waste water discharge requirements. This project will overhaul the entire treatment process, updating the plant for the next 40 years, and increase capacity of the plant. As part of this project the City received a total of \$7,682,500 in grant funding to help pay for the upgrades, as outlined below:

Total Project Cost	\$ 16,635,219.25
Grants Awarded to City	
Rural Development FY19	\$ 5,201,000.00
Coal Board	250,000.00
MT Coal Endowment Program	500,000.00
Rural Development FY25	<u>2,199,000.00</u>
Total Grants	<u>\$ 8,150,000.00</u>
Cost after grants	\$ 8,485,219.25
Loans to be issued by City	
RD FY19 Loan	2,121,000.00
RD FY25 Loan	2,562,000.00
SRF 2021	74,504.25
SRF 2025 (forgiven after project)	850,000.00
SRF 2025 to be repaid	<u>2,550,000.00</u>
Total Loans	<u>\$ 8,157,504.25</u>
Cost paid by City	\$ 327,715.00

Total loans to be repaid will be \$7,307,504.25. The City is already paying back the 2021 SRF loan, including the amount that was used for engineering during phase 2 of this project, \$74,504.25. The City will be paying for \$327,715 of this project out of the sewer fund reserves. After this project is over the city's cost will include the following: operations & maintenance \$760,350, debt payments (from highest calendar year total payments) of \$495,128.70 and required reserves for receiving funding through Rural Development and SRF of \$103,779.00 for a total of 1,359,257.70. At the current sewer rates the city would have a shortfall of approximately \$564,480 meaning sewer rates will be required to be increased to meet this need.

Project Scope

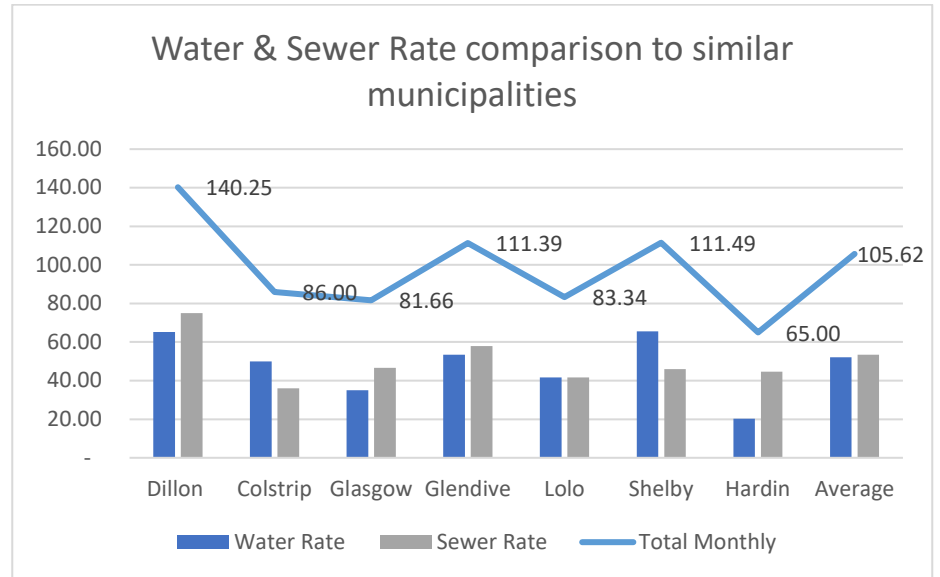
The waste water upgrade project consists of:

- Construction of a new headworks facility
- Oxidation ditch improvements, including surface aerator and mixer replacements
- Construction of a new clarifier split structure and rehabilitation of the existing two clarifiers
- Expansion of existing administration building to enclose existing UV disinfection channel and construction of new UV disinfection channel with equipment and new laboratory facilities
- Aerobic Digester aeration equipment improvements and miscellaneous concrete rehabilitation
- New RAS and WAS control vault improvements to the existing RAS Pump station
- Also included are associated site piping, electrical, instrumentation and control system upgrades throughout the Wastewater Plant.

The total project cost is \$16,635,219.25. Construction and required contingency are \$14,699,599.25, engineering and other costs (such as audits and bond counsel fees) are \$1,935,620.00

Rate Structure

As part of this project the City is required to increase sewer rates to ensure that operations & maintenance, debt payments and required reserves through the issuance of debt, can be paid reliably. One metric that the Montana Department of Commerce uses to determine where rates should be set in each community is called a target rate. Target rates are based on a community's median household income (MHI). The MHI is multiplied by 2.3% (for water and sewer combined rate) and divided by 12 to get the monthly rate. The 2023 median household income in Hardin was \$60,463. This calculates to a monthly rate of \$115.89 per month. In 2023 the Department of Natural Resources and Conservation completed a rate study for all municipalities, water districts and sewer districts in the state. Please find the study here: <https://dnrc.mt.gov/docs/conservation/WASACT/DNRC-Rate-Study1.pdf>. As part of this study it was determined that the average water rate was \$52.46 per month and average sewer rate was \$42.76 per month. If this average is compared to Hardin's current rates, the city is behind \$30.22 for water and sewer combined. Therefore, an update to the City's current rate structure was needed.



The City of Hardin currently has a water rate of \$20.33 base and sewer rate of \$44.67 base. As can be seen in the table above every municipality that is close to the same population size as Hardin has considerably higher water and sewer rates. For example, Dillon and Shelby are the closest two cities in population, Dillon has a combined rate of \$140.25 per month and Shelby has a combined rate of \$111.49 per month. The average of the other communities listed above is \$52.17 for water and \$53.45 for sewer, and a combined rate of \$105.62. As part of this project the city will be increasing rates in the sewer fund to a base fee of \$83.00 per month, with a rate over 7200 gallons of \$6.00 per 1000 gallons for commercial users. The total base rates for Hardin will be \$105.50 combined fee per month, including the \$.50 for the curb stop fund for accounts that qualify.

Note: all rates for municipalities of similar population size were derived from the DNRC rate study linked to the left or by scanning the QR Code below.



CITY OF HARDIN
Water and Sewer Systems 2024-2025

Service Type	Rate Code Description	Proposed Monthly Rate	Rate Over minimum	Minimum amount
SEWER	RESIDENTIAL	83.00	0.0000	
SEWER	COMMERCIAL	83.00	6.0000	7200 gallons
SEWER	SUMP PUMP	12.00		
WATER	3/4" METER	22.00	2.7500	3000 gallons
WATER	1.0" METER	36.31	2.7500	3000 gallons
WATER	1 1/2 " METER	44.31	2.7500	3000 gallons
WATER	2" METER	62.96	2.7500	3000 gallons
WATER	3" METER	90.66	2.7500	3000 gallons
WATER	4" METER	94.76	2.7500	3000 gallons
WATER	6" METER	112.72	2.7500	3000 gallons
WATER	H1 (Hydrants)	0.80	-	each
WATER	Bulk Water - price per 1000 gallons	10.00		

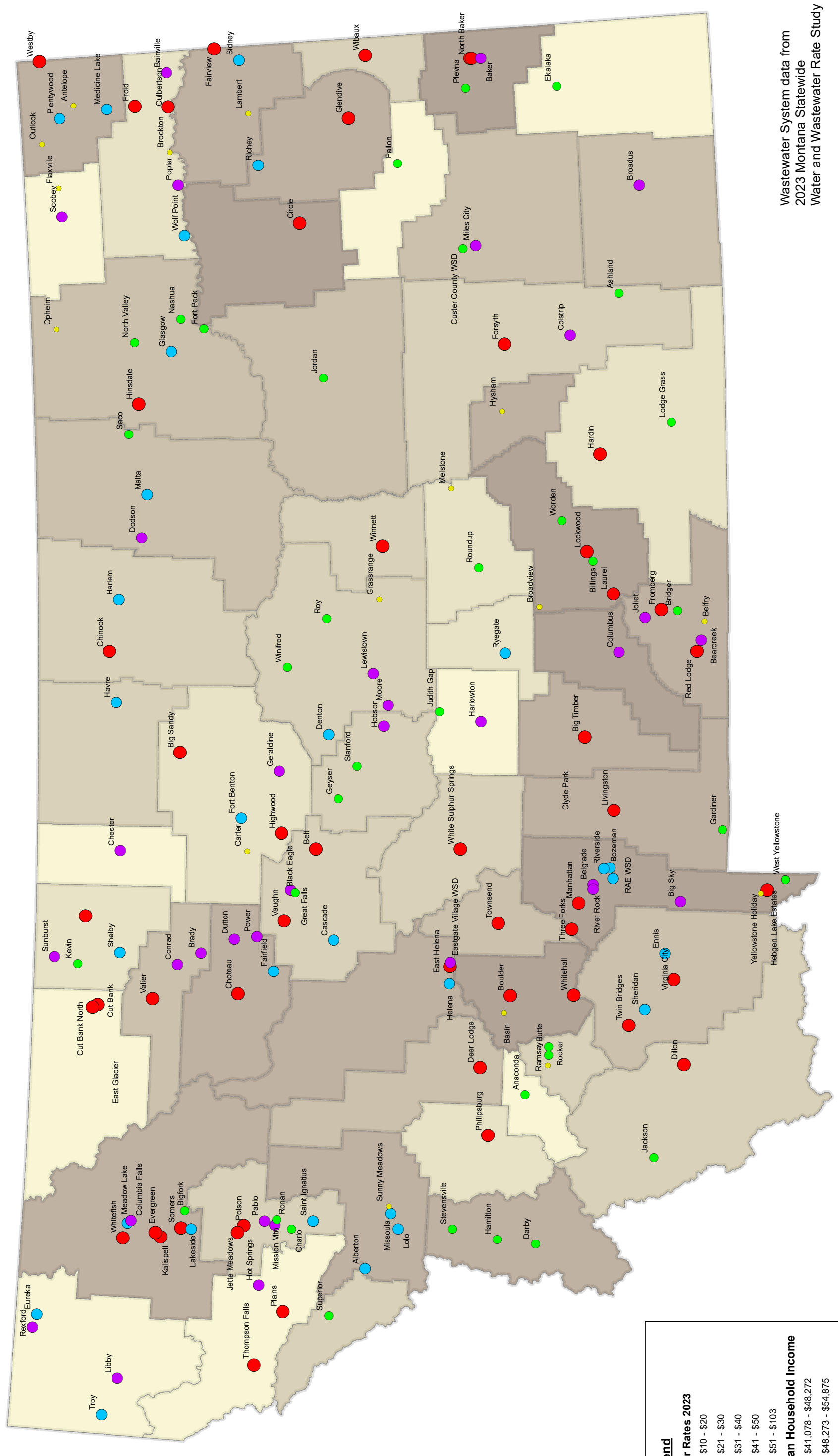
Late fee 10.00 for Water and Sewer
Penalty 1.5% for Water and Sewer
Reconnect fee ALL accounts \$50.00

Water and Sewer Systems 2023-2024

Service Type	Rate Code Description	Current Monthly Rate	Rate Over minimum	Minimum amount
SEWER	RESIDENTIAL	44.67	0.0000	
SEWER	COMMERCIAL	44.67	3.8544	7200 gallons
SEWER	SUMP PUMP	6.80		
WATER	3/4" METER	20.33	2.6932	3000 gallons
WATER	1.0" METER	33.55	2.6932	3000 gallons
WATER	1 1/2 " METER	40.95	2.6932	3000 gallons
WATER	2" METER	58.18	2.6932	3000 gallons
WATER	3" METER	83.78	2.6932	3000 gallons
WATER	4" METER	87.57	2.6932	3000 gallons
WATER	6" METER	104.16	2.6932	3000 gallons
WATER	H1 (Hydrants)	0.80	-	each
WATER	Bulk Water - price per 1000 gallons	8.00		

Late fee 10.00 for Water and Sewer
Penalty 1.5% for Water and Sewer
Reconnect fee ALL accounts \$50.00

Average Monthly Wastewater Rates by Median Household Income



Legend

Sewer Rates 2023

- \$10 - \$20
- \$21 - \$30
- \$31 - \$40
- \$41 - \$50
- \$51 - \$103

Median Household Income

- \$41,078 - \$48,272
- \$48,273 - \$54,875
- \$54,876 - \$58,750
- \$58,751 - \$61,786
- \$61,787 - \$72,250
- \$72,251 - \$83,064

Wastewater System data from
2023 Montana Statewide
Water and Wastewater Rate Study

160 Sewer Systems Responded out
of a total 344 Sewer Systems

Median Household Income
from 2022 Census Data

SOUTH PARK PROJECT

700 West Division Street
Hardin, MT 59034

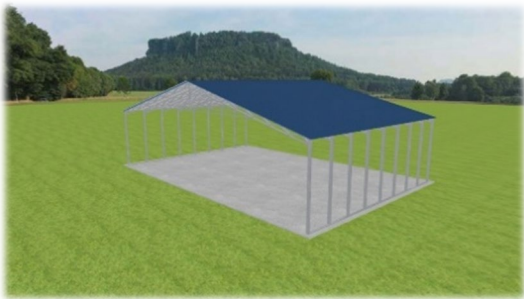
The Construction contract with SplashPadsUSA has been signed and is ready to be full-filled by early spring 2025.

Scope of Work:

City of Hardin has hired SplashPadsUSA to perform the work in the scope of work according to the plans for the price of \$136,000.00



CONSTRUCTION CONTRACT



A gazebo style metal building will be added to the project area for events such as theatrical plays, family gatherings, community events and musical concerts. *We decided to go with the building with headers at the price of \$28,117.50*

A playground system has been purchased and will be installed with the rest of the project. \$56,057.00



The South Park Project area will also include horse shoe pits, a volleyball pit, and a large sitting area. For a total cost of estimated \$350,000. Grants have been secured to pay for the entire cost of this project, therefore the tax burden will be \$0.00 for Hardin taxpayers.