

CITY OF THREE FORKS, MONTANA

RESOLUTION #461 -2025

AMENDING THE EXISTING UNWRITTEN POLICY OF ACCEPTING DEPOSITS ON WATER/SEWER ACCOUNTS FOR THOSE IN TENANT NAMES, AND CEASING TO SEND ADDITIONAL COPIES TO PROPERTY OWNERS WHEN TENANTS RECEIVE LATE/DISCONNECT NOTICES; SETTING A NEW POLICY EFFECTIVE 1/1/2026 ANY NEW ACCOUNTS WILL NO LONGER BE PLACED IN TENANTS' NAME, AND ANY DEPOSITS ON RECORD WILL BE APPLIED TO THOSE ACCOUNTS

WHEREAS, Ordinance #9-1-3 is one sentence in twenty-eight pages of other Water and Sewer rules that references a tenant/landlord relationship. Landlord, property managers or property owner will hereinafter be referred to only as the "Property Owner" who is ultimately the responsible party for the water/sewer service, pursuant to 7-13-4309, MCA.

WHEREAS, for an unknown length of time, but for sure the past 20 years that staff can confirm, the process has been for the City to allow Water/Sewer accounts to be placed in the tenants' name. The City has required a deposit to be paid at time of signup and held on the account. The City currently has \$10,525 on its books for such tenant accounts.

WHEREAS, when a tenant receives a minimum of two disconnect notices, the deposit is applied to the outstanding balance, and the account is returned to the property owner's name. Likewise, when a tenant moves out the deposit is applied to the outstanding balance, and the account is returned to the property owner's name.

WHEREAS, staff estimates that it spends a minimum of 7 hours each month changing water/sewer accounts from one tenant, back to the owner, then to a new tenant; phone calls explaining the process; making copies of late/disconnect notices and mailing those to the property owner; communicating between all these parties; and administering deposit refunds. It is likely that three times this estimate is more accurate in the time staff spends on tenant water/sewer accounts. This does not take into account the cost of added paper, envelopes, postage or wear and tear on equipment. Essentially, staff has taken on a portion of the role of property manager on behalf of the property owner to administer the above-mentioned tasks.

WHEREAS, the deposits held by the City do not benefit the City in any way. The deposits benefit the property owner when/if the account is late or unpaid.

WHEREAS, in accordance with §7-1-4127, MCA the City Clerk posted notice of the Ordinance Committee meeting to be held on 9/4/2025 on the City's website, Facebook page, as well as various physical locations around town on 8/27/2025.

WHEREAS, at the Ordinance Committee meeting thirteen members of the public attended, most of whom voiced opposition on the record of staff's question to amend the ordinance to state the City would no longer place water/sewer accounts in tenants' names. There were ten letters of opposition submitted via email prior to the hearing as well. Staff presented four options on how to proceed (#1 through 3.b below). The Committee made no recommendation at that meeting.

Commented [CT1]: Staff added; Up to the Council for decision if this will occur or not.

Commented [CT2]: Does the Council want to maintain that Property Managing companies may have the account in their name? Some properties do keep it this way just like as if the PM was the owner; and no deposit is required. If not, delete.

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WHEREAS, at the 9/9/2025 City Council meeting, the Ordinance Committee members relayed four options posed to them, their opinions of what to do including two new options, and then opened it up for discussion. The options were:

1. Do nothing;
2. Put accounts into property owner's name 30 days after an ordinance to remove 9-1-3 has its second public hearing.
3. As tenants move out, return water/sewer accounts to the property owner's name,
 - a. Allow any future tenant to receive an email bill as a secondary notification of what is due each month. Late/disconnect notices will only be sent to the property owner.
 - b. 3.a above but also if an account remains in a tenants' name as of 12/31/2026, the account will be placed in the property owner's name on 1/1/2027 giving property owners over a year for leases to be changed.
4. Increase the signup fee to cover the cost of Staff's time changing accounts.
5. Apply existing deposits and no longer require them.

WHEREAS, at the 9/9/2025 the Ordinance Committee members recommended option 3.a as well as apply deposits immediately, and no longer require them. One other City Council member (not on the Ordinance Committee) voiced support ceasing sending duplicate copies of late/disconnect notices and apply deposits immediately.

WHEREAS, pursuant to §7-1-4127, MCA the City Clerk published notice of this resolution in the Bozeman Daily Chronicle on 9/30/2025, in the Belgrade News on 9/25/2025, and in the Three Forks Voice on 10/1/2025, as well as posted on the City's Facebook page, website, and around town at various physical locations as is City policy.

NOW, THEREFORE BE IT RESOLVED by the Three Forks City Council that in order to align with the §7-13-4309, MCA which states that on or before July 7th annually the Treasurer or Clerk must notice the property owner of any assessment owing and in arrears for city water and sewer. The City will:

1. Effective 11/1/2025, any tenant moving out, that water/sewer account will have its deposit applied to the outstanding balance, and the account will be returned to the property owner's name.
2. Effective 11/1/2025, the City will no longer require a deposit on any new water/sewer account.
3. Effective 12/31/2025, City staff will apply all deposits held on remaining tenant water/sewer accounts, to the outstanding bill.
4. Effective 1/1/2026:
 - a. Any tenant wanting to sign up for water/sewer service will not have the "Customer" portion of the water/sewer bill in the City's utility software program completed with the Tenant's name. The account will remain in the property owner's name. However, the tenant may provide an email address to be added to the water/sewer account serving the address they reside at, so that they may receive an email copy of the water/sewer bill. The "Resident" portion of the City's utility software program could be edited to include the current tenant's name.
 - b. Any remaining tenant accounts will be phased out as they move out.
5. Effective 1/1/2026, City staff will not make or send copies of late or disconnect notices to the property owner/property manager for any accounts remaining in tenant names.

Commented [CT3]: Roxi recommended this on 9/9/2025 and Ed and George agreed. See 9/9 minutes.

Commented [CT4]: Only if the Council agrees with Staff's request to free time up. Gene said at 9/9 meeting that he feels it's been a good practice and we should continue. No other Council members stated their opinion.

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6. At any time the property owner wishes to switch the “Customer” portion to their name (for instance, as leases renew), the City will switch the water/sewer account over. The tenant may also provide their email address to be added to the water/sewer account serving the address they reside at.

BE IT FURTHER RESOLVED by the City Council that it hereby directs City staff to:

1. Send an explanation of the actions in this resolution to all property owners, property managers, and tenants to alert them of these upcoming changes.
2. Draft an amendment to the Fee Schedule to remove the Water Deposit line, and rescind Resolution #243-2015.

Dated this 14th day of October 2025.

CITY OF THREE FORKS

ATTESTED:

Randy Johnston, Mayor

Crystal Turner, City Clerk