**CITY COUNCIL WORK SESSION**
**CITY COUNCIL CHAMBER CONFERENCE ROOM**
**1005 BAKER AVENUE**
**MONDAY, MARCH 21, 2016**
**5:30 TO 7:00 PM**

1. Call to Order

2. 5:30 – 6:15 P.M. **CLOSED EXECUTIVE SESSION**: City Attorney annual evaluation. Pursuant to §2-3-203(3) MCA, the presiding officer may close the meeting during the time the discussion relates to a matter of individual privacy and then if and only if the presiding officer determines that the demands of individual privacy clearly exceeds the merits of public disclosure. The right of individual privacy may be waived by the individual about whom the discussion pertains and, in that event, the meeting must be open.

3. 6:15 – 7:00 P.M. **CLOSED EXECUTIVE SESSION**: City Manager annual evaluation. Pursuant to §2-3-203(3) MCA, the presiding officer may close the meeting during the time the discussion relates to a matter of individual privacy and then if and only if the presiding officer determines that the demands of individual privacy clearly exceeds the merits of public disclosure. The right of individual privacy may be waived by the individual about whom the discussion pertains and, in that event, the meeting must be open.

4. Adjournment

# CITY OF WHITEFISH

## CITY ATTORNEY CONFIDENTIAL EVALUATION

## DATE: _____

1. General Performance:
   Has Angie done a good job of implementing City Council policy and accomplishing Council's objectives?

   □ Unsatisfactory
   □ Needs Improvement
   □ Acceptable
   □ Very good
   □ Excellent

   Comments: _____
   _____
   _____
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   _____

2. Interaction with the public:
   Is Angie's interaction with the public befitting that of a City Attorney? Is he respected and developing a beneficial relationship with the Community?

   □ Unsatisfactory
   □ Needs Improvement
   □ Acceptable
   □ Very good
   □ Excellent

   Comments: _____
   _____
   _____
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   _____

3. Ordinances and Policies:
   Does Angie do a good job of preparing City ordinances, contracts, and policies? Does she negotiate, prepare, and present effective ordinances and contracts?

   □ Unsatisfactory
   □ Needs Improvement
   □ Acceptable
   □ Very good
   □ Excellent

Comments:_____
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4. Organizational Skills:
Does Angie present clear, well written and well articulated information to the City Council and the public for decision making? Does he keep the City Council well informed? Does he have a good command of information?

- □ Unsatisfactory
- □ Needs Improvement
- □ Acceptable
- □ Very good
- □ Excellent

Comments: _____
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5. Staff Interaction:
Does Angie seem to have a healthy and effective rapport with staff in general? Is communication open and effective?

- □ Unsatisfactory
- □ Needs Improvement
- □ Acceptable
- □ Very good
- □ Excellent

Comments: _____
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6. Problem solving and decision making:
Does Angie have appropriate problem solving skills and use them to assist the Council effectively? Does she make good decisions and exhibit good judgment that supports the Council's policy objectives?

- ☐ Unsatisfactory
- ☐ Needs Improvement
- ☐ Acceptable
- ☐ Very good
- ☐ Excellent

Comments: _____
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7. Accountability:
Is Angie accountable for her actions? Does she take responsibility for the consequences of her recommendations and actions?

- ☐ Unsatisfactory
- ☐ Needs Improvement
- ☐ Acceptable
- ☐ Very good
- ☐ Excellent

Comments: _____
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8. Does Angie provide effective recommendations to Mayor and Council when dealing with policy matters while also providing viable alternatives as needed from which to choose?

- ☐ Unsatisfactory
- ☐ Needs Improvement
- ☐ Acceptable
- ☐ Very good
- ☐ Excellent

Comments: _____
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9. Does Angie maintain effective relationships with City boards and committees and other governmental entities such as State agencies, County government, school district, etc?

- ☐ Unsatisfactory
- ☐ Needs Improvement
- ☐ Acceptable
- ☐ Very good
- ☐ Excellent

Comments: _____

10. What things do you most appreciate that Angie as City Attorney is doing?

Comments: _____

11. Overall Job Performance and any other matters not specifically identified above.

Comments: _____

# CITY OF WHITEFISH
## CITY MANAGER CONFIDENTIAL EVALUATION
## DATE: _____

1. General Performance:
   Has Chuck done a good job of implementing City Council policy and accomplishing Council's objectives?

   - ☐ Unsatisfactory
   - ☐ Needs Improvement
   - ☐ Acceptable
   - ☐ Very good
   - ☐ Excellent

   Comments: _____
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2. Interaction with the public:
   Is Chuck's interaction with the public befitting that of a City Manager? Is he respected and developing a beneficial relationship with the Community?

   - ☐ Unsatisfactory
   - ☐ Needs Improvement
   - ☐ Acceptable
   - ☐ Very good
   - ☐ Excellent

   Comments: _____
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3. Enforcement of Ordinances and Policies:
   Does Chuck do a good job of enforcing and causing the enforcement of City ordinances, contracts, and policies? Does he negotiate, prepare, and present effective ordinances and contracts?

- ☐ Unsatisfactory
- ☐ Needs Improvement
- ☐ Acceptable
- ☐ Very good
- ☐ Excellent

Comments:_____
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4. Organizational Skills:
Does Chuck present clear, well written and well articulated information to the City Council and the public for decision making? Does he keep the City Council well informed? Does he have a good command of information?

- ☐ Unsatisfactory
- ☐ Needs Improvement
- ☐ Acceptable
- ☐ Very good
- ☐ Excellent

Comments: _____
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5. Staff Management:
Does staff morale seem appropriate? Does Chuck seem to have a healthy and effective rapport with his staff in general? Is communication open and effective?

- ☐ Unsatisfactory
- ☐ Needs Improvement
- ☐ Acceptable
- ☐ Very good
- ☐ Excellent

Comments: _____
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6. Budget Administration:
Does Chuck manage the City's resources well? Does he prepare and administer the budget well? Does he provide clear information and choices to Council for their deliberations?

- ☐ Unsatisfactory
- ☐ Needs Improvement
- ☐ Acceptable
- ☐ Very good
- ☐ Excellent

Comments: _____
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7. Problem solving and decision making:
Does Chuck have appropriate problem solving skills and use them to assist the Council effectively? Does he make good decisions and exhibit good judgment that supports the Council's policy objectives?

- ☐ Unsatisfactory
- ☐ Needs Improvement
- ☐ Acceptable
- ☐ Very good
- ☐ Excellent

Comments: _____
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8. Accountability:
Is Chuck accountable for his actions? Does he take responsibility for the consequences of his recommendations and actions?

- ☐ Unsatisfactory
- ☐ Needs Improvement
- ☐ Acceptable
- ☐ Very good
- ☐ Excellent

Comments: _____

9. Does Chuck provide effective recommendations to Mayor and Council when dealing with policy matters while also providing viable alternatives as needed from which to choose?

- ☐ Unsatisfactory
- ☐ Needs Improvement
- ☐ Acceptable
- ☐ Very good
- ☐ Excellent

Comments: _____

10. Does Chuck maintain effective relationships with other governmental entities such as State agencies, County government, school district, etc?

- ☐ Unsatisfactory
- ☐ Needs Improvement
- ☐ Acceptable
- ☐ Very good
- ☐ Excellent

Comments: _____

11. What things do you most appreciate that Chuck as City Manager is doing?

Comments: _____

12. Overall Job Performance and any other matters not specifically identified above.

Comments: _____

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**CITY COUNCIL REGULAR MEETING AGENDA**

The following is a summary of the items to come before the
City Council at its regular session to be held on Monday,
March 21, 2016, at **7:10 p.m.** at Interim City Hall, 1005 Baker Avenue.

Ordinance numbers start with 16-07. Resolution numbers start with 16-15.

1) CALL TO ORDER

2) PLEDGE OF ALLEGIANCE

3) PRESENTATION
   a) Update on Aquatic Invasive Species (AIS) Program by City and Whitefish Lake Institute (WLI) and FY17 Funding request from WLI (p. 29)
   b) Presentation and acceptance of final Water and Wastewater Rate study (p. 51)

4) COMMUNICATIONS FROM THE PUBLIC – (This time is set aside for the public to comment on items that are either on the agenda, but not a public hearing or on items not on the agenda. City officials do not respond during these comments, but may respond or follow-up later on the agenda or at another time. The Mayor has the option of limiting such communications to three minutes depending on the number of citizens who want to comment and the length of the meeting agenda)

5) COMMUNICATIONS FROM VOLUNTEER BOARDS

6) CONSENT AGENDA
   a) Minutes from the March 7, 2016 Council regular meeting (p.111)

7) PUBLIC HEARINGS (Items will be considered for action after public hearings) (Resolution No. 07-33 establishes a 30 minute time limit for applicant's land use presentations. Ordinances require 4 votes for passage – Section 1-6-2 (E)(3) WCC))
   a) Ordinance No. 16-___; An Ordinance adding a new chapter to Title 1, Administration, of the Whitefish City Code, to establish a civil rights policy prohibiting discrimination on the basis of actual or perceived sexual orientation or gender identity or expression, creating a cause of action in the Whitefish Municipal Court, authorizing the Municipal Court to fashion civil remedies, creating a time limit under which a claim may be filed, and establishing an effective date (First Reading) (p. 120)

8) COMMUNICATIONS FROM PUBLIC WORKS DIRECTOR
   a) Consideration of awarding the construction contract for the 2016 West 7th Street Reconstruction (Resort Tax) project to LHC, Inc. (p. 132)
   b) Consideration of awarding the construction contract for the 2016 Wastewater Inflow and Infiltration (I&I) Remediation project to P.E.C. Inc. for Schedules A & C and Guildner Pipeline for Schedules B & D (Two motions) (p. 139)
   c) Consideration of awarding the construction contract for the 2016 Lion Mountain Loop Road water loop and the Columbia Avenue Water Main replacement projects to Sandry Construction (p. 143)

9) COMMUNICATIONS FROM CITY MANAGER
   a) Written report enclosed with the packet. Questions from Mayor or Council? (p. 150)
   b) Other items arising between March 16th and March 21st

10) COMMUNICATIONS FROM MAYOR AND CITY COUNCILORS
   a) Consideration of approving the Request for Qualifications (RFQ) for a Housing Needs Assessment in conjunction with the Whitefish Chamber of Commerce (p. 172)
   b) Consideration of approving a letter to the Board of County Commissioners regarding future planning for another east-west connector arterial road between Hwy 93 South and Karrow Avenue in the vicinity of Akers Lane and/or JP Road (p. 181)
   c) Resolution No. 16-___; A Resolution establishing the Planned Unit Development Re-write Steering Committee (p. 185)

11) ADJOURNMENT (Resolution 08-10 establishes 11:00 p.m. as end of meeting unless extended to 11:30 by majority)

The following Principles for Civil Dialogue are adopted on 2/20/2007 for use by the City Council and by all boards, committees and personnel of the City of Whitefish:

- We provide a safe environment where individual perspectives are respected, heard, and acknowledged.

- We are responsible for respectful and courteous dialogue and participation.

- We respect diverse opinions as a means to find solutions based on common ground.

- We encourage and value broad community participation.

- We encourage creative approaches to engage public participation.

- We value informed decision-making and take personal responsibility to educate and be educated.

- We believe that respectful public dialogue fosters healthy community relationships, understanding, and problem-solving.

- We acknowledge, consider and respect the natural tensions created by collaboration, change and transition.

- We follow the rules and guidelines established for each meeting.

Adopted by Resolution 07-09
February 20, 2007

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March 16, 2016

The Honorable Mayor Muhlfeld and City Councilors
City of Whitefish
Whitefish, Montana

Mayor Muhlfeld and City Councilors:

**Monday, March 21, 2016 City Council Agenda Report**

There will be a work session at 5:30 p.m. for an executive session for the annual evaluations of the City Attorney and City Manager. Food will be provided.

The regular Council meeting will begin at 7:10 p.m.

CONSENT AGENDA

a) Minutes from the March 7, 2016 Council regular meeting (p.111)

**RECOMMENDATION:** Staff respectfully recommends the City Council approve the Consent Agenda.

**Item a is a legislative matter.**

PUBLIC HEARINGS (Items will be considered for action after public hearings) (Resolution No. 07-33 establishes a 30 minute time limit for applicant's land use presentations. Ordinances require 4 votes for passage – Section 1-6-2 (E)(3) WCC))

a) Ordinance No. 16-___; An Ordinance adding a new chapter to Title 1, Administration, of the Whitefish City Code, to establish a civil rights policy prohibiting discrimination on the basis of actual or perceived sexual orientation or gender identity or expression, creating a cause of action in the Whitefish Municipal Court, authorizing the Municipal Court to fashion civil remedies, creating a time limit under which a claim may be filed, and establishing an effective date (First Reading) (p.120)

From City Attorney Angela Jacobs staff report:

On November 14, 2014, community members asked the Whitefish City Council to take a stand against bigotry, hatred and prejudice in our community. Some

citizens called for the City Council to enact a no-hate ordinance or other legislation that would be affirm and protect civil rights in our community.

In response to the City Council's direction to prepare options to address the community's expressed concerns, staff prepared a report and resolution in support of diversity, inclusion, and non-discrimination for all inhabitants of and visitors to the Whitefish area. On December 1, 2014, the City Council enacted Resolution No. 14-57 in which it declared its intention to support community values that recognize the dignity of all persons and welcome diversity and inclusion.

The December 1, 2014, staff report identified lesbian, gay, bisexual or transgender status (LGBT) individuals as one group that has not yet been extended the protection of state and federal laws prohibiting discrimination. LGBT individuals continue to face discrimination in the areas of employment, housing, and governmental services. At the March 7, 2016, City Council meeting, the Council directed staff to prepare a Non-Discrimination Ordinance ("NDO") to carry forward the City's intentions as expressed in Resolution No. 14-57.

Federal Law

Federal law makes it illegal to discriminate based on race, color, national origin, religion, sex, disability, age (40 and older), citizenship status and genetic information. Generally, the number of employees determines which employers are covered by federal law. For example, Title VII of the Civil Rights Act of 1964 (Title VII) covers employers with 15 or more employees and the Age Discrimination in Employment Act covers employers with 20 or more employees.

Title VII does not expressly protect LGBT individuals against discrimination. The Equal Opportunity Commission ("EEOC"), however, has recently taken the position that the existing sex discrimination provisions in Title VII protect LGBT applicants and employees against employment bias. A growing number of court decisions have endorsed the EEOC's interpretation of Title VII. *See, e.g., Glenn v. Brumby*, 663 F.3d 1312 (11th Cir. 2011); *Videcki v. Pepperdine Univ.*, 2015 LEXIS 167672 (C.D. Cal. Dec. 15, 2015).

On July 23, 2015, the Equality Act was introduced to the United States Congress. If enacted, the Equality Act would amend existing civil rights laws to prohibit discrimination on the basis of sexual orientation or gender identity in the areas of employment, housing, public accommodations, public education, federal funding, credit and jury service. As federal law now stands, however, and in the event Congress declines to enact the Equality Act, LGBT individuals may be protected only against employment bias and only if the employer has more than 15 employees.

Montana Law

The Montana Constitution provides specific civil and political rights. Article II, Section 4 of the Montana Constitution states:

**Individual dignity.** The dignity of the human being is inviolable. No person shall be denied the equal protection of the laws. Neither the state nor any person, firm, corporation, or institution shall discriminate against any person in the exercise of his civil or political rights on account of race, color, sex, culture, social origin or condition, or political or religious ideas.

In Montana, employers with one or more employees are subject to the state's constitutional protections and to the Montana Human Rights Act. The protected classes covered under Montana law are age (any age), familial status (housing only), marital status, national origin, physical or mental disability, political beliefs (governmental services and employment only), race/color, religion/creed, and sex. The Montana Human Rights Act also makes it unlawful to retaliate against any person for opposing unlawful discriminatory practices or for participating in a human rights proceeding.

Attempts to extend anti-discrimination protection under the Montana Human Rights Act to LGBT individuals have not been successful before the Montana legislature. Since the 1990's, proposed legislation to establish sexual orientation as a protected category in the Montana Human Rights Act has failed to survive the legislative process. Over the past two decades, a separate bill that would have added sexual orientation to the hate crimes law in Montana failed to make it out of either the House or Senate Judiciary Committees.

City-Based Non-Discrimination Ordinance

Charter cities such as Whitefish may generally exercise any power not expressly prohibited by the Montana Constitution, state law or the city's charter. Mont. Const. Art. XI, § 6. Under state law, the legislature must clearly and specifically state that certain powers are denied to the local government. Mont. Code Ann. § 7-1-101. In addition, even in an area that is subject to state regulation, a local government may still provide broader protections than those imposed by state law. *See* Mont. Code Ann. § 7-12-113(2); *American Cancer Society v. State*, 2004 MT 376, 325 Mont. 70, 103 P.3d 1085.

In 2010, Missoula enacted an NDO that protects LGBT people from discrimination in employment, housing and public accommodations. In 2012, Helena adopted a similar NDO. Butte-Silver Bow passed its NDO in February of 2014 and Bozeman in June of 2014.

The proposed NDO for Whitefish is modeled after those enacted by other Montana cities. The proposed NDO establishes a policy to assure civil rights and

opportunity for all inhabitants and visitors. 1-10-1(A). In addition to the protected classes under state law (race, color, national origin, etc.), the NDO establishes the right to be free from discrimination on the basis of actual or perceived sexual orientation or gender identity or expression in employment, public accommodations and housing. 1-10-1(B).

The NDO does not affect or abridge other rights secured by federal or state law, including the right to freedom of speech, freedom of association and the exercise of religion. 1-10-1(C). Pursuant to state law, the public school system is exempt from the NDO. 1-10-1(D). Fraternal, charitable and religious organizations are also exempt from the NDO unless they are organized for either private profit or to provide accommodations or services on a non-membership basis. 1-10-1(E); 1-10-2 Definitions.

The NDO creates a private right of action in the Whitefish Municipal Court. 1-10-7. An individual who alleges discrimination may seek monetary damages (up to the jurisdictional limit of $12,000), injunctive relief and attorney's fees. 1-10-7(C). There are no criminal penalties or remedies. Prior to filing a claim in Municipal Court, an individual who alleges discrimination must file a timely complaint with the Montana Human Rights Bureau (generally within 180 days of the alleged discrimination) and receive a disposition of the complaint determining the allegations do not fall within the scope of existing federal or state law. 1-10-7(C)(1)-(2).

There is no immediate financial requirement for the Ordinance. The possible financial impact of the Ordinance may be that the Municipal Court will have to spend additional time and resources handling civil discrimination claims.

The identified financial impact, if any, is anticipated to be low. Because the NDO requires individuals alleging discrimination to file a complaint with the Montana Human Rights Bureau and receive a disposition prior to instigating litigation, most discrimination claims will not even reach the Municipal Court. Further, in certain circumstances, the Montana Human Rights Bureau has begun following the EEOC's lead and treating claims of discrimination based upon sexual orientation or sexual identity or expression as sex discrimination claims. Finally, no discrimination actions based upon sexual orientation or sexual identity or expression have been filed in Missoula, Bozeman or Butte since those cities passed their NDOs.

**RECOMMENDATION:** Staff respectfully recommends the City Council approve an Ordinance adding a new chapter to Title 1, Administration, of the Whitefish City Code, to establish a civil rights policy prohibiting discrimination on the basis of actual or perceived sexual orientation or gender identity or expression, creating a cause of action in the Whitefish Municipal Court, authorizing the Municipal Court to fashion civil remedies, creating a time limit under which a claim may be filed, and establishing an effective date

**This item is a legislative matter.**

COMMUNICATIONS FROM PUBLIC WORKS DIRECTOR

a) Consideration of awarding the construction contract for the 2016 West 7th Street Reconstruction (Resort Tax) project to LHC, Inc. (p. 132)

From Public Works Director Craig Workman's staff report:

This important project involves the reconstruction of West 7th Street from Baker Ave. to Fairway Dr. The proposed work includes approximately 4,000 linear feet of roadway, including new curb and gutter, a pedestrian path, sidewalks, and street lighting. Also included is a new storm drainage system, sanitary sewer main extension, new water mains and services, and other miscellaneous improvements.

To date, the City has held Public Information Meetings for this project on 12/10/2014, 2/11/2015, and 3/25/2015. Comments from these meetings were taken into consideration and final conceptual designs were presented to City Council on 4/20/2015, at which point authorization was grated to complete the final designs for the project. These designs were presented to Council on 2/1/2016 and Council authorized staff to proceed with bidding was granted.

The Public Works Department has completed the statutory bidding process for the West 7th Reconstruction Project. The City received and publicly opened bids at 11:30 a.m. on March 10, 2016.

The final engineer's estimate for the project was $2,284,444. Five (5) bids were received, ranging from $2,161,378.52 (5.4% below final estimate) to $2,804,140.00 (22.7% above final estimate). The low bidder on the project is LHC, Inc. of Kalispell, Montana.

<u>Lighting</u>

As with past Resort Tax roadway projects, the designs for the W. 7th Street project includes decorative and safety street lighting. This plan incorporates the City's standard 50W High Pressure Sodium (HPS) luminaries approximately every 180 feet. Some questions and criticism towards the lighting plan for this project came up during the 2/1/2016 council meeting. In addition, some residents have spoken in opposition to the lighting plan at subsequent meetings and through various other means of correspondence.

A summary of the historical lighting discussions on the W. 7th Street Reconstruction Project is presented as an attachment to this memo. This information was presented to the Bike & Pedestrian Committee on 3/7/2016, after which a recommendation to install the lighting plan as designed was unanimously approved.

It is the opinion of the Public Works Department that the desires of the neighborhood as a whole are to keep the lighting levels as low as possible in order to maintain safe

vehicular and pedestrian travel. We feel these desires are accomplished by the existing lighting plan and it is therefore the recommendation of the Public Works Department that this lighting plan be installed as designed and bid. We feel this plan meets the desires of the majority of the neighborhood, and accomplishes the goal of providing a safe design. It is also recommended that LED lighting be installed between Baker and Geddes on W. 7th St. in order to evaluate the effectiveness of this lighting technology on future projects. The use of LED fixtures on this portion of W. 7th will likely lead to significant energy savings as we design future projects. We are also planning to add some lighting along the gully path and would like to incorporate some pedestrian scale bollards. The design for these bollards has not been finalized with our lighting vendor, but we anticipate that we will have the fixtures finalized, ordered, and delivered to meet the installation schedule.

Parking Lot at the Bakke Nature Reserve

There were two "Additive Alternates" included in this bid. These alternates were included to give Council the option to create a parking lot at the recently dedicated James R. Bakke Nature Reserve. Both alternates give the contractor use of the 10,200 square foot area for staging during the project.

Additive Alternate #1 will leave the City with a graded gravel parking lot at the completion of the project. This includes the removal of 7 trees (including stumps and large roots), installation of temporary construction fence around the staging area limits, stockpiling of existing topsoil, placement of 12" of crushed base course along with stabilization fabric, and final site restoration.

Additive Alternate #2 is the additional cost to pave the gravel parking lot. This includes finish grading and compaction of the gravel area along with placement of 3" of asphalt.

Schedule

The first phase of the project, which included relocation of the gas line by Northwestern Energy, began last fall. The second phase of the project, which includes the completion of the utility relocations, will take place in the next couple of weeks. The final phase of the project includes water and sewer work, reconstruction of the roadway, construction of a pedestrian path and sidewalk, and installation of boulevard lighting. Assuming the project is awarded at the 3/21/2016 council meeting, construction is anticipated to take place between May 2016 and September 2016.

A copy of the Certified Bid Tabulations are enclosed with this memo. The low bidder on the project is LHC, Inc. of Kalispell, Montana. Their bid of $2,161,378.52 is 5.4% below the final construction estimate of $2,284,444.00.

This project is slated to be paid by the Resort Tax Fund. An analysis of the projected Resort Tax Cash flow indicates this project can be supported by the resort Tax Fund,

leaving the fund with an estimated cash balance of approximately $575,000 at the end of FY2017.

**RECOMMENDATION:** Staff respectfully recommends the City Council award the W. 7th Street Reconstruction Project to LHC, Inc. of Kalispell, Montana, in the amount of $2,161,378.52. Should the Council wish to proceed with creation of a temporary or permanent parking lot at the James R. Bakke Nature Reserve, one or both of the alternates should be added to this bid award.

**This item is a legislative matter.**

b) Consideration of awarding the construction contract for the 2016 Wastewater Inflow and Infiltration (I&I) Remediation project to P.E.C. Inc. for Schedules A & C and Guildner Pipeline for Schedules B & D (Two motions) (p. 139)

From Public Works Director Craig Workman's staff report:

The City of Whitefish has a complex wastewater collection system which incorporates over 58 miles of sewer main and 16 lift stations. Portions of the system are over 100 years old and experience a large of volume of clear water flow – primarily due to the abundance of surface and groundwater sources throughout the service area. This extraneous flow, termed Infiltration and Inflow, or "I&I", can exceed the capacity of the collector pipes and reduce the performance of the wastewater treatment facilities.

The City of Whitefish has been the subject of two separate enforcement actions from the Montana Department of Environmental Quality (MDEQ), the primary elements of which are related to excessive hydraulic loads and/or collection system problems. The first action, brought in 2006, was the consequence of 10 individual sanitary sewer overflows, or "SSO's", largely resulting from excessive hydraulic loads. The second action, resolved by Consent Order in October 2012, included five individual SSO's, among other system issues.

The City is currently designing upgrades to its wastewater treatment plant in response to the latest discharge permit, issued by MDEQ in August 2015. The new permit includes limitations that will require the WWTP to remove ammonia and nutrients, as well as nitrates. The upgrades necessary to comply with these new limitations will be significant and costly. It is therefore in the City's best interest to minimize I&I entering the collection system prior to finalizing the new plant design.

The City sanitary sewer system experiences an estimated 78 MG of I&I per year causing a number of problems ranging from surcharging lift stations, to reduced treatment efficiency. The I&I has been directly related to many of the SSO's experienced within the past two decades. An I&I Mitigation Study conducted in 2006 identified over 18,500 lineal feet of sewer main that exhibits extensive structural, infiltration and plugging defects. A project in 2011 to rehabilitate several thousand

lineal feet of main was effective at reducing I&I based on limited available flow data and subsequent analysis performed in 2013 indicated that additional work on reduction of clear water inputs would be cost effective.

The engineering analysis considered several different drainage basins in the City and prioritized where the most reduction in clear water flow could be accomplished per dollar invested in removal. The results of the analysis yielded three specific drainage basins - Birch Point, City Beach, and River Lakes. Birch Point and City Beach are some of the oldest sections of the collection system and clear water has been found to be entering the system through old pipes. River Lakes is a newer section of the system, however I&I has been discovered in this area through poorly installed manholes.

The remedial approach to these areas includes the rehabilitation of approximately 5,000 linear feet of sewer main and approximately 35 manholes. The Public Works Department opened bids for the 2016 Wastewater Infiltration & Inflow Mitigation Project on March 11, 2016. The bid was broken into two sections - pipeline rehabilitation, and manhole rehabilitation. Although bidders were invited to bid on both elements of the project, they were only required to bid on one.

Not surprisingly for this type of work, we only received one bidder for each scope of the project. Planned & Engineered Construction, Inc. (P.E.C.) submitted a bid for the pipeline rehabilitation in the amount of $497,700.00 and Guildner Pipeline Maintenance, Inc. submitted a bid for the manhole rehabilitation work in the amount of $316,556.44. This translates to a total project cost of $814,256.44, which is 17% below the final estimate of $983,762.00, and 28% below the original budget of $1,131,000.

The City applied for and received funding through use of TSEP and DNRC grants. In addition, SRF loan funds have been approved to implement specific recommendations from the 2014 Wastewater Infiltration and Inflow Mitigation PER.

The following is a breakdown of the project budget:

| Funding Source | RRGL | TSEP | SRF | TOTAL |
|---|---|---|---|---|
| Budget | $125,000 | $500,000 | $506,000 | $1,131,000 |
| Project as Bid | $125,000 | $500,000 | $189,256 | $814,256.44 |

**RECOMMENDATION:** (Two motions)

Staff respectfully recommends the City Council award the contracts for the inflow and infiltration project to:

- Schedules A and C to Planned & Engineered Construction, Inc. (P.E.C.) in the cumulative amount of $497,700.00.
- Schedules B and D to Guildner Pipeline Maintenance, Inc. in the cumulative amount of $316,556.44.

**This item is a legislative matter.**

c) Consideration of awarding the construction contract for the 2016 Lion Mountain Loop Road water loop and the Columbia Avenue Water Main replacement projects to Sandry Construction (p. 143)

The Public Works Department opened bids for the Lion Mountain & Columbia Avenue Bridge Water Main Improvements on February 29, 2016. The water main extension between Highway 93 and Lion Mountain Loop Road will provide better water pressure at the higher elevations west of State Park Road. This need has been recognized over the years and became more urgent following the Council approval of the preliminary plat for the Tamarack Ridge subdivision. The construction of this water main will also allow the City to abandon the Mountain Park pump station.

The Columbia Avenue Bridge water main replacement project has also been planned for several years. The project includes replacing a broken water main the hangs beneath the bridge. This will reestablish a missing link in our water main system.

The bids ranged from $348,781 to $472,872. A copy of the bid summary is attached. The engineer's estimated cost for construction was $400,133, which included $211,491 for Lion Mountain and $188,842 for the Columbia Avenue Bridge. The low bid was submitted by Sandry Construction Company, Inc. for a total of $348,781 (13% below final estimate). This includes $200,721 for Lion Mountain (5% below final estimate) and $148,060 for Columbia Avenue (22% below final estimate).

At the bid opening, Thompson Contracting (TCI) was the apparent low bidder. However, in reviewing the bids, there were two errors noted in the TCI bid. The correction of these errors affected their bid price and resulted in TCI no longer being the low bidder for the project. In both errors, the bid Unit Price multiplied by the Quantity of Units did not match the listed Total for those individual items.

We understand from talking with TCI that the errors in the TCI bid were unintentional and their bid Total Estimated Price of $346,723 was their intended bid amount. However, in public bid openings, and in accordance with the project bid documents, the unit price governs. Angela Jacobs has reviewed the bids and concurs that the project should be awarded to the low bid provided by Sandry Construction. The attached a letter from Jon Gass of WGM Group further explains the award recommendation.

We have allowed some flexibility in the 2016 construction schedule for the Lion Mountain project, while the Columbia Avenue water main work cannot begin until school is out, in June.

The contract amount for design engineering and construction management, with WGM Group, is $35,710 for Lion Mountain Water Project, and $34,990 for the Columbia Avenue Water Project. Therefore, the total project cost, including engineering, construction, financing costs and contingencies is $419,481. This amount falls just within the Water Fund Budget of $420,000 for FY 2016.

**RECOMMENDATION:** Staff respectfully recommends the City Council award a construction contract to Sandry Construction Company, Inc. in the amount of $348,781 for the Lion Mountain and Columbia Avenue Bridge Water Projects.

**This item is a legislative matter.**

COMMUNICATIONS FROM CITY MANAGER

a) Written report enclosed with the packet. Questions from Mayor or Council? (p. )
b) Other items arising between March 16th and March 21st

COMMUNICATIONS FROM MAYOR AND CITY COUNCILORS

a) Consideration of approving the Request for Qualifications (RFQ) for a Housing Needs Assessment in conjunction with the Whitefish Chamber of Commerce (p. 172)
b) Consideration of approving a letter to the Board of County Commissioners regarding future planning for another east-west connector arterial road between Hwy 93 South and Karrow Avenue in the vicinity of Akers Lane and/or JP Road (p. 181)
c) Resolution No. 16-___; A Resolution establishing the Planned Unit Development Re-write Steering Committee (p. 185)

ADJOURNMENT

Sincerely,

Chuck

Chuck Stearns, City Manager

**Table 1: Common Motions Used in a Meeting.**[1]

| | Wording | Interrupt another speaker | Requires a second | Debatable | Amendable | Vote Required | Reconsider |
|---|---|---|---|---|---|---|---|
| **Privileged Motions** | | | | | | | |
| Fix time for next meeting (12) | "I move that we meet next at..." | No | Yes | No | Yes | Majority | Yes |
| Adjourn | "I move that we adjourn" | No | Yes | No | No | Majority | No |
| Take a recess (12) | "I move that we recess. . ." | No | Yes | No | Yes | Majority | No |
| Raise a question of privilege | "I rise to a question of privilege affecting the assembly" | Yes | No | No | No | (1) | No |
| Call for the orders of the day | "I call for the orders of the day" | Yes | No | No | No | (1) (15)* | No |
| **Subsidiary Motions** | | | | | | | |
| Lay on the table | "I move to lay the question on the table" or "I move that the motion be laid on the table" | No | Yes | No | No | Majority | (3)* |
| Previous question (to close debate) | "I move the previous question" or "I move we vote immediately on the motion" | No | Yes | No | No | 2/3 of assembly | Yes |
| Limit-extend debate (12) | "I move the debate be limited to. . ." or "I move that the speaker's time be extended by. . | No | Yes | No | Yes | 2/3 of assembly | Yes |
| Postpone to a definite time (12) | "I move that the question be postponed until. . ." | No | Yes | Yes | Yes | Majority | Yes |
| Refer to a committee (12) | "I move to refer the matter to the . . . committee" | No | Yes | Yes | Yes | Majority | Yes |
| Amendment to the main motion (12) | "I move to amend by adding/striking the words. . ." | No | Yes | (5) | Yes | Majority | Yes |
| Postpone indefinitely (12) | "I move that the motion be postponed | No | Yes | Yes (16) | No | Majority | (4) |
| **Main Motions** | | | | | | | |
| Main Motion | "I move that we..." | No | Yes | Yes | Yes | Majority | Yes |
| **Incidental Motions** (11) | | | | | | | |
| Suspension of rules | "I move to suspend the rules so that. . ." | No | Yes | No | No | (9)* | No |
| Request to withdraw a motion (13) | "I move that I be allowed to withdraw the motion" | * | * | No | No | Majority* | (3) |
| Objection to the consideration of a question (10) | "I object to the consideration of the question" | Yes | No | No | No | 2/3 of assembly (17) | (3) |
| Point of order | "I rise to a point of order" or "Point of order!" | Yes | No | No | No | (1)* | No |
| Parliamentary inquiry | "I rise to a parliamentary inquiry" or "A parliamentary inquiry, please" | Yes | No | No | No | (1) | No |
| Appeal to the chairperson | "I appeal from the decision of the chair" | Yes | Yes | Yes* | No | (7) | Yes |

| | Wording | Interrupt another speaker | Requires a second | Debatable | Amendable | Vote Required | Reconsider |
|---|---|---|---|---|---|---|---|
| Point of information | "I rise to a point of information" or "A point of information, please" | Yes | No | No | No | (1) | No |
| Division of assembly | "Division!" or "I call for a division" | Yes | No | No | No | (14) | No |
| Division of a question | "I move to divide the motion so that the question of purchasing ... can be considered separately." | No | Yes | No | Yes | Majority | No |
| **Renewal Motions** (8) | | | | | | | |
| Reconsider* (2) | "I move to reconsider the vote on the motion relating to. . ." | No* | Yes | (5) (16) | No | Majority | No |
| Take from table | "I move to take from the table the motion relating to. . | No | Yes | No | No | Majority | No |
| Rescind | "I move to rescind the motion passed at the last meeting relating to. . ." | No | Yes | Yes (16) | Yes | (6) | (3) |
| Discharge a committee | "I move that the committee considering . . . be discharged." | No | Yes | Yes (16)* | Yes | (6) | (3) |

[1] Source: Robert, H. 2000. *Robert's Rules of Order* (Newly Revised, 10th Edition) New York: Perseus Books Group; Sturgis, A. 2000. *The Standard Code of Parliamentary Procedure* (4th Edition). New York: McGraw-Hill.

**** Refer to Robert's Rules of Order Newly Revised***

(1) The chair decides. Normally no vote is taken.

(2) Only made by a member who voted on the prevailing side and is subject to times limits.

(3) Only the negative vote may be reconsidered.

(4) Only the affirmative vote may be reconsidered.

(5) Debatable when applied to a debatable motion.

(6) Majority with notice, or 2/3 without notice or majority of entire membership.

(7) Majority or tie vote sustains the chair.

(8) None of these motions (except Reconsider) are in order when business is pending.

(9) Rules of order, 2/3 vote—Standing rules, majority vote.

(10) Must be proposed before debate has begun or a subsidiary motion is stated by the chair (applied to original main motions).

(11) The Incidental Motions have no precedence (rank). They are in order when the need arises.

(12) A Main Motion if made when no business is pending.

(13) The maker of a motion may withdraw it without permission of the assembly before the motion is stated by the chair.

(14) The chair can complete a Division of the Assembly (standing vote) without permission of the assembly and any member can demand it.

(15) Upon a call by a single member, the Orders of the Day must be enforced.

(16) Has full debate. May go into the merits of the question which is the subject of the proposed action.

(17) A 2/3 vote in negative needed to prevent consideration of main motion.

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# City of Whitefish Aquatic Invasive Species 2015 Management Program

## Summary Report

Prepared by:

Whitefish Lake INSTITUTE
550 East 1st Street #103
Whitefish, MT 59937

Prepared for:

**City of Whitefish**
P.O. Box 158
Whitefish, MT 59937

4 March 2016

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# 1.0 INTRODUCTION

The City of Whitefish in consultation with the Whitefish Lake Institute (WLI) began an Aquatic Invasive Species (AIS) Management Program in 2013. The goal of the program is to prevent the introduction and spread of AIS to local lakes in order to protect native species, water quality, the city's municipal water supply, and the local economy. The program task items and budget have varied over the years based on other project partner involvement, changing technology, and efficiencies gained over time.

# 2.0 CITY BEACH BOAT INSPECTION STATION

In 2015, WLI provided oversight and training to City of Whitefish employees to operate a watercraft inspection station at City Beach. Employees were trained to perform inspections based on protocols developed by the 100th Meridian Initiative and the Pacific States Marine Fisheries Commission to record data, identify *high risk* watercraft and inspect all watercraft for AIS before launching at the public boat ramp. In 2015, there was a higher level of efficiency and consistency compared to 2014 because boat inspectors were solely responsible for inspections and fee collection.

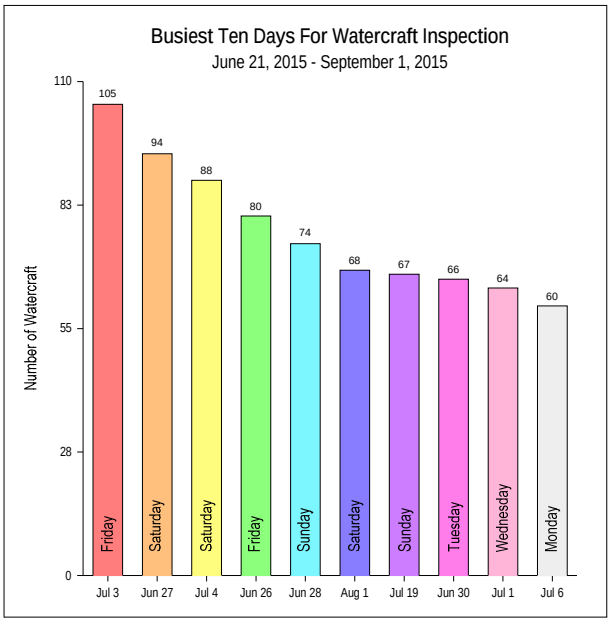
In 2015, a total of 2,262 boats were inspected between the months of May and September. There were a total of 64 inspection days for an average of 35 boats inspected per day. The inspection station was staffed between the hours of 9am and 7pm (weather permitting). The inspection station was shut down on some days if there was heavy rain. It is the responsibility of the City of Whitefish's head life guard to determine when to close all staffed operations at City Beach.

## 2.1 Boat Inspection Station 2015 Summary Statistics

Data obtained through the inspector/boat owner interface provides boat inspection summary statistics as found below.

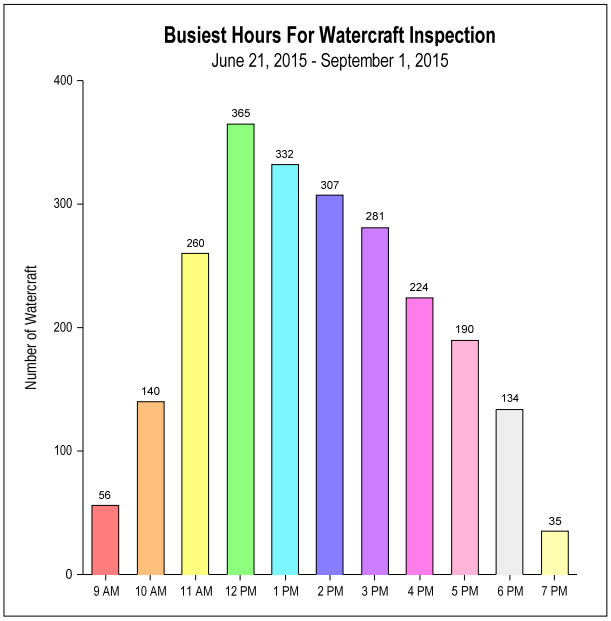
***Busiest Days***

The busiest days for boat traffic in 2015 are similar to data collected in 2014. The majority of the peak use days fell around the 4th of July holiday. Eight of the ten busiest days during the season fell within the eleven day period between June 26th and July 6th. In those eight days, 631 of the 2,262 watercraft were inspected. This accounts for nearly 28% of all boat inspections throughout the 64 days the boat inspection station was in operation. The data suggests that the station should receive additional staffing during peak use periods.



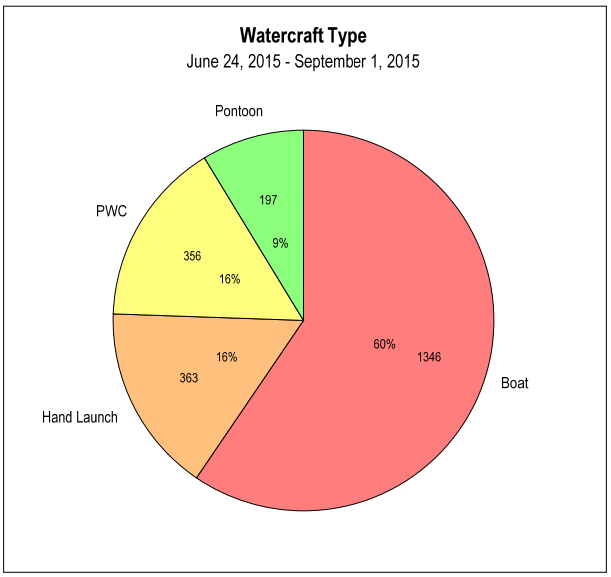
### *Busiest Time of Day*

The busiest times for watercraft inspections were between 12:00 pm and 2:00 pm, where 1,006 boats were inspected and account for nearly 45% of all watercraft inspected. However, many inspections occurred between 10:00 am and 6:00 pm. These data substantiate the need for the boat inspection station to be in operation at a minimum of 10:00 am to 6:00 pm daily, and data suggests that hours of operation should be longer on weekends during the peak use period.




### *Type of Watercraft*

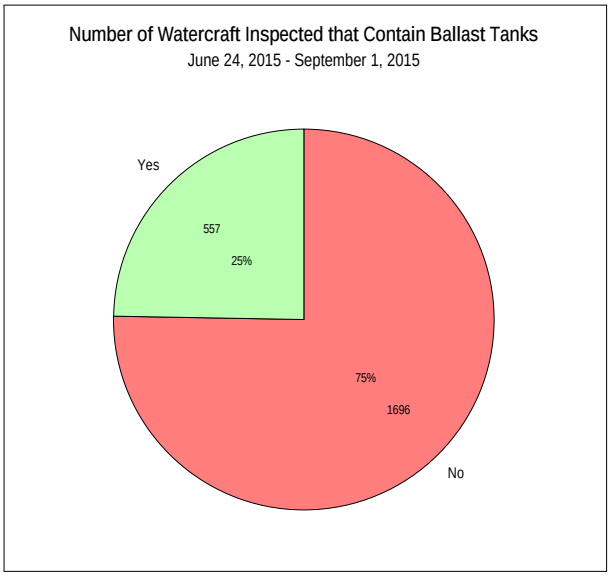
In 2014 and 2015, inspectors recorded the "type of watercraft" that launched at City Beach. In 2014, watercraft type was divided into three categories; pontoon, boat and personal watercraft. In 2015, a fourth category was added – *hand launch* which includes kayaks, paddleboards, canoes and rafts. Boats, or traditional runabouts, continue to be the most dominant watercraft being launched, but were down 10% from 2014.




Inspectors were trained to inspect all boats using the public launch access. If there were no boats launching at the ramp, they were instructed to inspect personal watercraft launching at or near the beach. Because inspectors may have been busy at the boat ramp and hand launched boats pose a lesser risk of infestation, many of the personal watercraft that were launched on the beach may not have been inspected.

### *Boats with Ballast Tanks*

A ballast tank is a compartment that holds water. Ballast tanks are known vectors for zebra and quagga mussel larvae (veligers) as well as fish pathogens and plant fragments. Veligers float in the water column or are carried in the current for about four to eight weeks, and can't be seen with the naked eye. Many AIS, including zebra and quagga mussels, have been introduced into the Great Lakes in the discharged ballast water of ocean-going ships. Once in North American waters, AIS often hitch rides to other bodies of water in ballast tanks.

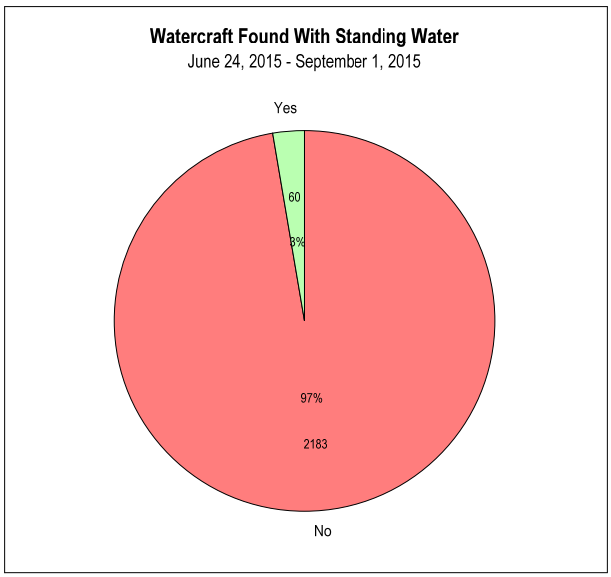



Most ballast tanks cannot be completely drained, so the only way to effectively decontaminate a tank and/or kill mussel larvae is to heat the remaining water inside the ballast tank to 140° for 10 seconds. An alarming 25% of all inspected watercraft had at least one ballast tank on board. Of the dominant boat category, 41% had at least one ballast tank on board.

The use of ballast tanks for creating a larger wake has become increasingly popular among wakeboarding enthusiasts. Glacier National Park currently bans boats with ballast tanks from entering the park. Further investigation on this topic is highly recommended and a White Paper on this topic is proposed in the 2016 budget.

### *Standing Water*

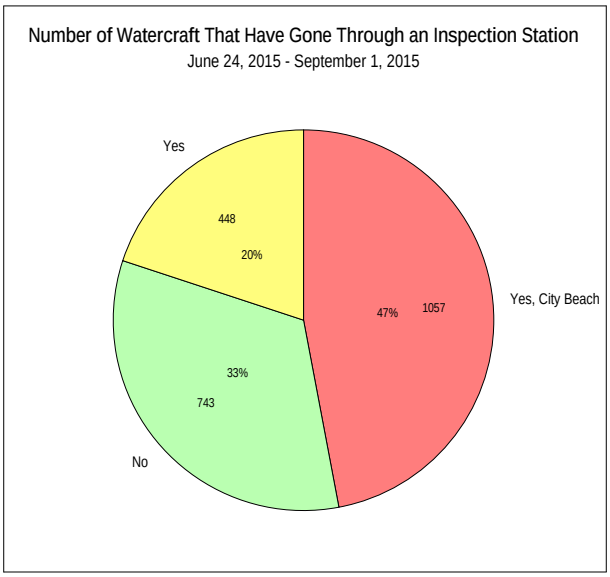
The primary method of overland dispersal of zebra and quagga mussels, fish pathogens, and other AIS is through human related activities, especially trailered watercraft. AIS can attach to hard surfaces and survive out of water for extended periods for up to 30 days given the right conditions. The microscopic larvae also can be transported in bilges, ballast water, live wells, engines, or any other equipment that holds water. Standing water was found in 60 boats throughout the season. Special



consideration on how to deal with standing water should be given in 2016. During 2015, watercraft found with standing water were denied access to the lake, and asked to be dried and returned to the lake for re-inspection.

The recommended time to completely dry a boat in order to desiccate any AIS in northwestern Montana from May to September is 19 days.

***Has the boat been through an inspection station in 2015?***
A third of all watercraft launching had not been inspected prior to launching in Whitefish Lake. The high number of uninspected watercraft may be partially attributed to inter-basin boat transit where no boat inspection stations exist. State of Montana inspection stations are almost exclusively found at border locations and boats moved after inspection hours are common. Other uninspected boats may have been launched by lakeshore homeowners on Whitefish Lake prior to the inspection season, and were tailored and attempting to re-launch.




***Last Waterbody Launched***
The majority of watercraft inspected (1,666) previously launched in Whitefish Lake. 136 boats (6%) had previously been launched in Flathead Lake, which is home to AIS that include curly-leaf pondweed and flowering rush. There were also three boats that had previously been launched in known mussel infested waters in the Colorado River system.

## 3.0 COMMERCIAL USE PERMIT AND LEVEL II TRAINING

On February 20, 2016 WLI delivered to the City of Whitefish the AIS Commercial Use Online Self-Certification Program task deliverable which includes program content, the website Wireframe, and a recommended test and certification provider. The commercial use permit is a pilot project to work out any issues prior to rolling out this permit program to the general public in 2017. The permit program is intended to alleviate congestion at the City Beach Boat Ramp during peak use, and to educate the public about AIS issues.

The WLI Environmental Scientist was trained and obtained a Level II Watercraft Inspection and Decontamination Certification at Lake Mead through the 100$^{th}$ Meridian Initiative and the Pacific States Marine Fisheries Commission. With Level II training, he can train all City Beach boat inspectors to be Level I certified.

# 4.0 EARLY AQUATIC INVASIVE SPECIES (AIS) PLANT DETECTION MONITORING OF NEARBY LAKES

## 4.1 Introduction

Three lakes were chosen for aquatic plant (macrophyte) surveys and early AIS detection in 2015. This task item was a continuation of work conducted in 2014 with additional lakes chosen based on proximity to Whitefish Lake. The 2015 sampled lakes include: Tally, Little Beaver and Woods. Lakes were sampled within the first two weeks of September. The survey consisted of determining the composition and relative abundance of plant species at each lake along with characterizing the lake substrate to determine areas suitable for plant colonization.

## 4.2 Methodology

Sample sites were randomly chosen to represent full coverage of the photic zone. Both ocular surveys and rake throws were used to determine plant dominance. The maximum depth of the rake was 20ft. Where lake depth exceeded 25ft, the rake was not thrown and a data point was not recorded. All plants observed at each site were recorded and rated on a scale of 1-5 for density. If any substrate was visible, it was recorded in order of dominance. GPS coordinates were recorded at each survey site and then later loaded into BaseCamp GPS Software.

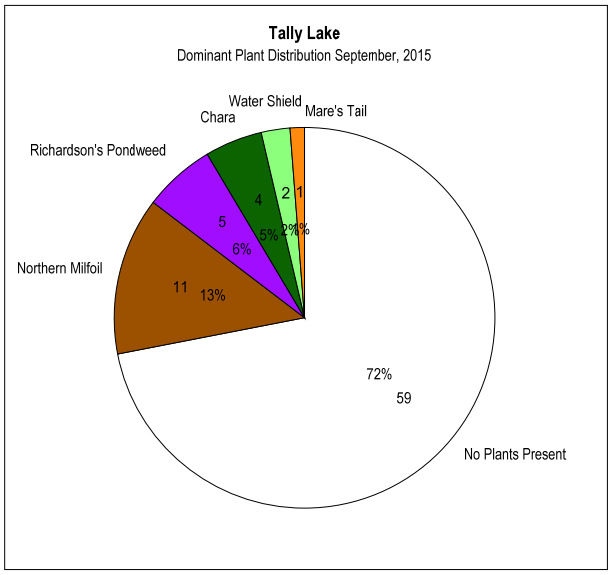
## 4.3 Interpreting Maps and Charts

Each surveyed point is included on the Google Earth map and color coded to match the color in the pie chart for dominant plant distribution. The pie charts can be used to determine which plant is dominant on the map. Only the most dominant or highest density plant at each survey point was used to construct the graphics and tables herein, except in cases where there were two or more plants observed with equally high density. For example; if observed plants at survey point 1 were: Yellow water lily (density 5), northern watermilfoil (density 3), and bladderwort (density 1), only yellow water lily is depicted as dominant. There were several plants observed at many of the surveys sites, and the maps and charts below do not represent overall distribution.

A macrophyte (plant) survey was conducted on Tally Lake on September 13, 2015. A total of 81 sites were surveyed for plants/algae. Macrophyte beds are sparse in Tally Lake due to the steep near shore gradient and limited littoral area.

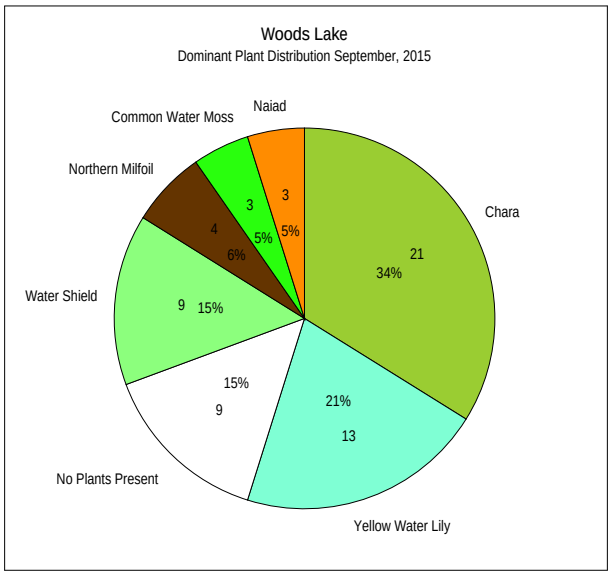
Northern milfoil, a native species, is a dominate plant and exists throughout much of the lake. Northern milfoil was found in close proximity to the public boat launch, making it a priority for future monitoring for the presence of Eurasian watermilfoil.

**Tally Lake**
***Surface Area: 1,211 acres***
***Maximum Depth: 446 feet***

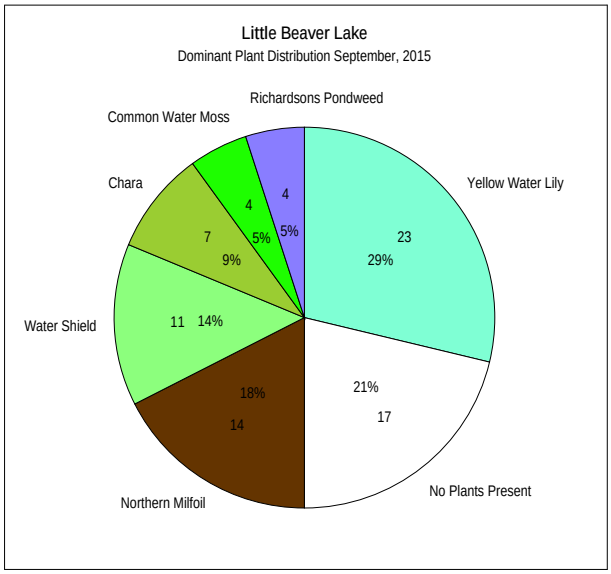



**Woods lake**
***Surface Area: 20 acres***
***Maximum Depth: 30 feet***

A macrophyte survey was conducted on Woods Lake on September 19, 2015. A total of 62 sites were surveyed for plants/algae. Similar plant composition has been found in nearby lakes including Dollar, Murray and Little Beaver. Chara, the dominant species, is algae that can dominate shallow lakes. Although chara was dominant, Woods Lake still has good diversity of plant species.



**Little Beaver Lake**
***Surface Area: 20 acres***
***Maximum Depth: 30 feet***




A macrophyte survey was conducted on Little Beaver Lake on September 19, 2015. A total of 80 sites were surveyed for plants/algae. There is concern that Eurasian watermilfoil (EWM) could potentially spread from Beaver Lake to Little Beaver Lake. No EWM was found in the 2015 macrophyte survey on Little Beaver Lake. Because northern milfoil is a dominate plant, it indicates that Little Beaver has favorable habitat for EWM. Yellow water lily—an emergent plant that has large heart shaped leaves and yellow flowers—was the dominant plant species found in this lake. It has also been found to be the dominant plant species in many nearby lakes

## 5.0 *e*DNA ANALYSIS

Plankton tows were conducted in partnership with the Northwest Montana Lakes Volunteer Monitoring Network to collect and send samples for *e*DNA analysis to the University of Montana (report found below), and microscopy samples were analyzed by Montana Fish, Wildlife & Parks (FWP). FWP reported no detects of zebra/quagga mussel veligers and the *e*DNA analysis found no detection of zebra/quagga mussels or EWM.

**Report from The University of Montana Conservation Genomics Laboratory for the Whitefish Lake Institute**

**2015 Water Sample Testing for Dreissenid Mussels:**
**Environmental DNA for the Detection of Aquatic Invasive Species**

JENNA SCHABACKER, STEPHEN J. AMISH, AND GORDON LUIKART, Fish and Wildlife Genomics Group, Flathead Lake Biological Station, Division of Biological Sciences, University of Montana, Missoula, MT

We tested for zebra and quagga mussels (*Dreissena polymorpha* and *Dreissena rostriformis*) using a KASP (Kompetative Allele Specific PCR) real-time PCR assay on 30 plankton tow net environmental DNA (eDNA) samples from 21 lakes across northwestern Montana (*KASP Genotyping Chemistry User Guide and Manual*, LGC Group). This PCR assay detects and discriminates between the DNA of local mollusks and the two Dreissenid species. The 'local' mollusk primer uses a DNA sequence that is common to many mollusks but absent in the *Dreissenia* genus. Local mollusk DNA is likely common in most environments that are ecologically susceptible to Dreissenid invasion, making it a good internal positive control for this assay. When the PCR assay detects native mollusks, it provides evidence that successful DNA collection, extraction, and detection occurred, lending credibility to negative Dreissenid results.

We did NOT detect either of the Dreissenid species in any of the samples collected in 2015 (Table 1). We successfully detected native mollusks in 20 (67%) of the eDNA samples. At least three independent PCR replicates were conducted on each water sample to detect Dreissenid and native mollusk DNA. The threshold used to determine positive amplification from mollusks in these samples is roughly equivalent to the signal generated from the amount of DNA found in 1/10 to 1/100 of a Dreissenid veliger (5 picograms) per PCR well.

Additional quality control steps were taken to insure there were no false positive or false negative test results. Five percent of the plankton tow samples were re-extracted, and all corroborated the initial PCR results. Field negative controls were used to test gear before sampling for potential DNA contamination from the target organism. Four field negative controls were also analyzed. No mollusk DNA was detected in any of the field or laboratory negative controls analyzed with field samples. All sample handling, storage, and DNA extraction were conducted in a separate facility designated only for handling eDNA samples in order to prevent possible false positives or contamination of the extractions by PCR amplification products.

Applying species discrimination PCR assays to eDNA samples provides a sensitive new tool for monitoring aquatic invasive species. Using plankton tows for eDNA collection is a novel sampling approach which promises to be an excellent method to detect Dreissenid cells or veligers in lakes because tow nets sample thousands of liters of water across a relatively large (50 to 100 meter) transect. Our future research and applications will improve testing and sampling strategies and build a baseline of data to detect and pinpoint the geographic locations of invasive Dreissenid mussels.

**Table 1.** Sampling dates, locations, and results of the Dreissenid/Local Mollusk assay for the 2015 season. A "No Amplification" result means that no mollusk DNA was detected.

| Lake | Date | Sample ID | Location | GPS | | Tow Direction | Zebra/Quagga | Native Mussels | No Amplification |
|---|---|---|---|---|---|---|---|---|---|
| Tally | 7/29/2015 | 1 | Near Public Boat Ramp | 48.41167 | 114.58194 | Horizontal | | | X |
| Rogers | 8/18/2015 | 2 | Near Public Boat Ramp | 48.07053 | 114.60312 | Horizontal | | | X |
| Holland | 9/8/2015 | 3 | Near Public Beach | 47.44264 | 113.61519 | Horizontal | | X | |
| Beaver | 8/25/2015 | 4 | Near Public Boat Ramp | 48.43158 | 114.42119 | Horizontal | | X | |
| Swan | 9/8/2015 | 5 | Near Public Boat Ramp | 47.93500 | 113.85417 | Horizontal | | X | |
| Whitefish | 8/25/2015 | 6 | City Beach | 48.41706 | 114.35178 | Horizontal | | X | |
| Dollar | 9/5/2015 | 7 | Near Public Access | 48.44271 | 114.41524 | Horizontal | | | X |
| Dollar | 9/5/2015 | 8 | Mid Lake | 48.44638 | 114.41480 | Vertical | | | X |
| Blanchard | 8/17/2015 | 9 | Mid Lake | 48.37648 | 114.36532 | Vertical | | | X |
| Blanchard | 8/17/2015 | 10 | Near Public Access | 48.22668 | 114.22008 | Horizontal | | | X |
| Lindbergh | 9/8/2015 | 11 | Near Boat Launch | 47.40268 | 113.72500 | Horizontal | | X | |
| Five | 9/9/2015 | 12 | Deep Site | 48.46456 | 114.01103 | Vertical | | X | |
| Murray | 9/3/2015 | 13 | Near Public Boat Launch | 48.44323 | 114.45218 | Horizontal | | X | |
| Murray | 9/3/2015 | 14 | Mid Lake | 48.44283 | 114.45340 | Vertical | | X | |
| Bitterroot | 8/11/2015 | 15 | Near Public Boat Launch | 48.13584 | 114.73538 | Horizontal | | X | |
| Blaine | 9/1/2015 | 16 | West Shore | 48.24202 | 114.11691 | Horizontal | | X | |
| Tetrault | 8/10/2015 | 17 | Near Public Boat Ramp | 48.94685 | 115.10904 | Horizontal | | | X |
| Lower Stillwater | 8/6/2015 | 18 | Near Public Boat Ramp | 48.51730 | 114.55243 | Horizontal | | X | |
| Sophie | 8/10/2015 | 19 | Near Public Boat Ramp | 48.95804 | 115.12671 | Horizontal | | | X |
| Dickey | 8/17/2015 | 20 | Near Public Access | 48.71925 | 114.83120 | Horizontal | | | X |
| Loon | 8/19/2015 | 21 | Near Public Access | 48.02494 | 113.99018 | Horizontal | | X | |
| Mary Ronan | 9/24/2015 | 22 | Near Public Boat Ramp | 47.93278 | 114.38861 | Horizontal | | X | |
| Upper Stillwater | 8/6/2015 | 23 | Near Public Access | 48.60352 | 114.65574 | Horizontal | | | X |
| Ashley | 8/18/2015 | 24 | Near Public Boat Ramp | 48.21278 | 114.61688 | Horizontal | | X | |
| Whitefish | 11/19/2015 | 25 | City Beach Near Boat Ramp | 48.41706 | 114.35178 | Horizontal | | X | |
| Whitefish | 11/19/2015 | 26 | State Park | 48.42705 | 114.37210 | Horizontal | | X | |
| Whitefish | 11/19/2015 | 27 | Beaver Bay | 48.43780 | 114.38387 | Horizontal | | | X |
| Whitefish | 11/19/2015 | 28 | Lazy Bay | 48.47715 | 114.42863 | Horizontal | | X | |
| Whitefish | 11/19/2015 | 29 | IP-1 | 48.47222 | 114.39420 | Vertical | | X | |
| Whitefish | 11/19/2015 | 30 | Monks Bay | 48.43161 | 114.34643 | Horizontal | | X | |
| Blank | | #1 | | | | | | | X |
| Blank | | #2 | | | | | | | X |
| Blank | | #3 | | | | | | | X |
| Blank | | #4 | | | | | | | X |

**Report from The University of Montana Conservation Genomics Laboratory for the Whitefish Lake Institute**

## 2015 Water Sample Testing for Eurasian Watermilfoil: Environmental DNA for the Detection of Aquatic Invasive Species

JENNA SCHABACKER, STEPHEN J. AMISH, AND GORDON LUIKART, Fish and Wildlife Genomics Group, Flathead Lake Biological Station, Division of Biological Sciences, University of Montana, Missoula, MT

We tested for Eurasian watermilfoil (*Myriophyllum spicatum)* and northern watermilfoil (*Myriophyllum sibiricum*) using a KASP (Kompetative Allele Specific PCR) real-time PCR species-discrimination assay with environmental DNA (eDNA) extracted from 30 plankton tow samples taken from 21 lakes across northwestern Montana (*KASP Genotyping Chemistry User Guide and Manual*, LGC Genomics). At least three independent PCR replicates were conducted on each water sample to detect DNA from milfoil plants. The threshold used to determine positive amplification from milfoil in these samples is roughly equivalent to the signal generated from the less than the amount of DNA found in one eukaryotic cell (500 femtograms) per PCR well.

We did NOT detect Eurasian watermilfoil in any samples collected in 2015 (Table 1). We successfully detected northern (native) milfoil in 19 (63%) of the eDNA samples (Table 1). The ability of the PCR assay to detect native milfoil provides evidence that the lab and sampling methods are sensitive and efficient techniques for detecting invasive Eurasian milfoil.

In Table 2, we compared native milfoil detections across years at locations that had been sampled in 2013, 2014, and 2015. Seasonal or annual variation in milfoil growth, yearly weather differences, daily changes in water currents, tow length, and other variables all may play a role in the visible variation in detection results in Table 2.

Additional quality control steps were taken to prevent false positive or false negative test results. Five percent of samples were re-extracted, and all corroborated the initial PCR results. Four field blanks were also analyzed. Field negative controls were used to test gear before sampling. No milfoil was detected in any of the field or laboratory negative controls analyzed in conjunction with the water samples. All sample handling, storage, and DNA extraction were conducted in a separate facility used only for handling eDNA samples to prevent possible false positives or contamination of the extractions by PCR amplification products.

Applying the species-discrimination PCR assays to eDNA samples provides a sensitive new tool for the monitoring of aquatic invasive species. Using plankton tows for eDNA collection promises to be an excellent method to detect milfoil because tow nets allow sampling large volumes of water across a relatively large transect. Our future research and applications will improve testing and sampling strategies and build a baseline of data to detect and pinpoint the geographic locations of newly established Eurasian milfoil beds.

**Table 1.** Sampling dates, locations, and results of the Northern/Eurasian milfoil assay for 2015 season. A "No Amplification" result means that no milfoil DNA was detected.

| Lake | Date | Sample ID | Location | GPS | | Tow Direction | Eurasian Milfoil | Native Milfoil | No Amplification |
|---|---|---|---|---|---|---|---|---|---|
| Tally | 7/29/2015 | 1 | Near Public Boat Ramp | 48.41167 | 114.58194 | Horizontal | | | X |
| Rogers | 8/18/2015 | 2 | Near Public Boat Ramp | 48.07053 | 114.60312 | Horizontal | | | X |
| Holland | 9/8/2015 | 3 | Near Public Beach | 47.44264 | 113.61519 | Horizontal | | X | |
| Beaver | 8/25/2015 | 4 | Near Public Boat Ramp | 48.43158 | 114.42119 | Horizontal | | X | |
| Swan | 9/8/2015 | 5 | Near Public Boat Ramp | 47.93500 | 113.85417 | Horizontal | | X | |
| Whitefish | 8/25/2015 | 6 | City Beach | 48.41706 | 114.35178 | Horizontal | | X | |
| Dollar | 9/5/2015 | 7 | Near Public Access | 48.44271 | 114.41524 | Horizontal | | X | |
| Dollar | 9/5/2015 | 8 | Mid Lake | 48.44638 | 114.41480 | Vertical | | | X |
| Blanchard | 8/17/2015 | 9 | Mid Lake | 48.37648 | 114.36532 | Vertical | | | X |
| Blanchard | 8/17/2015 | 10 | Near Public Access | 48.22668 | 114.22008 | Horizontal | | X | |
| Lindbergh | 9/8/2015 | 11 | Near Boat Launch | 47.40268 | 113.72500 | Horizontal | | X | |
| Five | 9/9/2015 | 12 | Deep Site | 48.46456 | 114.01103 | Vertical | | | X |
| Murray | 9/3/2015 | 13 | Near Public Boat Launch | 48.44323 | 114.45218 | Horizontal | | X | |
| Murray | 9/3/2015 | 14 | Mid Lake | 48.44283 | 114.45340 | Vertical | | X | |
| Bitterroot | 8/11/2015 | 15 | Near Public Boat Launch | 48.13584 | 114.73538 | Horizontal | | | X |
| Blaine | 9/1/2015 | 16 | West Shore | 48.24202 | 114.11691 | Horizontal | | X | |
| Tetrault | 8/10/2015 | 17 | Near Public Boat Ramp | 48.94685 | 115.10904 | Horizontal | | | X |
| Lower Stillwater | 8/6/2015 | 18 | Near Public Boat Ramp | 48.51730 | 114.55243 | Horizontal | | | X |
| Sophie | 8/10/2015 | 19 | Near Public Boat Ramp | 48.95804 | 115.12671 | Horizontal | | | X |
| Dickey | 8/17/2015 | 20 | Near Public Access | 48.71925 | 114.83120 | Horizontal | | | X |
| Loon | 8/19/2015 | 21 | Near Public Access | 48.02494 | 113.99018 | Horizontal | | X | |
| Mary Ronan | 9/24/2015 | 22 | Near Public Boat Ramp | 47.93278 | 114.38861 | Horizontal | | | X |
| Upper Stillwater | 8/6/2015 | 23 | Near Public Access | 48.60352 | 114.65574 | Horizontal | | X | |
| Ashley | 8/18/2015 | 24 | Near Public Boat Ramp | 48.21278 | 114.61688 | Horizontal | | X | |
| Whitefish | 11/19/2015 | 25 | City Beach Near Boat Ramp | 48.41706 | 114.35178 | Horizontal | | X | |
| Whitefish | 11/19/2015 | 26 | State Park | 48.42705 | 114.37210 | Horizontal | | X | |
| Whitefish | 11/19/2015 | 27 | Beaver Bay | 48.43780 | 114.38387 | Horizontal | | X | |
| Whitefish | 11/19/2015 | 28 | Lazy Bay | 48.47715 | 114.42863 | Horizontal | | X | |
| Whitefish | 11/19/2015 | 29 | IP-1 | 48.47222 | 114.39420 | Vertical | | X | |
| Whitefish | 11/19/2015 | 30 | Monks Bay | 48.43161 | 114.34643 | Horizontal | | X | |
| Blank | | #1 | | | | | | | X |
| Blank | | #2 | | | | | | | X |
| Blank | | #3 | | | | | | | X |
| Blank | | #4 | | | | | | | X |

**Table 2.** Comparison of milfoil detections at locations that were repeatedly sampled across years. A "No Amplification" result means that no milfoil DNA was detected.

| Waterbody | Date | Description | Latitude | Longitude | Tow Data | Eurasian Milfoil | Northern Milfoil | No Amplification |
|---|---|---|---|---|---|---|---|---|
| Ashley | 8/19/2013 | Near Public Boat Ramp | 48.21278 | 114.61688 | Horizontal | | X | |
| Ashley | 8/11/2014 | Near Public Boat Ramp | 48.21278 | 114.61688 | Horizontal | | | X |
| Ashley | 8/18/2015 | Near Public Boat Ramp | 48.21278 | 114.61688 | Horizontal | | X | |
| Beaver | 7/15/2013 | Near Public Boat Ramp | 48.43158 | 114.42119 | Horizontal | | | X |
| Beaver | 7/14/2014 | Near Public Boat Ramp | 48.43158 | 114.42119 | Horizontal | | | X |
| Beaver | 10/17/2014 | Near Public Boat Ramp | 48.43158 | 114.42119 | Horizontal | | | X |
| Beaver | 8/25/2015 | Near Public Boat Ramp | 48.43158 | 114.42119 | Horizontal | | X | |
| Bitterroot | 8/1/2013 | Near Public Boat Ramp | 48.13584 | 114.73538 | Horizontal | | | X |
| Bitterroot | 8/11/2014 | Near Public Boat Ramp | 48.13584 | 114.73538 | Horizontal | | X | |
| Bitterroot | 8/11/2015 | Near Public Boat Launch | 48.13584 | 114.73538 | Horizontal | | | X |
| Blanchard | 8/11/2013 | Mid Lake | 48.37648 | 114.36532 | Horizontal | | | X |
| Blanchard | 9/6/2013 | Mid Lake | 48.37648 | 114.36532 | Horizontal | | | X |
| Blanchard | 7/29/2014 | Mid Lake | 48.37648 | 114.36532 | Vertical | | | X |
| Blanchard | 8/17/2015 | Mid Lake | 48.37648 | 114.36532 | Vertical | | | X |
| Blanchard | 8/17/2015 | Near Public Access | 48.22668 | 114.22008 | Horizontal | | X | |
| Dollar | 7/23/2013 | Near Public Access | 48.44721 | 114.41524 | Horizontal | | | X |
| Dollar | 8/25/2014 | Near Public Access | 48.44271 | 114.41524 | Horizontal | | | X |
| Dollar | 9/3/2014 | Near Public Access | 48.44271 | 114.41524 | Horizontal | | X | |
| Dollar | 11/15/2014 | Near Public Access | 48.44638 | 114.4148 | Horizontal | | | X |
| Dollar | 9/5/2015 | Mid Lake | 48.44638 | 114.41480 | Vertical | | | X |
| Dollar | 9/5/2015 | Near Public Access | 48.44271 | 114.41524 | Horizontal | | X | |
| Echo | 8/14/2013 | County Boat Ramp | 48.12955 | 114.03894 | Horizontal | | | X |
| Echo | 8/6/2014 | County Boat Ramp | 48.12955 | 114.03894 | Horizontal | | X | |
| Five | 8/19/2014 | Composite (near Public Access) | | | Horizontal | | | X |
| Five | 9/9/2015 | Deep Site | 48.46456 | 114.01103 | Vertical | | | X |
| Foys | 8/11/2013 | Near Public Boat Ramp | 48.16738 | 114.36279 | Horizontal | | | X |
| Foys | 8/5/2014 | Near Public Boat Ramp | 48.1613 | 114.35104 | Horizontal | | | X |
| Lower Stillwater | 7/18/2013 | Near Public Boat Ramp | 48.51730 | 114.55243 | Horizontal | | | X |
| Lower Stillwater | 7/14/2014 | Near Public Boat Ramp | 48.5173 | 114.55243 | Horizontal | | X | |
| Lower Stillwater | 8/6/2015 | Near Public Boat Ramp | 48.51730 | 114.55243 | Horizontal | | | X |
| Mary Ronan | 8/21/2013 | Near Public Boat Ramp | 47.93278 | 114.38861 | Horizontal | | | X |
| Mary Ronan | 8/26/2014 | Near Public Boat Ramp | 47.93278 | 114.38861 | Horizontal | | | X |
| Mary Ronan | 9/24/2015 | Near Public Boat Ramp | 47.93278 | 114.38861 | Horizontal | | | X |
| Murphy | 8/20/2013 | Near Public Boat Ramp | 48.73890 | 114.86084 | Horizontal | | | X |
| Murphy | 7/15/2014 | Near Public Boat Ramp | 48.7389 | 114.86084 | Horizontal | | | X |

**Table 2.** (Continued from previous page) Comparison of milfoil detections at locations that were repeatedly sampled across years. A "No Amplification" result means that no milfoil DNA was detected.

| Waterbody | Date | Description | Latitude | Longitude | Tow Data | Eurasian Milfoil | Northern Milfoil | No Amplification |
|---|---|---|---|---|---|---|---|---|
| Murray | 8/20/2013 | Near Public Boat Ramp | 48.44323 | 114.45218 | Horizontal | | | X |
| Murray | 8/25/2014 | Near Public Boat Ramp | 48.44323 | 114.45218 | Horizontal | | | X |
| Murray | 9/5/2014 | Near Public Boat Ramp | 48.44323 | 114.45218 | Horizontal | | | X |
| Murray | 11/15/2014 | Near Public Boat Ramp | 48.44323 | 114.45218 | Horizontal | | | X |
| Murray | 9/3/2015 | Mid Lake | 48.44283 | 114.45340 | Vertical | | X | |
| Murray | 9/3/2015 | Near Public Boat Launch | 48.44323 | 114.45218 | Horizontal | | X | |
| Rogers | 8/19/2013 | Near Public Boat Ramp | 48.07053 | 114.60312 | Horizontal | | | X |
| Rogers | 8/5/2014 | Near Public Boat Ramp | 48.07053 | 114.60312 | Horizontal | | | X |
| Rogers | 8/18/2015 | Near Public Boat Ramp | 48.07053 | 114.60312 | Horizontal | | | X |
| Tally | 8/29/2013 | Near Public Boat Ramp | 48.41167 | 114.58194 | Horizontal | | | X |
| Tally | 9/8/2014 | Near Public Boat Ramp | 48.41167 | 114.58194 | Horizontal | | | X |
| Tally | 7/29/2015 | Near Public Boat Ramp | 48.41167 | 114.58194 | Horizontal | | | X |
| Upper Stillwater | 8/15/2013 | Near Public Boat Ramp | 48.60352 | 114.65574 | Horizontal | | X | |
| Upper Stillwater | 7/14/2014 | Near Public Boat Ramp | 48.60352 | 114.65574 | Horizontal | | | X |
| Upper Stillwater | 8/6/2015 | Near Public Access | 48.60352 | 114.65574 | Horizontal | | X | |
| Whitefish | 9/12/2013 | Beaver Bay | 48.44125 | 114.38953 | Horizontal | | | X |
| Whitefish | 9/12/2013 | City Beach | 48.41706 | 114.35178 | Horizontal | | X | |
| Whitefish | 9/12/2013 | State Park | 48.42644 | 114.37289 | Horizontal | | | X |
| Whitefish | 11/17/2014 | Beaver Bay | 48.41796 | 114.35312 | Horizontal | | X | |
| Whitefish | 11/17/2014 | City Beach | 48.43903 | 114.38946 | Horizontal | | X | |
| Whitefish | 11/17/2014 | State Park | 48.42742 | 114.35312 | Horizontal | | X | |
| Whitefish | 8/25/2015 | City Beach | 48.41706 | 114.35178 | Horizontal | | X | |
| Whitefish | 11/19/2015 | Beaver Bay | 48.43780 | 114.38387 | Horizontal | | X | |
| Whitefish | 11/19/2015 | City Beach Near Boat Ramp | 48.41706 | 114.35178 | Horizontal | | X | |
| Whitefish | 11/19/2015 | IP-1 | 48.47222 | 114.39420 | Vertical | | X | |
| Whitefish | 11/19/2015 | Lazy Bay | 48.47715 | 114.42863 | Horizontal | | X | |
| Whitefish | 11/19/2015 | Monks Bay | 48.43161 | 114.34643 | Horizontal | | X | |
| Whitefish | 11/19/2015 | State Park | 48.42705 | 114.37210 | Horizontal | | X | |
| Whitefish | 8/8/2013 | City Beach | 48.41706 | 114.35178 | Horizontal | | | X |
| Whitefish | 8/8/2013 | State Park | 48.42644 | 114.37289 | Horizontal | | | X |

## 6.0 BEAVER LAKE EWM MONITORING and CONTROL

The Beaver Lake EWM monitoring and control effort is conducted by Hanson Environmental as reported below.

HANSON ENVIRONMENTAL

# Progress Report: Eradication of Eurasian watermilfoil in Beaver Lake

**September 2015**

***prepared by hanson environmental. 406 437 1440 hanson.environmental@gmail.com for the Whitefish Lake Institute with funding provided by the City of Whitefish***

**Project Summary**

Snorkel surveys and diver dredging took place in Beaver Lake at the end of July to remove Eurasian watermilfoil. The entire lakeshore was surveyed and a handful of Eurasian watermilfoil plants were observed and removed along the shoreline west of the boat ramp. An increased effort to survey shallow water areas (less than 1 ft.) found a handful of plants east of the boat ramp.

Most plants were small (approximately 6 inches to 1.5 ft.). Approximately, 15 plants were removed with a weight of less than one lb. In 2012, 2013 and 2014; 23, 5 and less than 1 lbs of plants were removed respectively. No regrowth was seen at the area next to the boat ramp or in the two patches west of the boat ramp. It is likely that eradication can be achieved within a couple of years.

Example of EWM plants removed

A patch (10 ft. by 10 ft.) of Fragrant Waterlily was removed in 2013. No regrowth or new plants were found in 2014 and 2015. This infestation can be considered to be eradicated.

# 7.0 2016 PROPOSED TASK ITEMS & BUDGET

## 7.1 Background and Budget

In 2013, the City of Whitefish began support of an Aquatic Invasive Species Management Plan as recommended by WLI in the amount of $40,000. The purpose of the plan is to prevent the introduction and spread of invasive species to local waterbodies through early detection and monitoring, and to provide education and outreach on AIS issues. Found below are summary budgets for each year of the program along with a proposed 2016 budget. The 2016 budget has been reduced by $5,000 based on efficiencies and priorities of the program. WLI Staff looks forward to supporting the City of Whitefish in its ongoing commitment to prevent AIS from impacting Whitefish Lake and surrounding waterbodies.

**2013 City of Whitefish AIS Budget**

| Task | Amount |
|---|---|
| Support Coram Boat Inspection Station | $20,000 |
| Support FBC AIS Consultant | $5,000 |
| Beaver Lake EWM Monitoring & Control | $5,000 |
| Early AIS Plant Detection Monitoring and Survey of Whitefish Lake | $5,000 |
| *e*DNA analysis of select NWMTLVMN Lakes | $5,000 |
| **Total** | **$40,000** |

**2014 City of Whitefish AIS Budget**

| Task | Amount |
|---|---|
| Support Coram Boat Inspection Station | $15,000 |
| Beaver Lake EWM Monitoring & Control | $5,000 |
| Early AIS Plant Detection Monitoring and Survey of Nearby Lakes | $7,500 |
| *e*DNA analysis of select NWMTLVMN Lakes | $7,500 |
| City Beach Boat Inspection Station | $5,000 |
| **Total** | **$40,000** |

*Note: Coram Boat Inspection Station funding reduced as other project partners have increased funding.*

**2015 City of Whitefish AIS Budget**

| Task | Amount |
|---|---|
| Beaver Lake EWM Monitoring & Control | $5,000 |
| Early AIS Plant Detection Monitoring and Survey of Nearby Lakes via NWMTLVMN | $5,000 |
| *e*DNA Analysis of Local Lakes | $5,000 |
| City Beach Boat Inspection Station | $10,000 |
| Commercial Use Permit Program Implementation and Level II Training | $5,000 |
| Support Browning Boat Inspection Station | $5,000 |
| **Total** | **$35,000** |

*Note: Coram Boat Inspection Station was moved to Browning in 2015.*

***Proposed 2016 City of Whitefish AIS Budget***

| Task | Amount |
|---|---|
| Beaver Lake EWM Monitoring & Control | $5,000 |
| Early AIS Plant Detection Monitoring and Survey of Nearby Lakes | $6,000 |
| *e*DNA Analysis of Local Lakes | $5,000 |
| City Beach Boat Inspection Station | $7,000 |
| Individual Use Permit Program Implementation | $2,000 |
| Ballast Tank Research & White Paper | $3,000 |
| 2016 Annual Report Preparation | $2,000 |
| **Total** | **$30,000** |

## 7.2 2016 Task Item Description

Each Task Item found in the proposed budget is described below, including how funds would be dispersed.

**Beaver Lake Eurasion Watermilfoil (EWM) Monitoring & Control**

Past suction dredging efforts to control EWM in Beaver Lake have been effective and suggest a potential that this invasive species can be eradicated from the lake. Suction dredging involves a diver identification survey of single plants or communities and then suction dredging individual plants from the roots to prevent fragmentation. WLI will also deploy a sediment curtain owned by the Flathead Lakers near the lake outlet to Beaver Creek and remove it in late fall.

*Funds would be dispersed to WLI to contract and administer a diver dredge operation and for deployment and removal of the sediment curtain.*

**Early AIS Plant Detection Monitoring and Survey of Nearby Lakes via the Northwest Montana Lake Volunteer Monitoring Network (NWMTLVMN)**
This task includes a focused effort to survey lakes in close proximity to Whitefish that may serve as a vector for AIS to colonize Whitefish Lake. In 2013, an exhaustive survey of Whitefish Lake was preformed. In 2014, Blanchard, Dollar, Lost Coon, Murray, Skyles and Spencer Lakes were surveyed. In 2015, Tally, Little Beaver and Woods Lakes were sampled.

*Funds would be dispersed to WLI to conduct or contract the surveys on the following lakes:*

**2016 list of lakes for plant detection monitoring.**

| Lake |
|---|
| Upper Stillwater |
| Lower Stillwater |
| Upper Whitefish Lake |
| Smith Lake |
| Beaver Creek BNSF Impoundment |
| |

***e*DNA Analysis of Local Lakes**
The Northwest Montana Lakes Volunteer Monitoring Network which is coordinated by WLI currently collects plankton samples for presence/absence of zebra mussel veliger (larvae) and EWM at 40+ program lakes in Northwest Montana for early detection monitoring. Microscopy samples (looking for veligers under a microscope) are sent to Montana FWP for analysis. Whereas this technique is a valued mechanism for early detection monitoring, it generally represents a small sample size compared to the large volume of a lake. Environmental DNA (*e*DNA) analysis offers a complimentary detection technique without the need to identify an actual individual plant or animal. Local lakes have been prioritized for sampling.

*Funds would be dispersed to WLI to conduct or contract sampling, and to contract and administer laboratory analysis with The University of Montana Flathead Lake Biological Station.*

**2016 list of lakes to be sampled and number of sites/frequency for *e*DNA.**

| Lake | Number of Samples |
|---|---|
| Whitefish | 8 |
| Blanchard | 3 |
| Beaver | 3 |
| Tally | 1 |
| Dollar | 1 |
| Murray | 1 |
| Lost Coon | 1 |
| Spencer | 1 |
| Skyles | 1 |
| Total Samples | 20 |

**City Beach Boat Inspection Station**
The City Boat Inspection Station was initiated in 2013. Since its inception, the boat inspection station has become more effective from the number of boats contacted, increased training, and an increased calendar window of operation. In 2016, City of Whitefish Parks and Recreation will staff the station from Memorial Day to Labor Day. WLI will provide staff training, weekly supervision of the program, and additional staffing during the peak use period centered around the 4th of July.

*Funds would be dispersed to WLI to staff or contract the station training, oversight, and provide additional staff during peak use periods.*

*Note: WLI is currently working with the Joe & Cindy Gregory Family to construct and dedicate back to the City an addition to the Hovercraft Garage to house the AIS Boat Inspection Program. WLI is working with multiple pro-bono partners to submit the City's Plan Submittal Form with the intent to construct the facility in April of 2016.*

**Individual Use Permit Implementation**
Congestion at the City Beach Boat Launch is an issue and the boat inspection process needs to be streamlined by reducing staff contact time with low risk boats. In 2015, a commercial user on-line permit program was developed as a first step to alleviate congestion at City Beach. The commercial user on-line self certification permit program needs to be extended to individuals to further the program's effectiveness. To obtain a permit, a user must complete an on-line training and demonstrate they have acquired knowledge via a brief test. If successful, the user is issued a permit that can be displayed to the boat inspector at City Beach.

*Funds would be dispersed to WLI to develop or contract the individual web based application for use on the City's website.*

**Ballast Tank White Paper**
Boats with ballast tanks on Whitefish Lake are common. AIS can be transported to the lake from a boat with ballast tanks. In addition, boats with full ballast tanks create a different type of wave that reaches the shoreline with more energy to cause erosion. The ballast tank issue is important for the City of Whitefish to address to reduce the risk of AIS infestations and to reduce shoreline erosion. A White Paper will research the issue and provide policy recommendations.

*Funds would be dispersed to WLI to draft the White Paper.*

**Annual Report Preparation**
Each year, WLI provides an AIS Management Report detailing activities from the previous year. This report has always been completed without funding.

*Funds would be dispersed to WLI to draft the AIS Management Plan Report.*

PRESENTATION OF FINAL RESULTS

# WATER/WASTEWATER FINANCIAL PLAN AND RATE STRUCTURE STUDY

CITY OF WHITEFISH, MT

AE2S NEXUS The Financial Link



March 21, 2016

# Presentation Outline

- Review of Study Objectives and Process
- Water Study
  - Cost of Service Analysis (COSA) Assumptions and Results
  - Water Rate Considerations
    - Low Income Rate Qualification (Water and Wastewater)
    - Irrigation Rate Philosophy
    - Recommended Rate Plan
- Wastewater Study
  - COSA Results
  - Wastewater Rate Considerations
    - Inflow/Infiltration
    - Pumping Service Zone Rate Philosophy
    - Recommended Rate Plan
- Conclusion/Questions

# Whitefish Rate Study Objectives

- Determine fair and equitable rates for outside-City system users
- Update cost basis for current rates
  - Industry-Standard Methodology
    - AWWA M1 Manual (Water)
    - WEF MOP No. 27 (Wastewater)
- Fund the construction and operation of a new mechanical wastewater facility
- Assure overall revenue adequacy

# Rate Study Process

| | |
|---|---|
| **Forecast Projections** | Project number of customers, water sales/sewer volume, revenues |
| **O&M and Capital Budget** | Forecast of expenditures |
| **Revenue Requirements** | Determine revenue requirements to meet O&M, capital, debt, and financial performance criteria |
| **Cost of Service Analysis (COSA)** | Equitable allocation of the revenue requirements to customer classes for a test year |
| **Rate Design** | Design rates to recover revenue requirements from respective user classes |
| **Revenue Adequacy** | Apply rates to test year and future year pro forma revenue requirement projections to forecast required rate adjustments |

# Water Study Results and Recommendations

# Water Cost of Service Analysis Results

| COSA Summary | 2016 Projections | | |
|---|---|---|---|
| | **Cost %** | **Rev %** | **% Difference** |
| Baseline System – Non-Irrigation | 77.4% | 82.4% | 6.4% |
| Baseline System – Irrigation | 9.8% | 7.4% | -24.4% |
| PZ System – Non-Irrigation | 7.0% | 6.2% | -12.0% |
| PZ System – Irrigation | 3.1% | 1.5% | -52.0% |
| Outside System – Non-Irrigation | 2.6% | 2.5% | -3.9% |
| Outside System – Irrigation | 0.15% | 0.11% | -25.5% |
| | **100.0%** | **100.0%** | |

- Methodology takes incremental approach to fixed cost assignment to irrigation
- Targeted percent difference less than +/-10%
- Irrigation revenues significantly less than calculated cost

# Water Analysis Observations/Findings

- Annual rate indexing has kept the Water Utility in healthy financial position
- Haskill Basin loan currently not a revenue requirement, but requires coverage
- Low Income/Senior Citizen Discount policy poses Risk Management Consideration
- Irrigation water rates not sufficient to recover cost
- Montana Law limits rate increases to Outside users
- The establishment of reserve targets will support continued financial health of the Utility

# Whitefish Water Rate Recommendations

- Revise current Low Income/Senior Discount policy based on Low Income Energy Assistance Program (LIEAP)
- Work toward full cost recovery from all user classes, including Irrigation
  - Improve equitability
  - Promote conservation
- Link changes to Outside rates to comparable Inside classes
- Review annually and adjust for changes in capital requirements, debt service, customer usage patterns
- Set Appropriate Reserve Targets

# Conservation Considerations

- Increasing irrigation rate will make some difference
- Education can help
- Goal is to encourage responsible watering, not to stop watering
- Can positively affect (i.e. reduce) future capital investment
- Montana State University Extension Service Resources

# MSU Extension Service Recommendations

- Weather: Avoid watering in wet or windy conditions
- Drip or soaker hoses reduce evaporation by ~60%
- Evaporation is lowest in early morning and early evening
- Apply water slowly to avoid runoff and encourage deep root growth
- Established lawns need 1-2 inches of water every 3 to 5 days
- Consider timers, rain barrels, xeriscape, rain gardens
- www.msuextension.org/publications.asp

# Financial Sustainability Considerations

- Current Reserve Target Recommendations:
  - Debt Service (Restricted) – specified within loan covenants
  - O&M – 90 days operating
  - Capital – 15-25% annual CIP
  - Rate Stabilization – 15% of annual revenue

- Other Reserve Target Considerations:
  - Renewal and Replacement – 1- year's depreciation
  - Emergency Reserve – value of highest risk asset(s)

# Water Rate Plan Assumptions

- Basis for Test Year = 2016 Budget, 2014 Accounts and Water Sales
- Annual Cost Indices:
  - General Inflation and Labor = 3%
  - Chemicals, Fuel, Electricity, Insurance = 5%
- 0.5% annual increase in non-irrigation water sales (inside City only)
- Assume reduction of Irrigation usage: 25% in 2017, 10% in 2018, 5% in 2019
- 1.0% annual increase in accounts > 5/8" (inside City only)
- Existing Low Income accounts in PZ become regular PZ
- Haskill Basin loan payments will be made using Resort Tax Revenues; Water Utility will ensure 110% coverage
- Rates projected 2017-2021; will be reviewed annually
- Increases to Outside users limited by Montana Law

# COSA Correction

## Percent Difference Between Revenue and Cost

| User Class | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|
| Inside Baseline – Non-Irrigation | 6.4% | 3.6% | 2.5% | 2.1% | 1.5% | 0.9% |
| Inside Baseline – Irrigation | -24.4% | -14.3% | -11.2% | -6.5% | -2.8% | -1.5% |
| PZ – Non-Irrigation | -12.0% | -4.3% | -0.4% | -2.6% | -2.3% | 0.6% |
| PZ – Irrigation | -52.0% | -45.6% | -37.4% | -33.3% | -27.5% | -19.4% |
| Outside – Non-Irrigation | -3.9% | -8.2% | -9.2% | -8.5% | -7.0% | -8.0% |
| Outside – Irrigation | -25.5% | -18.0% | -14.7% | -8.9% | -3.2% | -2.4% |

- COSA Based Rate Corrections - See Handout

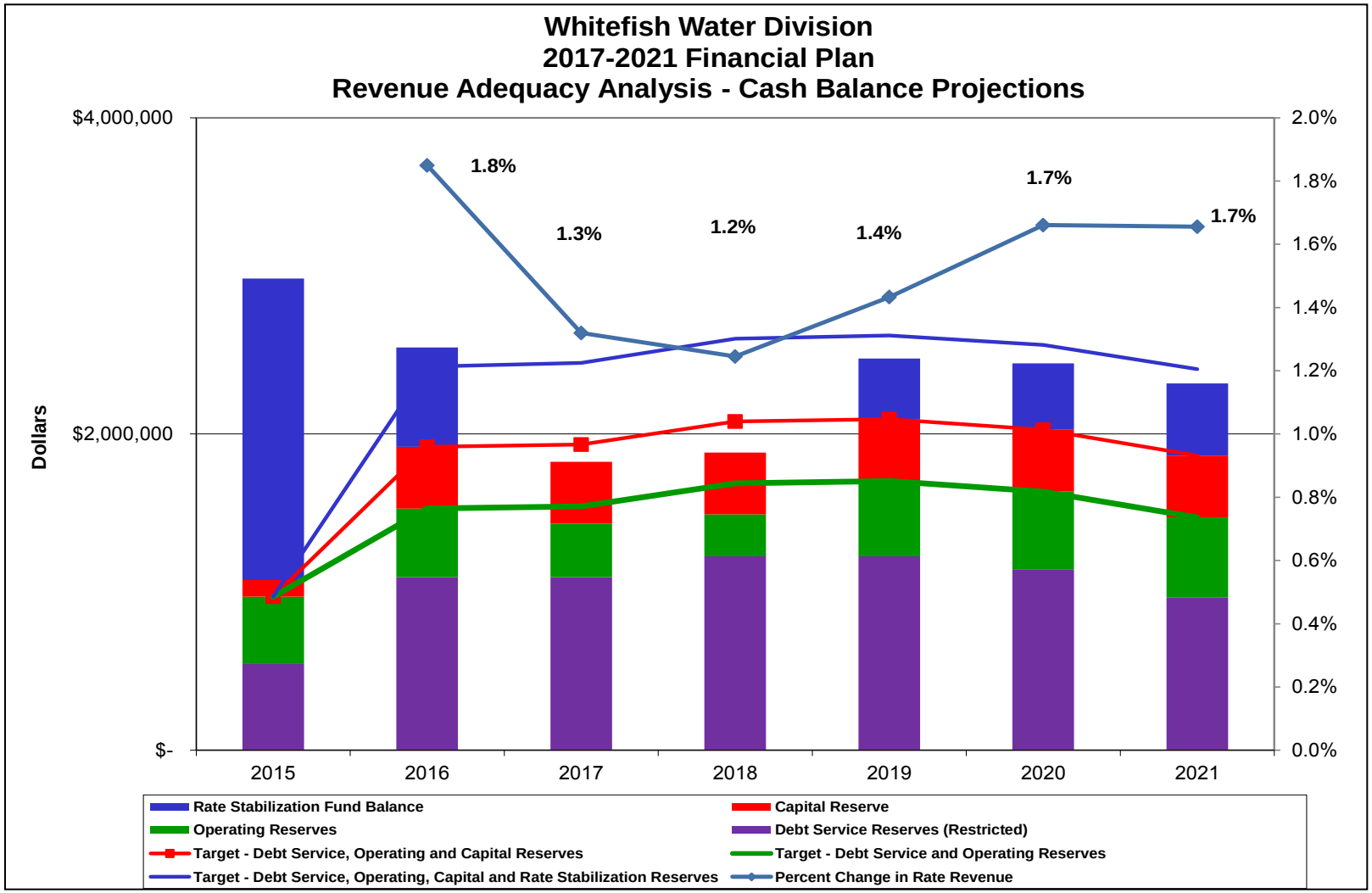
PZ = Pressure Zone

# Projected Water Revenue Adequacy

## Including COSA-Based Rate Adjustments

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|
| **Projected Revenue Requirements** | | | | | | |
| O&M | $1,758,616 | $1,813,907 | $1,871,016 | $1,930,008 | $1,990,947 | $2,053,902 |
| Capital (Cash-Funded) | $1,882,400 | $1,571,000 | $760,000 | $108,500 | $950,000 | $1,222,000 |
| Capital (Debt-Funded) | $442,700 | $0 | $2,105,000 | $0 | $0 | $3,500,000 |
| Debt Service | $532,801 | $532,801 | $676,301 | $642,882 | $366,044 | $82,481 |
| Haskill Basin Loan | $0 | $0 | $0 | $0 | $0 | $0 |
| **Total Revenue Requirements** | **$4,616,517** | **$3,917,708** | **$5,412,317** | **$2,681,390** | **$3,306,991** | **$6,858,383** |
| **Projected Income and Funds from Other Sources** | | | | | | |
| Loan Proceeds | $442,700 | $0 | $2,105,000 | $0 | $0 | $3,500,000 |
| Other Revenue | $262,336 | $225,000 | $225,000 | $225,000 | $225,000 | $225,000 |
| Net Revenue Requirements | $3,911,481 | $3,692,708 | $3,082,317 | $2,456,390 | $3,081,991 | $3,133,383 |
| **Projected Revenue from Rates** | **$2,926,950** | **$2,965,572** | **$3,002,492** | **$3,045,506** | **$3,096,079** | **$3,147,337** |
| Revenue Surplus/(Deficiency) | **($984,531)** | **($727,136)** | **($79,825)** | **$589,116** | **$14,088** | **$13,953** |

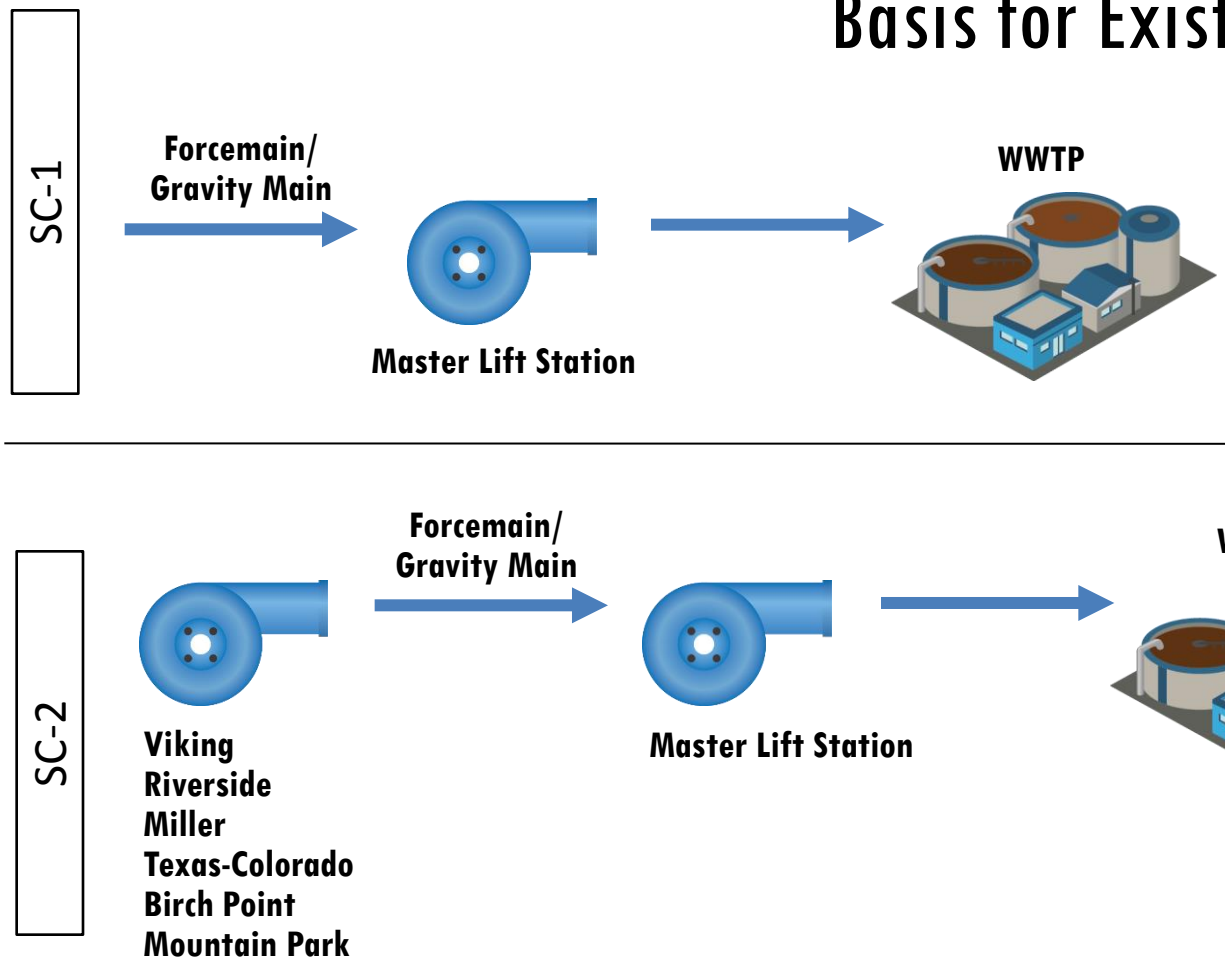
# Revenue Adequacy Analysis – Water



# Wastewater Study Results and Recommendations

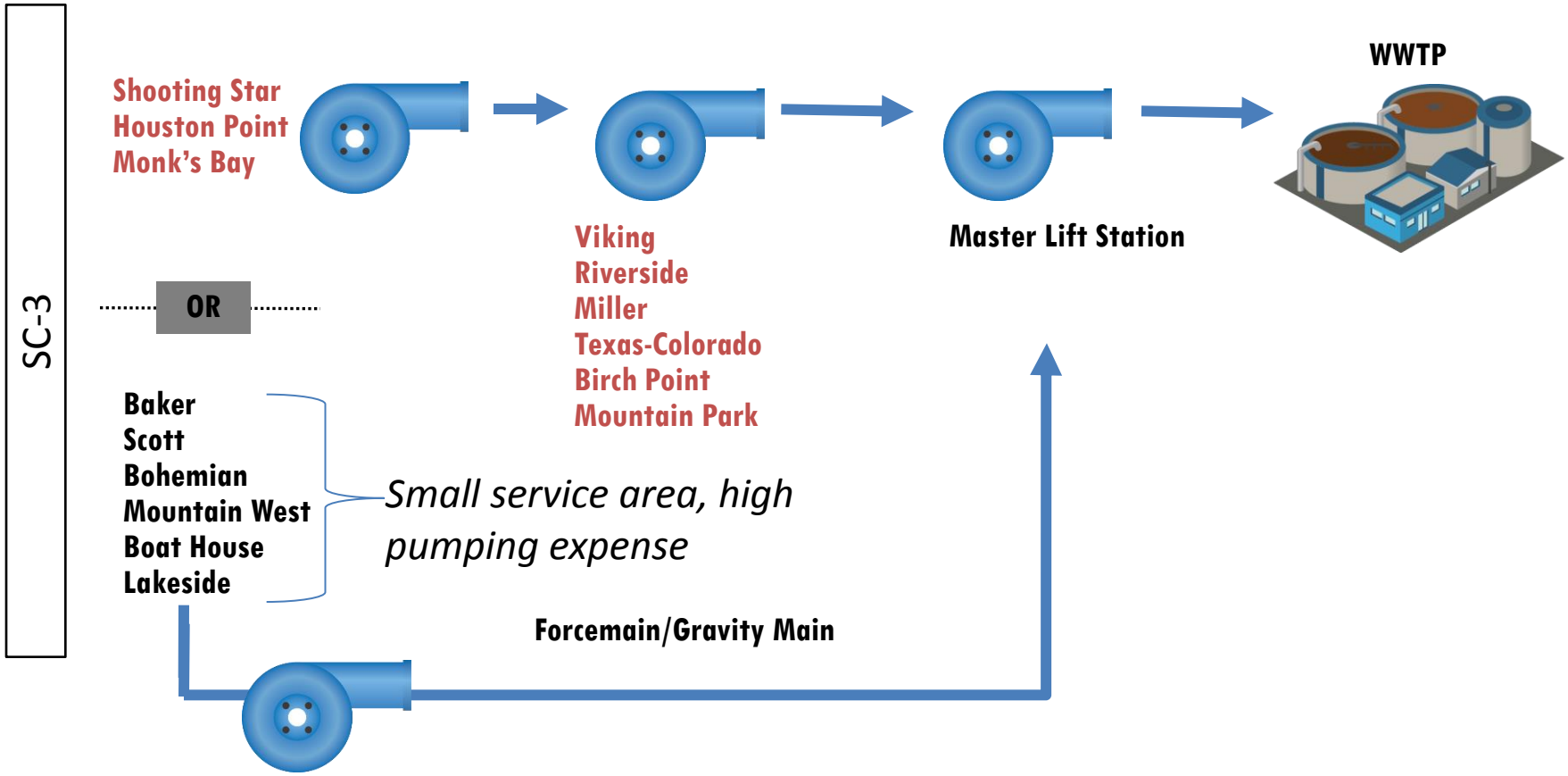
# Wastewater Pumping Zones

## Basis for Existing Rate Structure



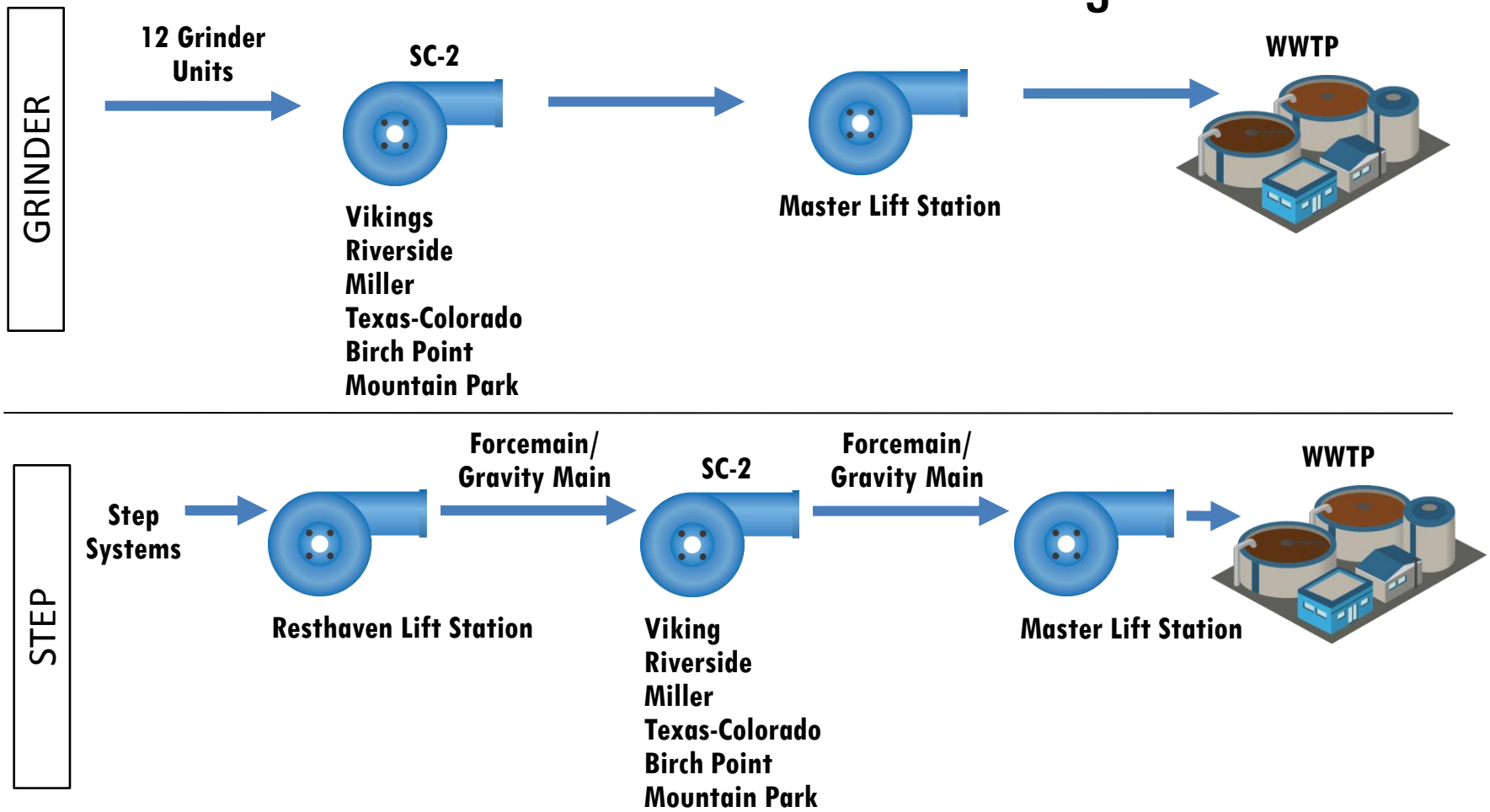
# Wastewater Pumping Zones

## Basis for Existing Rate Structure



# Wastewater Pumping Zones

## Basis for Existing Rate Structure



# Wastewater COSA Results

| COSA Summary | Test Year 2016 Projections | | |
|---|---|---|---|
| | Cost % | Rev % | % Difference |
| SC-1 | 48.5% | 43.7% | -9.9% |
| SC-2 | 35.3% | 40.1% | 13.7% |
| SC-3 | 2.9% | 3.0% | 5.7% |
| Grinder | 1.4% | 1.5% | 3.7% |
| STEP - Inside | 1.0% | 0.9% | -9.1% |
| STEP - Resthaven | 3.1% | 2.8% | -9.3% |
| Big Mountain – 0.116 MGD | 6.5% | 6.4% | -1.3% |
| Outside System (SC-1 and SC-2) | 1.5% | 1.7% | 15.7% |

- Targeted percent difference of +/-10%

# Wastewater Analysis Observations/Findings

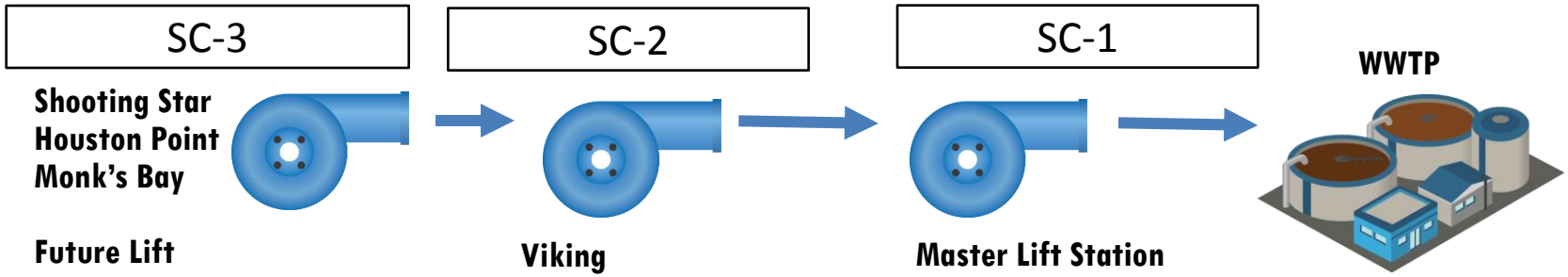
- Approach to pumping zone classification could be reconsidered to address confusion and high cost burden on small number of users
- Inflow/Infiltration will have capital cost impacts
- New WWTP is driving need for near term rate planning and adjustments
- Montana Law limits rate increases to Outside users
- The establishment of reserve targets will support continued financial health of the Utility

# Whitefish Wastewater Rate Recommendations

- Implement near-term rate increases to address WWTP debt requirements and establish capital/rate stabilization reserve
- Reclassify pump stations and service zones:
  - SC-1: Pumped only by Master Lift Station (Pumped 1X)
  - SC-2: Flow conveyed to Master Lift Station by one intermediate pump station (Pumped 2X)
  - SC-3: Flow pumped through two pump stations before reaching Master Lift Station (Pumped 3X)
- Link changes to Outside rates to comparable Inside classes
- Review annually and adjust for changes in capital requirements, debt service, customer usage patterns, grant receipts
- Establish appropriate Reserve Targets

# Wastewater Pumping Zones

## Revised Basis for Rate Structure



# Wastewater Rate Plan Assumptions

- Basis for Test Year = 2016 Budget, 2014 Accounts and Billed Flow
- Annual Cost Indices:
  - General Inflation and Labor = 3%
  - Chemicals, Fuel, Electricity, Insurance = 5%
- 0.5% annual increase (inside City only)
- 1.0% annual increase in accounts (inside City only)
- $20M WWTP in 2019; Debt payments start in 2020; 110% coverage required
- $474,000 in additional WWTP O&M beginning in 2021
- Big Mountain Max Capacity based on max month in the last 5 years = 0.116 MGD
- Rates projected 2017-2026; will be reviewed annually
- Increases to Outside users limited by Montana Law

# Wastewater COSA Correction

## Percent Difference Between Revenue and Cost

| User Class | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| SC-1 | -9.9% | -6.4% | -3.7% | 0.9% | 1.1% | 1.4% | **0.8%** | 0.4% | 0.0% | -0.7% | -0.9% |
| SC-2 | 13.7% | 7.8% | 4.4% | 2.4% | -1.6% | -0.2% | **-0.4%** | -0.5% | -0.7% | 0.4% | 0.5% |
| SC-3 | 5.7% | 1.2% | 0.5% | -0.6% | 8.5% | -3.7% | **-2.5%** | -2.0% | -0.3% | 0.2% | 1.0% |
| Grinder | 3.7% | 3.2% | 0.5% | -1.0% | 0.8% | 0.2% | **1.8%** | 1.7% | 1.4% | 1.2% | 1.4% |
| STEP - Inside | -9.1% | -4.2% | -12.0% | -21.4% | -28.9% | -5.8% | **-4.3%** | -2.3% | -0.4% | -1.9% | 1.1% |
| Resthaven | -9.3% | -5.6% | -12.0% | -23.4% | -25.1% | -8.8% | **-7.0%** | -4.9% | -2.9% | -2.7% | 0.8% |
| Big Mt | -1.3% | 4.2% | 6.7% | -5.4% | 8.2% | -8.3% | **-3.9%** | -1.2% | 1.5% | 1.3% | 0.2% |

- COSA Based Rate Corrections - See Handout

# Projected WW Revenue Adequacy

## Including COSA-Based Rate Adjustments

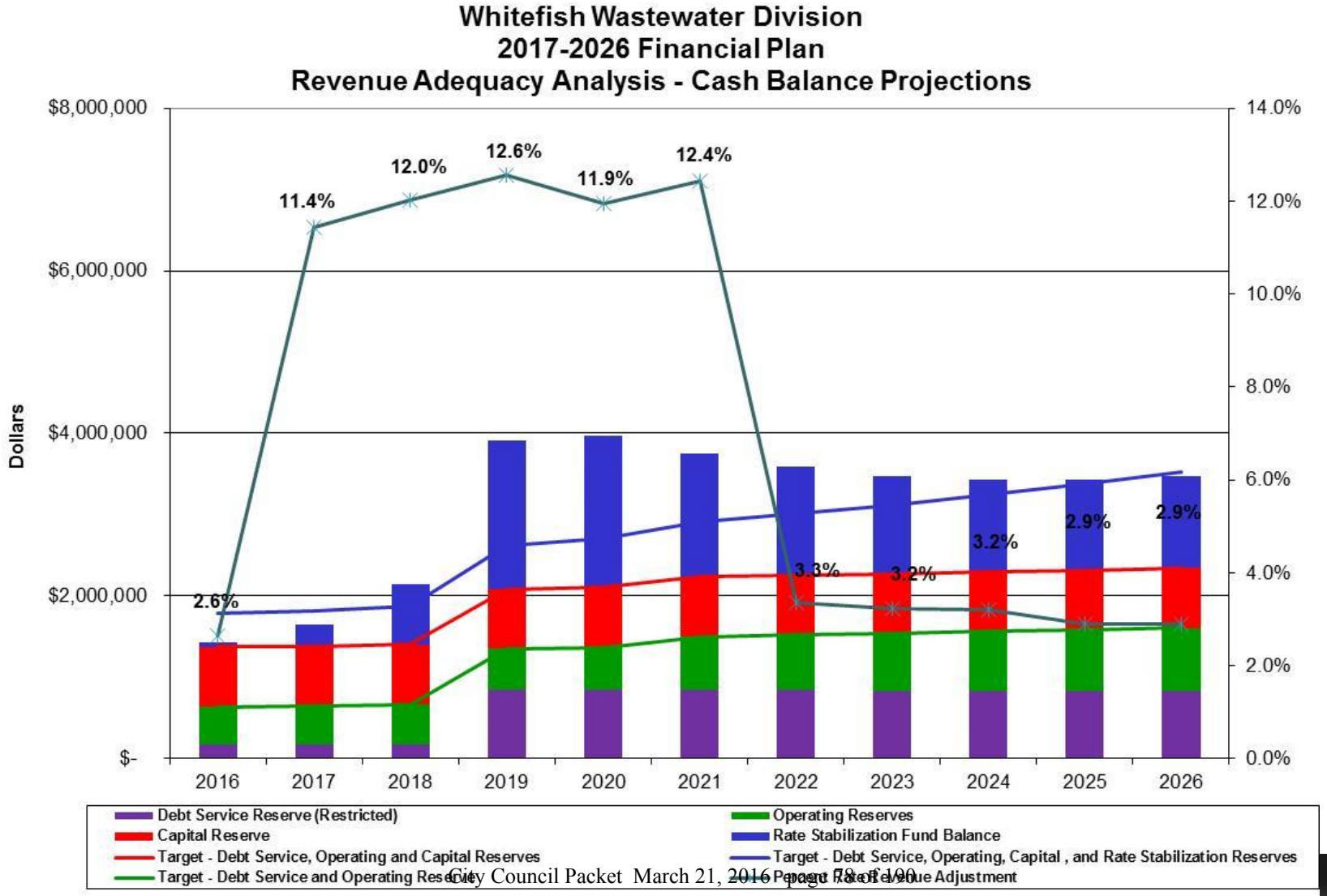
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|
| **Projected Revenue Requirements** | | | | | | |
| O&M | $1,887,877 | $1,945,860 | $2,005,873 | $2,067,994 | $2,132,301 | $2,673,253 |
| Capital (Cash-Funded) | $1,190,250 | $775,000 | $429,000 | $138,500 | $180,900 | $400,000 |
| Capital (Debt-Funded) | $2,190,527 | $0 | $0 | $19,587,500 | $0 | $0 |
| Debt Service | $250,541 | $338,976 | $333,017 | $336,197 | $1,678,455 | $1,679,249 |
| Future WWTP Capital Reserve | $0 | $335,324 | $670,649 | $1,005,973 | $0 | $0 |
| **Total Revenue Requirements** | **$5,519,195** | **$3,395,160** | **$3,438,539** | **$23,136,163** | **$3,991,656** | **$4,752,502** |
| **Projected Income and Funds from Other Sources** | | | | | | |
| Loan Proceeds | $2,190,527 | $0 | $0 | $19,587,500 | $0 | $0 |
| Other Revenue | $498,000 | $560,500 | $220,500 | $220,500 | $220,500 | $220,500 |
| Net Revenue Requirements | $2,830,668 | $2,834,660 | $3,218,039 | $3,328,163 | $3,771,156 | $4,532,002 |
| **Projected Revenue from Rates** | **$2,436,156** | **$2,714,483** | **$3,041,090** | **$3,422,787** | **$3,831,790** | **$4,308,042** |
| Revenue Surplus/(Deficiency) | ($394,511) | ($120,178) | ($176,948) | $94,624 | $60,634 | ($223,960) |

# Projected WW Revenue Adequacy

## Including COSA-Based Rate Adjustments

| | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|
| **Projected Revenue Requirements** | | | | | |
| O&M | $2,760,137 | $2,850,007 | $2,942,974 | $3,039,154 | $3,138,666 |
| Capital (Cash-Funded) | $400,000 | $400,000 | $400,000 | $400,000 | $400,000 |
| Capital (Debt-Funded) | $0 | $0 | $0 | $0 | $0 |
| Debt Service | $1,674,901 | $1,668,177 | $1,664,930 | $1,663,373 | $1,665,700 |
| Future WWTP Capital Reserve | $0 | $0 | $0 | $0 | $0 |
| **Total Revenue Requirements** | **$4,835,038** | **$4,918,184** | **$5,007,904** | **$5,102,527** | **$5,204,366** |
| **Projected Income and Funds from Other Sources** | | | | | |
| Loan Proceeds | $0 | $0 | $0 | $0 | $0 |
| Other Revenue | $220,500 | $220,500 | $220,500 | $220,500 | $220,500 |
| Net Revenue Requirements | $4,614,538 | $4,697,684 | $4,787,404 | $4,882,027 | $4,983,866 |
| **Projected Revenue from Rates** | **$4,452,243** | **$4,595,802** | **$4,743,134** | **$4,880,527** | **$5,021,372** |
| Revenue Surplus/(Deficiency) | ($162,294) | ($101,882) | ($44,270) | ($1,501) | $37,506 |

# Revenue Adequacy Analysis – Wastewater



# Study Deliverables

- Updated rate models
- Reports
- City Council Workshop Presentations
- Presentation of final results to Council
- "Rates 101" Worksheet

THANK YOU!
QUESTIONS?

# City of Whitefish
## Water Financial Plan and Rate Study
## Summary of Water Bill Impacts based on Rate Projections

| | Avg Monthly Gallons | Existing Monthly Bill FY16 | 2017 $/Mth Increase from 2016 | 2018 $/Mth Increase from 2016 | 2019 $/Mth Increase from 2016 | 2020 $/Mth Increase from 2016 | 2021 $/Mth Increase from 2016 |
|---|---|---|---|---|---|---|---|
| Residential - 5/8" | | | | | | | |
| Inside | 4,000 | $ 40.53 | $ 0.25 | $ 0.55 | $ 0.85 | $ 1.15 | $ 1.45 |
| Inside Low Income | 4,000 | $ 21.89 | $ 0.09 | $ 0.19 | $ 0.19 | $ 0.29 | $ 0.39 |
| PZ | 5,500 | $ 55.81 | $ 2.78 | $ 5.72 | $ 8.13 | $ 10.71 | $ 13.38 |
| Outside | 4,000 | $ 55.01 | $ 0.35 | $ 0.65 | $ 0.95 | $ 1.25 | $ 1.55 |
| Outside Low Income | 4,000 | $ 31.05 | $ 0.11 | $ 0.21 | $ 0.21 | $ 0.31 | $ 0.41 |
| Residential - 3/4" | | | | | | | |
| Inside | 5,000 | $ 56.28 | $ 0.32 | $ 0.72 | $ 1.12 | $ 1.52 | $ 1.92 |
| Inside Low Income | 5,000 | $ 28.77 | $ 0.13 | $ 0.23 | $ 0.33 | $ 0.43 | $ 0.53 |
| PZ | 6,000 | $ 72.50 | $ 3.60 | $ 7.37 | $ 10.42 | $ 13.55 | $ 16.87 |
| Outside | 5,000 | $ 74.97 | $ 0.45 | $ 0.95 | $ 1.45 | $ 1.95 | $ 2.45 |
| Outside Low Income | 5,000 | $ 40.35 | $ 0.17 | $ 0.27 | $ 0.37 | $ 0.47 | $ 0.67 |
| Commercial | | | | | | | |
| Inside - 1" | 100,000 | $ 444.09 | $ 0.54 | $ 1.04 | $ 1.54 | $ 2.04 | $ 2.54 |
| Outside - 1" | 70,000 | $ 472.11 | $ 0.67 | $ 1.37 | $ 2.07 | $ 2.77 | $ 3.47 |
| Inside - 2" | 680,000 | $ 2,929.69 | $ 0.02 | $ 0.02 | $ 0.02 | $ 0.02 | $ 0.02 |
| Outside - 2" | 1,100,000 | $ 6,648.02 | $ 0.05 | $ 0.05 | $ 0.05 | $ 0.05 | $ 0.05 |
| Irrigation | | | | | | | |
| Inside - 5/8" | 10,000 | $ 35.48 | $ 5.37 | $ 7.28 | $ 9.39 | $ 10.98 | $ 12.28 |
| PZ - 5/8" | 10,000 | $ 49.76 | $ 12.49 | $ 21.78 | $ 30.18 | $ 39.78 | $ 50.76 |
| Inside - 3/4" | 10,000 | $ 40.21 | $ 4.34 | $ 6.25 | $ 8.56 | $ 10.25 | $ 11.55 |
| PZ - 3/4" | 16,000 | $ 78.18 | $ 16.03 | $ 30.75 | $ 44.25 | $ 59.37 | $ 76.80 |
| Outside - 3/4" | 33,000 | $ 164.53 | $ 21.94 | $ 32.31 | $ 43.37 | $ 51.13 | $ 57.36 |
| Inside - 1" | 27,000 | $ 93.04 | $ 10.12 | $ 14.74 | $ 19.64 | $ 23.11 | $ 25.91 |
| PZ - 1" | 18,000 | $ 99.50 | $ 16.00 | $ 32.01 | $ 47.51 | $ 64.67 | $ 84.41 |
| Outside - 1" | 6,000 | $ 59.38 | $ 4.01 | $ 5.83 | $ 7.75 | $ 9.10 | $ 10.16 |
| Inside - 1.5" | 105,000 | $ 325.67 | $ 39.11 | $ 57.10 | $ 76.15 | $ 89.62 | $ 100.13 |
| Inside - 2" | 130,000 | $ 432.68 | $ 48.45 | $ 70.72 | $ 94.31 | $ 110.99 | $ 124.00 |

# City of Whitefish
## Water Financial Plan and Rate Study
## Summary of Water Bill Impacts based on Rate Projections

| | Avg Monthly Gallons | Existing Bill FY16 | 2017 % Increase from 2016 | 2018 % Increase from 2016 | 2019 % Increase from 2016 | 2020 % Increase from 2016 | 2021 % Increase from 2016 |
|---|---|---|---|---|---|---|---|
| Residential - 5/8" | | | | | | | |
| Inside | 4,000 | $ 40.53 | 0.6% | 1.4% | 2.1% | 2.8% | 3.6% |
| Inside Low Income | 4,000 | $ 21.89 | 0.4% | 0.9% | 0.9% | 1.3% | 1.8% |
| PZ | 5,500 | $ 55.81 | 5.0% | 10.2% | 14.6% | 19.2% | 24.0% |
| Outside | 4,000 | $ 55.01 | 0.6% | 1.2% | 1.7% | 2.3% | 2.8% |
| Outside Low Income | 4,000 | $ 31.05 | 0.3% | 0.7% | 0.7% | 1.0% | 1.3% |
| Residential - 3/4" | | | | | | | |
| Inside | 5,000 | $ 56.28 | 0.6% | 1.3% | 2.0% | 2.7% | 3.4% |
| Inside Low Income | 5,000 | $ 28.77 | 0.5% | 0.8% | 1.2% | 1.5% | 1.9% |
| PZ | 6,000 | $ 72.50 | 5.0% | 10.2% | 14.4% | 18.7% | 23.3% |
| Outside | 5,000 | $ 74.97 | 0.6% | 1.3% | 1.9% | 2.6% | 3.3% |
| Outside Low Income | 5,000 | $ 40.35 | 0.4% | 0.7% | 0.9% | 1.2% | 1.7% |
| Commercial | | | | | | | |
| Inside - 1" | 100,000 | $ 444.09 | 0.1% | 0.2% | 0.3% | 0.5% | 0.6% |
| Outside - 1" | 70,000 | $ 472.11 | 0.1% | 0.3% | 0.4% | 0.6% | 0.7% |
| Inside - 2" | 680,000 | $ 2,929.69 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Outside - 2" | 1,100,000 | $ 6,648.02 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Irrigation | | | | | | | |
| Inside - 5/8" | 10,000 | $ 35.48 | 15.1% | 20.5% | 26.5% | 30.9% | 34.6% |
| PZ - 5/8" | 10,000 | $ 49.76 | 25.1% | 43.8% | 60.6% | 79.9% | 102.0% |
| Inside - 3/4" | 10,000 | $ 40.21 | 10.8% | 15.5% | 21.3% | 25.5% | 28.7% |
| PZ - 3/4" | 16,000 | $ 78.18 | 20.5% | 39.3% | 56.6% | 75.9% | 98.2% |
| Outside - 3/4" | 33,000 | $ 164.53 | 13.3% | 19.6% | 26.4% | 31.1% | 34.9% |
| Inside - 1" | 27,000 | $ 93.04 | 10.9% | 15.8% | 21.1% | 24.8% | 27.8% |
| PZ - 1" | 18,000 | $ 99.50 | 16.1% | 32.2% | 47.7% | 65.0% | 84.8% |
| Outside - 1" | 6,000 | $ 59.38 | 6.8% | 9.8% | 13.0% | 15.3% | 17.1% |
| Inside - 1.5" | 105,000 | $ 325.67 | 12.0% | 17.5% | 23.4% | 27.5% | 30.7% |
| Inside - 2" | 130,000 | $ 432.68 | 11.2% | 16.3% | 21.8% | 25.7% | 28.7% |

# City of Whitefish
## Wastewater Financial Plan and Rate Study
## Summary of Wastewater Bill Impacts based on Rate Projections

| | Avg Monthly Gallons | Existing Bill FY16 | 2017 Monthly Increase from 2016 | 2018 Monthly Increase from 2016 | 2019 Monthly Increase from 2016 | 2020 Monthly Increase from 2016 | 2021 Monthly Increase from 2016 | 2022 Monthly Increase from 2016 | 2023 Monthly Increase from 2016 | 2024 Monthly Increase from 2016 | 2025 Monthly Increase from 2016 | 2026 Monthly Increase from 2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SC-1 | | | | | | | | | | | | |
| Inside | 3,000 | $ 31.82 | $ 3.31 | $ 7.29 | $ 12.13 | $ 17.20 | $ 23.19 | $ 24.53 | $ 25.92 | $ 27.33 | $ 28.79 | $ 30.28 |
| Inside Low Income | 3,000 | $ 15.94 | $ 2.83 | $ 6.32 | $ 10.66 | $ 15.21 | $ 20.67 | $ 21.45 | $ 22.27 | $ 23.10 | $ 23.96 | $ 24.83 |
| Outside | 3,000 | $ 41.11 | $ 4.85 | $ 10.74 | $ 17.95 | $ 25.48 | $ 34.44 | $ 35.30 | $ 36.19 | $ 37.10 | $ 38.04 | $ 39.01 |
| Inside | 6,000 | $ 42.47 | $ 5.98 | $ 13.29 | $ 22.30 | $ 31.75 | $ 43.02 | $ 44.96 | $ 46.98 | $ 49.02 | $ 51.14 | $ 53.29 |
| Inside Low Income | 6,000 | $ 26.59 | $ 5.50 | $ 12.32 | $ 20.83 | $ 29.76 | $ 40.50 | $ 41.88 | $ 43.33 | $ 44.79 | $ 46.31 | $ 47.84 |
| Outside | 6,000 | $ 57.49 | $ 8.96 | $ 19.98 | $ 33.61 | $ 47.86 | $ 64.95 | $ 65.81 | $ 66.70 | $ 67.61 | $ 68.55 | $ 69.52 |
| SC-2 | | | | | | | | | | | | |
| Inside | 3,000 | $ 55.95 | $ 3.39 | $ 7.08 | $ 11.11 | $ 15.50 | $ 20.32 | $ 22.27 | $ 24.29 | $ 26.35 | $ 28.48 | $ 30.65 |
| Inside Low Income | 3,000 | $ 28.20 | $ 2.56 | $ 5.40 | $ 8.55 | $ 12.03 | $ 15.91 | $ 16.89 | $ 17.91 | $ 18.94 | $ 20.01 | $ 21.09 |
| Outside | 3,000 | $ 67.61 | $ 4.39 | $ 9.18 | $ 14.43 | $ 20.20 | $ 26.55 | $ 28.92 | $ 31.34 | $ 33.83 | $ 36.40 | $ 39.01 |
| Inside | 6,000 | $ 74.88 | $ 5.67 | $ 11.91 | $ 18.79 | $ 26.36 | $ 34.75 | $ 37.36 | $ 40.07 | $ 42.82 | $ 45.67 | $ 48.56 |
| Inside Low Income | 6,000 | $ 47.13 | $ 4.84 | $ 10.23 | $ 16.23 | $ 22.89 | $ 30.34 | $ 31.98 | $ 33.69 | $ 35.41 | $ 37.20 | $ 39.00 |
| Outside | 6,000 | $ 93.74 | $ 7.54 | $ 15.84 | $ 25.02 | $ 35.20 | $ 46.50 | $ 49.80 | $ 53.15 | $ 56.60 | $ 60.16 | $ 63.76 |
| SC-3 | | | | | | | | | | | | |
| Inside | 3,000 | $ 69.75 | $ 4.48 | $ 8.78 | $ 13.42 | $ 18.44 | $ 23.86 | $ 27.97 | $ 31.38 | $ 34.89 | $ 38.54 | $ 42.30 |
| Inside Low Income | 3,000 | $ 37.37 | $ 3.50 | $ 6.80 | $ 10.41 | $ 14.36 | $ 18.68 | $ 21.66 | $ 23.91 | $ 26.23 | $ 28.65 | $ 31.14 |
| Inside | 6,000 | $ 96.33 | $ 7.66 | $ 14.93 | $ 22.84 | $ 31.46 | $ 40.84 | $ 47.56 | $ 52.83 | $ 58.26 | $ 63.92 | $ 69.75 |
| Inside Low Income | 6,000 | $ 63.95 | $ 6.68 | $ 12.95 | $ 19.83 | $ 27.38 | $ 35.66 | $ 41.25 | $ 45.36 | $ 49.60 | $ 54.03 | $ 58.59 |
| Grinder | | | | | | | | | | | | |
| Inside | 3,000 | $ 94.35 | $ 4.86 | $ 10.01 | $ 15.51 | $ 21.36 | $ 27.59 | $ 33.04 | $ 36.86 | $ 40.80 | $ 44.86 | $ 49.04 |
| Inside Low Income | 3,000 | $ 53.90 | $ 3.64 | $ 7.54 | $ 11.75 | $ 16.27 | $ 21.14 | $ 25.18 | $ 27.55 | $ 30.00 | $ 32.52 | $ 35.12 |
| Inside | 6,000 | $ 134.76 | $ 8.10 | $ 16.73 | $ 26.01 | $ 35.94 | $ 46.58 | $ 55.60 | $ 61.31 | $ 67.20 | $ 73.27 | $ 79.52 |
| Inside Low Income | 6,000 | $ 94.31 | $ 6.88 | $ 14.26 | $ 22.25 | $ 30.85 | $ 40.13 | $ 47.74 | $ 52.00 | $ 56.40 | $ 60.93 | $ 65.60 |
| STEP | | | | | | | | | | | | |
| Inside | 3,000 | $ 106.02 | $ 6.69 | $ 13.91 | $ 19.32 | $ 25.00 | $ 30.97 | $ 37.24 | $ 43.84 | $ 50.77 | $ 52.90 | $ 55.09 |
| Resthaven | 3,000 | $ 124.59 | $ 8.26 | $ 17.20 | $ 23.80 | $ 30.72 | $ 38.00 | $ 45.67 | $ 53.74 | $ 62.23 | $ 64.52 | $ 66.88 |
| Inside | 6,000 | $ 155.97 | $ 11.70 | $ 24.41 | $ 33.45 | $ 42.97 | $ 53.02 | $ 63.61 | $ 74.80 | $ 86.59 | $ 88.72 | $ 90.91 |
| Resthaven | 6,000 | $ 189.00 | $ 14.71 | $ 30.73 | $ 42.01 | $ 53.88 | $ 66.41 | $ 79.66 | $ 93.64 | $ 108.40 | $ 110.69 | $ 113.05 |
| Big Mountain | | | | | | | | | | | | |
| Big Mountain | 1,470,000 | $ 12,876.28 | $ 1,545.68 | $ 3,267.82 | $ 4,872.43 | $ 6,638.81 | $ 8,581.66 | $ 9,863.08 | $ 10,777.08 | $ 11,720.56 | $ 11,723.32 | $ 11,726.16 |

# City of Whitefish
## Wastewater Financial Plan and Rate Study
## Summary of Wastewater Bill Impacts based on Rate Projections

| | Avg Monthly Gallons | Existing Bill FY16 | 2017 % Increase from 2016 | 2018 % Increase from 2016 | 2019 % Increase from 2016 | 2020 % Increase from 2016 | 2021 % Increase from 2016 | 2022 % Increase from 2016 | 2023 % Increase from 2016 | 2024 % Increase from 2016 | 2025 % Increase from 2016 | 2026 % Increase from 2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SC-1 | | | | | | | | | | | | |
| Inside | 3,000 | $ 31.82 | 10.4% | 22.9% | 38.1% | 54.1% | 72.9% | 77.1% | 81.5% | 85.9% | 90.5% | 95.2% |
| Inside Low Income | 3,000 | $ 15.94 | 17.8% | 39.6% | 66.9% | 95.4% | 129.7% | 134.6% | 139.7% | 144.9% | 150.3% | 155.8% |
| Outside | 3,000 | $ 41.11 | 11.8% | 26.1% | 43.7% | 62.0% | 83.8% | 85.9% | 88.0% | 90.2% | 92.5% | 94.9% |
| Inside | 6,000 | $ 42.47 | 14.1% | 31.3% | 52.5% | 74.8% | 101.3% | 105.9% | 110.6% | 115.4% | 120.4% | 125.5% |
| Inside Low Income | 6,000 | $ 26.59 | 20.7% | 46.3% | 78.3% | 111.9% | 152.3% | 157.5% | 163.0% | 168.4% | 174.2% | 179.9% |
| Outside | 6,000 | $ 57.49 | 15.6% | 34.8% | 58.5% | 83.2% | 113.0% | 114.5% | 116.0% | 117.6% | 119.2% | 120.9% |
| SC-2 | | | | | | | | | | | | |
| Inside | 3,000 | $ 55.95 | 6.1% | 12.7% | 19.9% | 27.7% | 36.3% | 39.8% | 43.4% | 47.1% | 50.9% | 54.8% |
| Inside Low Income | 3,000 | $ 28.20 | 9.1% | 19.1% | 30.3% | 42.7% | 56.4% | 59.9% | 63.5% | 67.2% | 71.0% | 74.8% |
| Outside | 3,000 | $ 67.61 | 6.5% | 13.6% | 21.3% | 29.9% | 39.3% | 42.8% | 46.4% | 50.0% | 53.8% | 57.7% |
| Inside | 6,000 | $ 74.88 | 7.6% | 15.9% | 25.1% | 35.2% | 46.4% | 49.9% | 53.5% | 57.2% | 61.0% | 64.9% |
| Inside Low Income | 6,000 | $ 47.13 | 10.3% | 21.7% | 34.4% | 48.6% | 64.4% | 67.9% | 71.5% | 75.1% | 78.9% | 82.7% |
| Outside | 6,000 | $ 93.74 | 8.0% | 16.9% | 26.7% | 37.6% | 49.6% | 53.1% | 56.7% | 60.4% | 64.2% | 68.0% |
| SC-3 | | | | | | | | | | | | |
| Inside | 3,000 | $ 69.75 | 6.4% | 12.6% | 19.2% | 26.4% | 34.2% | 40.1% | 45.0% | 50.0% | 55.3% | 60.6% |
| Inside Low Income | 3,000 | $ 37.37 | 9.4% | 18.2% | 27.9% | 38.4% | 50.0% | 58.0% | 64.0% | 70.2% | 76.7% | 83.3% |
| Inside | 6,000 | $ 96.33 | 8.0% | 15.5% | 23.7% | 32.7% | 42.4% | 49.4% | 54.8% | 60.5% | 66.4% | 72.4% |
| Inside Low Income | 6,000 | $ 63.95 | 10.4% | 20.3% | 31.0% | 42.8% | 55.8% | 64.5% | 70.9% | 77.6% | 84.5% | 91.6% |
| Grinder | | | | | | | | | | | | |
| Inside | 3,000 | $ 94.35 | 5.2% | 10.6% | 16.4% | 22.6% | 29.2% | 35.0% | 39.1% | 43.2% | 47.5% | 52.0% |
| Inside Low Income | 3,000 | $ 53.90 | 6.8% | 14.0% | 21.8% | 30.2% | 39.2% | 46.7% | 51.1% | 55.7% | 60.3% | 65.2% |
| Inside | 6,000 | $ 134.76 | 6.0% | 12.4% | 19.3% | 26.7% | 34.6% | 41.3% | 45.5% | 49.9% | 54.4% | 59.0% |
| Inside Low Income | 6,000 | $ 94.31 | 7.3% | 15.1% | 23.6% | 32.7% | 42.6% | 50.6% | 55.1% | 59.8% | 64.6% | 69.6% |
| STEP | | | | | | | | | | | | |
| Inside | 3,000 | $ 106.02 | 6.3% | 13.1% | 18.2% | 23.6% | 29.2% | 35.1% | 41.4% | 47.9% | 49.9% | 52.0% |
| Resthaven | 3,000 | $ 124.59 | 6.6% | 13.8% | 19.1% | 24.7% | 30.5% | 36.7% | 43.1% | 49.9% | 51.8% | 53.7% |
| Inside | 6,000 | $ 155.97 | 7.5% | 15.7% | 21.4% | 27.6% | 34.0% | 40.8% | 48.0% | 55.5% | 56.9% | 58.3% |
| Resthaven | 6,000 | $ 189.00 | 7.8% | 16.3% | 22.2% | 28.5% | 35.1% | 42.1% | 49.5% | 57.4% | 58.6% | 59.8% |
| Big Mountain | | | | | | | | | | | | |
| Big Mountain | 1,470,000 | $ 12,876.28 | 12.0% | 25.4% | 37.8% | 51.6% | 66.6% | 76.6% | 83.7% | 91.0% | 91.0% | 91.1% |

EXECUTIVE SUMMARY

# WATER UTILITY FINANCIAL PLAN AND RATE STUDY

**CITY OF WHITEFISH, MT | MARCH 2016**

AE2S Think Big. Go Beyond.

AE2S NEXUS The Financial Link

City of Whitefish

## Executive Summary - Water

In May 2015, the City of Whitefish (City) retained AE2S to complete a Water and Wastewater Financial Plan and Rate Structure Study (Study). The completion of a comprehensive rate study is typically recommended every three (3) to five (5) years unless triggered by a major change to Utility operations or if significant capital improvements are planned. In line with these recommendations, the City initiated this Study for the following reasons:

- Greater than 10 years have passed since a comprehensive review of the water rates was completed and greater than 5 years have passed since wastewater rates were last comprehensively evaluated. The wastewater rates were last reviewed in 2009.
- The City desired a review of the equitability associated with current rates charged to different water service and wastewater service zones.
- The City is in the process of planning for a new wastewater treatment plant, which is expected to be commissioned in 2021. Based on preliminary engineering estimates for the facility, new debt associated with this facility is anticipated to be in the range of $15 million to $20 million.

The City of Whitefish provides water service to approximately 3,250 residential customers and 320 commercial customers within City limits, as well as 68 residential and seven (7) commercial customers located outside of City limits. Current policy requires that new users located outside of City limits are not eligible for connection unless annexation occurs. As the City has grown, significant growth has occurred in portions of the City that require significant pumping to provide adequate water pressure. As a result, the City's Water rate schedule distinguishes between three different service areas:

- Main pressure zone (referred to herein as "Baseline");
- High service pressure zones (referred to as "Pressure Zone" or "PZ"); and
- Outside City limits (referred to as "Outside").

The Water rate schedule includes a monthly fixed component that is scaled based on meter size and volumetric component that is charged per 1,000 gallons of metered water use. In addition to the water meters associated with each account, the City also makes irrigation meters available. The irrigation meters measure outdoor water use only, and are charged a fixed meter charge based on size for five months out of the year, as well as a volumetric rate per 1,000 gallons of metered usage year-round. The City currently serves approximately 530 irrigation meters.

Table ES.1 summarizes the current Water rate structure. The full rate schedule includes individual fixed rates by meter size, while Table ES.1 summarizes the range. In 2006, the City adopted a policy whereby the Water rates can be increased annually, if necessary, by the US

Department of Labor's Water, Sewer and Trash Collection Services Consumer Price Index for All Urban Consumers. For Fiscal Year 2016 (FY16), the Water rates were increased by 1.3 percent.

| User Class | 2016 Monthly Base Rate (Range - based on Meter Size) | 2016 Rate $/thousand gallons |
|---|---|---|
| **Non-Irrigation Usage** | | |
| Baseline | $24.85 - $521.83 | $3.92 |
| Pressure Zone | $28.39 - $61.53 | $4.98 |
| Outside | $31.95 - $307.65 | $5.76 |
| **Irrigation** | | |
| Baseline | $10.66 – $221.27 | $2.48 |
| Pressure Zone | $14.20 – $65.08 | $3.56 |
| Outside | $20.12 – $33.13 | $4.38 |

**Table ES.1: 2016 Water Rate Structure**

The City of Whitefish adopted a policy in 2006 that provides a 75 percent discount on the base (fixed) portion of the water bill to low income customers that receive assistance from the Montana Department of Public Health and Human Services, and also to Senior Citizens age 65 and over.

**Cost of Service Analysis**

To evaluate the equitability of the existing rate structure, a Cost of Service Analysis (COSA) was completed to measure the cost attributable to each user class against the amount of revenue provided by each user class. The COSA comparison is made based on cost and revenue percentages calculated for a representative Test Year. For the purpose of this analysis, FY16 budget and capital expenditures were used as the basis for the Test Year. To develop Test Year projected revenue requirements, the number of accounts and metered water sales for calendar year 2014 were escalated to 2016. The FY16 water rates were then applied to the account and flow figures to develop Test Year revenues. Total Test Year 2016 revenue requirements are shown in Table ES.2. The COSA results are shown in Table ES.3.

| Revenue Requirement | Test Year 2016 |
|---|---|
| O&M-Related | $1,632,180 |
| Capital-Related | $1,586,296 |
| **Total Revenue Requirements** | **$3,218,476** |

**Table ES.2: Summary of Test Year 2016 Water Revenue Requirements**

| User Class | Test Year 2016 | | |
|---|---|---|---|
| | Cost Percentage | Revenue Percentage | % Difference |
| **Non-Irrigation** | | | |
| Baseline | 77.4% | 82.4% | 6.4% |
| Pressure Zone | 7.0% | 6.2% | -12.0% |
| Outside City | 2.6% | 2.5% | -3.9% |
| **Irrigation** | | | |
| Baseline | 9.8% | 7.4% | -24.4% |
| Pressure Zone | 3.1% | 1.5% | -52.0% |
| Outside City | 0.15% | 0.11% | -25.5% |
| **Total** | 100% | 100% | |

**Table ES.3: Test Year 2016 Cost of Service Analysis Results**

The results shown in Table ES.3 demonstrate the difference between cost and revenue associated with the City's user classes. The COSA results were used to develop a recommended rate approach that would work to align COSA allocated costs and revenues generated from each user class through the 2017 to 2021 planning period.

Given a typically recommended COSA target difference of ±10%, the detailed COSA results generally showed that the irrigation user classes are not generating revenue in line with the cost of service associated with irrigation water use. This result was not unexpected as information provided by City staff indicated that based on past Council policy, the irrigation rates have historically been set at a level less than the cost to provide the irrigation water in order to promote irrigation usage throughout the City. In addition, the results showed to a lesser degree that users in the high pressure zone areas are also not generating revenue adequate to cover the associated cost of providing service.

Correction of potential cost of service disparities were addressed in the rate design and revenue adequacy portions of the study. It should be noted that Montana Law specifies that rate increases applied to users outside of City limits cannot exceed those applied to similar users located within City limits. As a result, the City has limited ability to correct cost of service disparities associated with outside users without making similar inside City user base corrections.

**Findings and Recommendations**

The COSA results identified potential inequities within the existing rate structure. In particular, based on the assumptions utilized in the analysis, users in the high pressure zone portions of the system are not providing revenue in alignment with the amount of cost associated with service to the high pressure zones. This is in part due to irrigation usage in the pressure zone areas. Overall, the rates charged for irrigation usage area not adequate to recover the cost. The irrigation rates are less than indoor water rates, and irrigation usage generally occurs during the periods of highest water use, thereby driving up the peak day capacity requirements of the overall system.

To address cost of service inequities, support the funding of target reserve levels, and achieve overall revenue adequacy for the Water Utility, rate adjustments for the period of 2017 through 2021 were projected. Using the Test Year 2016 as the basis, revenue requirements were indexed to reflect inflationary effects and water sales and accounts were adjusted to reflect average increase in the user base over the past five years. To be conservative, reductions to irrigation water use were also assumed to recognize the pricing elasticity of disproportionate increases to this user class. Tables ES.4 and ES.5 summarize the projected monthly Base and volumetric rates, respectively. Table ES.6 summarizes the projected revenue requirements, revenues, and overall revenue adequacy. Figure ES.1 projects the future cash balances associated with the information presented in Tables ES.4 through ES.6.

| Meter Size | 2016 Rates | 2017 Recommended | 2018 Projected | 2019 Projected | 2020 Projected | 2021 Projected |
|---|---|---|---|---|---|---|
| **Baseline System Users – Non-Irrigation** | | | | | | |
| 5/8" | $24.85 | $25.10 | $25.40 | $25.70 | $26.00 | $26.30 |
| 3/4" | $36.68 | $37.00 | $37.40 | $37.80 | $38.20 | $38.60 |
| 1" | $52.06 | $52.60 | $53.10 | $53.60 | $54.10 | $54.60 |
| 1.5" | $159.74 | $159.80 | $159.80 | $159.80 | $159.80 | $159.80 |
| 2" | $263.88 | $263.90 | $263.90 | $263.90 | $263.90 | $263.90 |
| 3" | $315.93 | $319.10 | $322.30 | $325.50 | $328.80 | $332.10 |
| 4" | $521.83 | $527.00 | $532.30 | $537.60 | $543.00 | $548.40 |
| **Pressure Zone System Users – Non-Irrigation** | | | | | | |
| 5/8" | $28.39 | $29.80 | $31.30 | $32.20 | $33.20 | $34.20 |
| 3/4" | $42.60 | $44.70 | $46.90 | $48.30 | $49.70 | $51.20 |
| 1" | $61.53 | $64.60 | $67.80 | $69.80 | $71.90 | $74.10 |
| **Outside System Users – Non-Irrigation** | | | | | | |
| 5/8" | $31.95 | $32.30 | $32.60 | $32.90 | $33.20 | $33.50 |
| 3/4" | $46.15 | $46.60 | $47.10 | $47.60 | $48.10 | $48.60 |
| 1" | $68.63 | $69.30 | $70.00 | $70.70 | $71.40 | $72.10 |
| 1.5" | $185.77 | $185.80 | $185.80 | $185.80 | $185.80 | $185.80 |
| 2" | $307.65 | $307.70 | $307.70 | $307.70 | $307.70 | $307.70 |
| **Baseline System Users –Irrigation** | | | | | | |
| 5/8" | $10.66 | $12.30 | $12.50 | $12.80 | $13.10 | $13.40 |
| 3/4" | $15.39 | $16.00 | $16.20 | $16.70 | $17.10 | $17.40 |
| 1" | $26.03 | $26.10 | $26.10 | $26.10 | $26.10 | $26.20 |
| 1.5" | $65.08 | $65.10 | $65.10 | $65.10 | $65.10 | $65.10 |
| 2" | $110.04 | $110.10 | $110.10 | $110.10 | $110.10 | $110.10 |
| 4" | $221.27 | $239.60 | $243.40 | $251.60 | $256.20 | $261.50 |
| **Pressure Zone System Users –Irrigation** | | | | | | |
| 5/8" | $14.20 | $17.80 | $18.20 | $18.60 | $19.00 | $19.40 |
| 3/4" | $21.29 | $23.10 | $23.60 | $24.30 | $24.70 | $25.20 |
| 1" | $35.50 | $35.50 | $35.50 | $36.60 | $37.20 | $37.90 |
| 1.5" | $65.08 | $65.10 | $65.10 | $65.10 | $65.10 | $66.10 |
| **Outside System Users –Irrigation** | | | | | | |
| 3/4" | $20.12 | $15.70 | $16.00 | $16.30 | $16.60 | $16.90 |
| 1" | $33.13 | $33.20 | $33.20 | $33.20 | $33.20 | $33.20 |

**Table ES.4: Water Utility Monthly Base Rate Projections – Rate Adjustment Scenario**

| | 2016 Rates | 2017 Recommended | 2018 Projected | 2019 Projected | 2020 Projected | 2021 Projected |
|---|---|---|---|---|---|---|
| **Non-Irrigation Water Use** | | | | | | |
| Baseline | $3.92 | $3.92 | $3.92 | $3.92 | $3.92 | $3.92 |
| PZ | $4.98 | $5.23 | $5.49 | $5.77 | $6.06 | $6.36 |
| Outside | $5.76 | $5.76 | $5.76 | $5.76 | $5.76 | $5.76 |
| **Irrigation Water Use** | | | | | | |
| Baseline | $2.48 | $2.85 | $3.03 | $3.21 | $3.34 | $3.44 |
| PZ | $3.56 | $4.44 | $5.33 | $6.13 | $7.05 | $8.11 |
| Outside | $4.38 | $5.03 | $5.33 | $5.65 | $5.88 | $6.06 |

**Table ES.5: Water Utility Volumetric Rate Projections – Rate Adjustment Scenario**

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|
| **Projected Revenue Requirements** | | | | | | |
| O&M | $1,758,616 | $1,813,907 | $1,871,016 | $1,930,008 | $1,990,947 | $2,053,902 |
| Capital (Cash-Funded) | $1,882,400 | $1,571,000 | $760,000 | $108,500 | $950,000 | $1,222,000 |
| Capital (Debt-Funded) | $442,700 | $0 | $2,105,000 | $0 | $0 | $3,500,000 |
| Debt Service | $532,801 | $532,801 | $676,301 | $642,882 | $366,044 | $82,481 |
| Haskill Basin Loan | $0 | $0 | $0 | $0 | $0 | $0 |
| **Total Revenue Requirements** | **$4,616,517** | **$3,917,708** | **$5,412,317** | **$2,681,390** | **$3,306,991** | **$6,858,383** |
| **Projected Income and Funds from Other Sources** | | | | | | |
| Loan Proceeds | $442,700 | $0 | $2,105,000 | $0 | $0 | $3,500,000 |
| Other Revenue | $262,336 | $225,000 | $225,000 | $225,000 | $225,000 | $225,000 |
| Net Revenue Requirements | $3,911,481 | $3,692,708 | $3,082,317 | $2,456,390 | $3,081,991 | $3,133,383 |
| **Projected Revenue from Rates** | **$2,926,950** | **$2,965,572** | **$3,002,492** | **$3,045,506** | **$3,096,079** | **$3,147,337** |
| Revenue Surplus/(Deficiency) | **($984,531)** | **($727,136)** | **($79,825)** | **$589,116** | **$14,088** | **$13,953** |

**Table ES.6: Projected Water Utility Revenue Adequacy – Rate Adjustment Scenario**

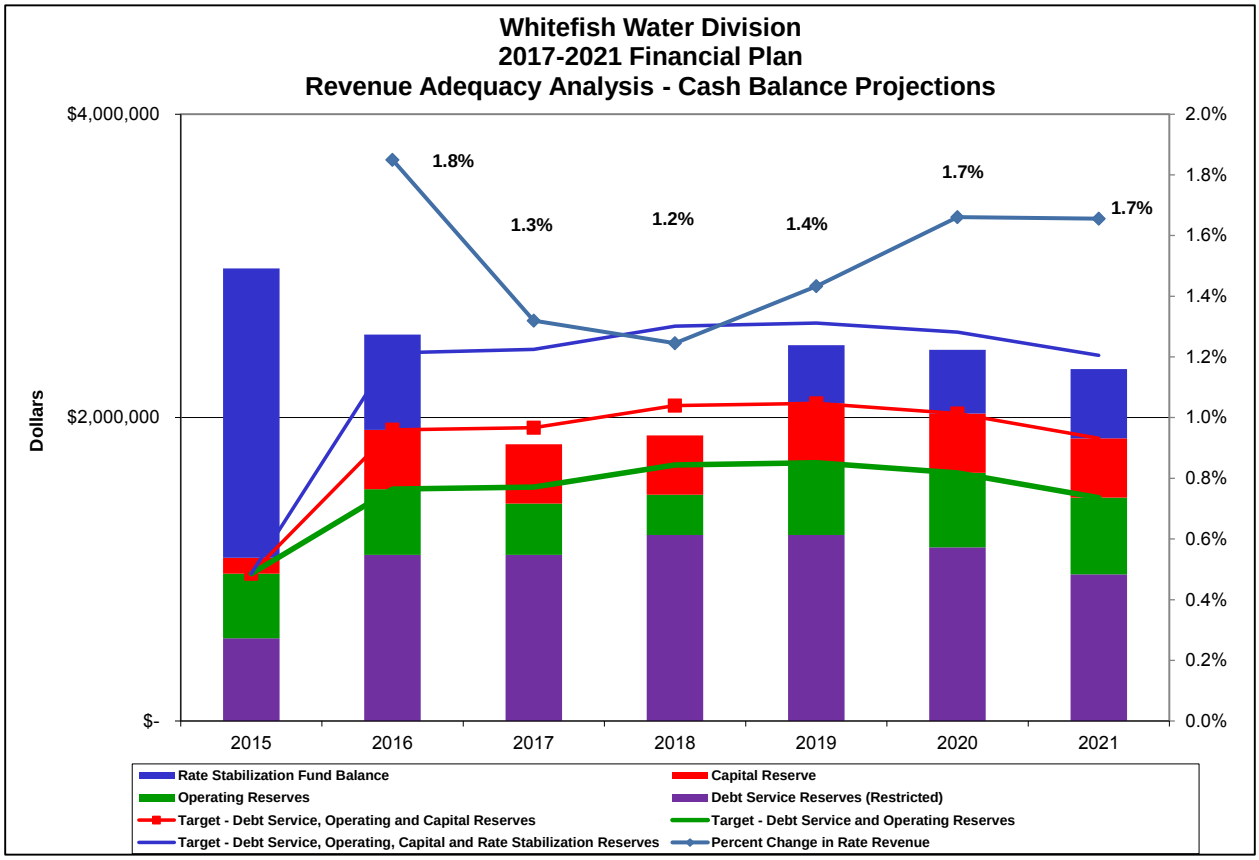



**Figure ES.1: Water Utility Cash Balance Projections – Rate Adjustment Scenario**

Based on the COSA, rate design, and revenue adequacy analyses completed, the following recommendations are offered for the Water Utility:

- **Strive to correct cost of service inequities by reducing system demand and increasing the cost of water used solely for seasonal irrigation.** By implementing the recommended changes to the water rates, the City will be making an effort to rectify existing cost of service inequities between Non-Irrigation and Irrigation-related water demand.
- **Link annual rate adjustments to Outside user rates to adjustments to Inside user rates.** It is recommended that City continue to adjust rates to Outside users consistent with those to Inside users. Due to the relatively small number of Outside users, it is very difficult to correct any cost of service disparity.
- **Review Water Revenue Adequacy annually.** The City of Whitefish has undertaken this project to develop a financial tool to assist in managing the financial health of the Water Utility. Although the projections herein contain proposed rate adjustments through 2021, a change in actual revenues or expenses from those projected could significantly impact the Utility. As a result, it is strongly recommended that the City closely monitor revenues and expenses as compared to those projected in the rate model, making adjustments as necessary, and update the projected rate adjustments based on the desired objective of achieving consistent revenue adequacy and meeting cash reserve target balances.
- **Monitor near-term revenue stability.** As the City works to achieve responsible water use, recommended increases to the Irrigation user classes will most likely result in changes in Irrigation usage. Some reduction in usage has been assumed in the analysis, but it will be important to make adjustments to the assumptions as actual usage information becomes available. Therefore, the City should closely monitor revenue stability associated with this change.
- **Establish Target Levels and Fund Operating Reserves.** In addition to Debt Service reserves required by bond covenants, it is recommended that the City strive to achieve and maintain the following reserve levels:
    - Operating Reserves: Target = 90 days of operating expenses
    - Capital Reserve: Target = 25 percent of average annual cash-funded capital expenditures
    - Rate Stabilization: Target = 15 percent of annual rate revenue.
- **Carefully Monitor Resort Tax Revenues.** Because the Haskill Basin loan is Water Utility backed debt currently being repaid through Resort Tax Revenues, it will be

important to closely monitor the availability of Resort Tax funds for debt repayment, and make adjustments, if necessary, to the projected rates to generate supplemental revenue for loan repayment.

- **Continue the policy of rate indexing as a minimum annual adjustment.** Although future rate adjustment projections contained herein are, for some user classes, less than average inflation, it is recommended that the City maintain its rate indexing policy, even though it is likely with an up-to-date financial model that in most years the City will be able to specifically dial in the necessary percentage.
- **Revise the existing Low Income/Senior Discount Policy.** It is recommended that the City revise its policy to require income-based qualification through the LIEAP to receive the discounted Utility rates.
- **Proactively communicate changes to the rate structure and increases to the periodic utility bills to the public.** It is recommended that once the City has approved Utility rates for 2017, it continue its proactive community outreach program to educate customers as to the new rates and rate impacts, and to promote the benefits of water conservation. It is suggested that outreach efforts involve information on the City website, press releases, and mailings. The information in Attachment A and that will be provided in a rate increases messaging worksheet (Rates 101) will be excellent resources in this effort. Table ES.7 presents the monthly change in dollar amount associated with rate projections. The change is compared to the monthly charge for the amount of water listed in the second column. The calculation has been completed for each year, with reference back to FY16 charges for service. Therefore, the monthly increase in the last column represents the projected monthly increase in 2021 as compared to the monthly charge in 2016. Table ES.8 presents the same information in percentage format.

It is important to remember that the cost of service is a one-time snapshot of cost causation associated with users of the utility. Setting rates for one to five years based on a cost of service analysis utilizing a Test Year costs and usage characteristics is a generally accepted practice. Corrections are then made periodically as COSA assumptions are updated. It is becoming more common to incorporate COSA into annual rate setting, which has been done for this project. This approach should help the City to adjust more quickly to changes in how the Utility is operated and how users are driving cost, thereby managing rate equitability on an on-going basis.

| | Avg Monthly Gallons | Existing Monthly Bill FY16 | 2017 $/Mth Increase from 2016 | 2018 $/Mth Increase from 2016 | 2019 $/Mth Increase from 2016 | 2020 $/Mth Increase from 2016 | 2021 $/Mth Increase from 2016 |
|---|---|---|---|---|---|---|---|
| Residential - 5/8" | | | | | | | |
| Inside | 4,000 | $ 40.53 | $ 0.25 | $ 0.55 | $ 0.85 | $ 1.15 | $ 1.45 |
| Inside Low Income | 4,000 | $ 21.89 | $ 0.09 | $ 0.19 | $ 0.19 | $ 0.29 | $ 0.39 |
| PZ | 5,500 | $ 55.81 | $ 2.78 | $ 5.72 | $ 8.13 | $ 10.71 | $ 13.38 |
| Outside | 4,000 | $ 55.01 | $ 0.35 | $ 0.65 | $ 0.95 | $ 1.25 | $ 1.55 |
| Outside Low Income | 4,000 | $ 31.05 | $ 0.11 | $ 0.21 | $ 0.21 | $ 0.31 | $ 0.41 |
| Residential - 3/4" | | | | | | | |
| Inside | 5,000 | $ 56.28 | $ 0.32 | $ 0.72 | $ 1.12 | $ 1.52 | $ 1.92 |
| Inside Low Income | 5,000 | $ 28.77 | $ 0.13 | $ 0.23 | $ 0.33 | $ 0.43 | $ 0.53 |
| PZ | 6,000 | $ 72.50 | $ 3.60 | $ 7.37 | $ 10.42 | $ 13.55 | $ 16.87 |
| Outside | 5,000 | $ 74.97 | $ 0.45 | $ 0.95 | $ 1.45 | $ 1.95 | $ 2.45 |
| Outside Low Income | 5,000 | $ 40.35 | $ 0.17 | $ 0.27 | $ 0.37 | $ 0.47 | $ 0.67 |
| Commercial | | | | | | | |
| Inside - 1" | 100,000 | $ 444.09 | $ 0.54 | $ 1.04 | $ 1.54 | $ 2.04 | $ 2.54 |
| Outside - 1" | 70,000 | $ 472.11 | $ 0.67 | $ 1.37 | $ 2.07 | $ 2.77 | $ 3.47 |
| Inside - 2" | 680,000 | $ 2,929.69 | $ 0.02 | $ 0.02 | $ 0.02 | $ 0.02 | $ 0.02 |
| Outside - 2" | 1,100,000 | $ 6,648.02 | $ 0.05 | $ 0.05 | $ 0.05 | $ 0.05 | $ 0.05 |
| Irrigation | | | | | | | |
| Inside - 5/8" | 10,000 | $ 35.48 | $ 5.37 | $ 7.28 | $ 9.39 | $ 10.98 | $ 12.28 |
| PZ - 5/8" | 10,000 | $ 49.76 | $ 12.49 | $ 21.78 | $ 30.18 | $ 39.78 | $ 50.76 |
| Inside - 3/4" | 10,000 | $ 40.21 | $ 4.34 | $ 6.25 | $ 8.56 | $ 10.25 | $ 11.55 |
| PZ - 3/4" | 16,000 | $ 78.18 | $ 16.03 | $ 30.75 | $ 44.25 | $ 59.37 | $ 76.80 |
| Outside - 3/4" | 33,000 | $ 164.53 | $ 21.94 | $ 32.31 | $ 43.37 | $ 51.13 | $ 57.36 |
| Inside - 1" | 27,000 | $ 93.04 | $ 10.12 | $ 14.74 | $ 19.64 | $ 23.11 | $ 25.91 |
| PZ - 1" | 18,000 | $ 99.50 | $ 16.00 | $ 32.01 | $ 47.51 | $ 64.67 | $ 84.41 |
| Outside - 1" | 6,000 | $ 59.38 | $ 4.01 | $ 5.83 | $ 7.75 | $ 9.10 | $ 10.16 |
| Inside - 1.5" | 105,000 | $ 325.67 | $ 39.11 | $ 57.10 | $ 76.15 | $ 89.62 | $ 100.13 |
| Inside - 2" | 130,000 | $ 432.68 | $ 48.45 | $ 70.72 | $ 94.31 | $ 110.99 | $ 124.00 |

**Table ES.7: Monthly Water Rate Increase Associated with Projected Rate Adjustments – Referenced to FY16**

| | Avg Monthly Gallons | Existing Bill FY16 | 2017 % Increase from 2016 | 2018 % Increase from 2016 | 2019 % Increase from 2016 | 2020 % Increase from 2016 | 2021 % Increase from 2016 |
|---|---|---|---|---|---|---|---|
| Residential - 5/8" | | | | | | | |
| Inside | 4,000 | $ 40.53 | 0.6% | 1.4% | 2.1% | 2.8% | 3.6% |
| Inside Low Income | 4,000 | $ 21.89 | 0.4% | 0.9% | 0.9% | 1.3% | 1.8% |
| PZ | 5,500 | $ 55.81 | 5.0% | 10.2% | 14.6% | 19.2% | 24.0% |
| Outside | 4,000 | $ 55.01 | 0.6% | 1.2% | 1.7% | 2.3% | 2.8% |
| Outside Low Income | 4,000 | $ 31.05 | 0.3% | 0.7% | 0.7% | 1.0% | 1.3% |
| Residential - 3/4" | | | | | | | |
| Inside | 5,000 | $ 56.28 | 0.6% | 1.3% | 2.0% | 2.7% | 3.4% |
| Inside Low Income | 5,000 | $ 28.77 | 0.5% | 0.8% | 1.2% | 1.5% | 1.9% |
| PZ | 6,000 | $ 72.50 | 5.0% | 10.2% | 14.4% | 18.7% | 23.3% |
| Outside | 5,000 | $ 74.97 | 0.6% | 1.3% | 1.9% | 2.6% | 3.3% |
| Outside Low Income | 5,000 | $ 40.35 | 0.4% | 0.7% | 0.9% | 1.2% | 1.7% |
| Commercial | | | | | | | |
| Inside - 1" | 100,000 | $ 444.09 | 0.1% | 0.2% | 0.3% | 0.5% | 0.6% |
| Outside - 1" | 70,000 | $ 472.11 | 0.1% | 0.3% | 0.4% | 0.6% | 0.7% |
| Inside - 2" | 680,000 | $ 2,929.69 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Outside - 2" | 1,100,000 | $ 6,648.02 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Irrigation | | | | | | | |
| Inside - 5/8" | 10,000 | $ 35.48 | 15.1% | 20.5% | 26.5% | 30.9% | 34.6% |
| PZ - 5/8" | 10,000 | $ 49.76 | 25.1% | 43.8% | 60.6% | 79.9% | 102.0% |
| Inside - 3/4" | 10,000 | $ 40.21 | 10.8% | 15.5% | 21.3% | 25.5% | 28.7% |
| PZ - 3/4" | 16,000 | $ 78.18 | 20.5% | 39.3% | 56.6% | 75.9% | 98.2% |
| Outside - 3/4" | 33,000 | $ 164.53 | 13.3% | 19.6% | 26.4% | 31.1% | 34.9% |
| Inside - 1" | 27,000 | $ 93.04 | 10.9% | 15.8% | 21.1% | 24.8% | 27.8% |
| PZ - 1" | 18,000 | $ 99.50 | 16.1% | 32.2% | 47.7% | 65.0% | 84.8% |
| Outside - 1" | 6,000 | $ 59.38 | 6.8% | 9.8% | 13.0% | 15.3% | 17.1% |
| Inside - 1.5" | 105,000 | $ 325.67 | 12.0% | 17.5% | 23.4% | 27.5% | 30.7% |
| Inside - 2" | 130,000 | $ 432.68 | 11.2% | 16.3% | 21.8% | 25.7% | 28.7% |

**Table ES.8: Monthly Water Rate Percentage Increase Associated with Projected Rate Adjustments – Referenced to FY16**

EXECUTIVE SUMMARY

# WASTEWATER UTILITY FINANCIAL PLAN AND RATE STUDY

**CITY OF WHITEFISH, MT | MARCH 2016**

AE2S Think Big. Go Beyond.

AE2S NEXUS The Financial Link

City of Whitefish

## Executive Summary – Wastewater

In May 2015, the City of Whitefish (City) retained AE2S to complete a Water and Wastewater Financial Plan and Rate Structure Study (Study). The completion of a comprehensive rate study is typically recommended every three (3) to five (5) years unless triggered by a major change to Utility operations or if significant capital improvements are planned. In line with these recommendations, the City initiated this Study for the following reasons:

- Greater than 10 years have passed since a comprehensive review of the water rates was completed and greater than 5 years have passed since wastewater rates were last comprehensively evaluated. The wastewater rates were last reviewed in 2009.
- The City desired a review of the equitability associated with current rates charged to different water service and wastewater service zones.
- The City is in the process of planning for a new wastewater treatment plant, which is expected to be commissioned in 2021. Based on preliminary engineering estimates for the facility, new debt associated with this facility is anticipated to be in the range of $15 million to $20 million.

The City of Whitefish provides wastewater service to approximately 3,530 customer accounts within City limits and 106 customer accounts located outside of City limits. Current policy requires that new users located outside of City limits are not eligible for connection unless annexation occurs. The City operates an extensive network of collection system gravity mains, forcemains, and lift stations. In addition, the City receives wastewater from areas with centralized septic-tank-effluent-pump (STEP) systems and Grinder systems that have additional service requirements. Certain areas within the collection system require significant pumping to convey the wastewater across the City to the wastewater treatment plant (WWTP). To address costs attributable to the various user types and service zones, the City's Wastewater rate schedule distinguishes between three different service classes in addition to the dedicated rates associated with providing service to Grinder and STEP users:

- Service Class 1 (SC-1): areas in which wastewater is conveyed by gravity pipelines to the main lift station, and is then pumped to the WWTP. Wastewater associated with users in SC-1 is pumped one time (1X);
- Service Class 2 (SC-2): areas in which wastewater is pumped by an intermediate pump station prior to the main lift station, where it is then pumped to the WWTP. In general, wastewater associated with users in SC-2 is pumped two times (2X);
- Service Class 3 (SC-3): areas in which wastewater is pumped either once or twice by an intermediate pump station prior to get to the main lift station, where it is then pumped to the WWTP. In general, wastewater associated with users in SC-3 is pumped a minimum of two times, and sometimes three times (2-3X) depending upon location.

The Wastewater rate schedule includes a monthly fixed component based on location and service type (i.e. SC1, SC2, SC3, Grinder, or STEP) and a volumetric component also based on location and service type that is charged per 1,000 gallons of winter water use. Tables ES.1 and ES.2 summarize the current volumetric and base rate structures, respectively, for the Wastewater Utility. In 2007, the City adopted a policy whereby the Wastewater rates can be increased annually, if necessary, by the US Department of Labor's Water, Sewer and Trash Collection Services Consumer Price Index for All Urban Consumers. For Fiscal Year 2016 (FY16), the Wastewater rates were increased by 2.3 percent.

| User Class | 2016 Rate $/thousand gallons |
|---|---|
| **Inside City Users** | |
| SC-1 | $3.55 |
| SC-2 | $6.31 |
| SC-3 | $8.86 |
| Grinder | $13.47 |
| STEP | $16.65 |
| **Outside City Users** | |
| SC-1 | $5.46 |
| SC-2 | $8.71 |
| SC-3 | $10.54 |
| Resthaven | $21.47 |
| Big Mountain | $8.71 |

**Table ES.1: 2016 Volumetric Wastewater Rate Structure**

| User Class | 2016 Monthly Base Rate | 2016 Monthly Base Rate - Discounted |
|---|---|---|
| **Inside City Users** | | |
| SC-1 | $21.17 | $5.29 |
| SC-2 | $37.02 | $9.27 |
| SC-3 | $43.17 | $10.79 |
| Grinder | $53.94 | $13.49 |
| STEP | $56.07 | $14.03 |
| **Outside City Users** | | |
| SC-1 | $24.73 | -- |
| SC-2 | $41.48 | -- |
| SC-3 | $47.58 | -- |
| Resthaven | $60.18 | -- |
| Big Mountain | $72.58 | -- |

**Table ES.2: 2016 Monthly Wastewater Base Rate Structure**

The City of Whitefish adopted a policy in 2006 that provides a 75 percent discount on the base (fixed) portion of the wastewater bill to low income customers that receive assistance from the Montana Department of Public Health and Human Services, and also to Senior Citizens age 65 and over.

**Cost of Service Analysis**

To evaluate the equitability of the existing rate structure, a Cost of Service Analysis (COSA) was completed to measure the cost attributable to each user class against the amount of revenue provided by each user class. The COSA comparison is made based on cost and revenue percentages calculated for a representative Test Year. For the purpose of this analysis, FY16 budget and capital expenditures were used as the basis for the Test Year. To develop Test Year revenue projections, the number of accounts and billed flow for calendar year 2014 were escalated to 2016. The FY16 Wastewater rates were then applied to the account and flow figures to develop Test Year revenues. Total Test Year 2016 revenue requirements are shown in Table ES.3.

| Revenue Requirement | Test Year 2016 |
|---|---|
| O&M-Related | $1,887,877 |
| Capital-Related | $1,005,865 |
| **Total Revenue Requirements** | **$2,893,742** |

**Table ES.3: Summary of Test Year 2016 Revenue Requirements**

During the development of the COSA assumptions, significant effort was spent evaluating the service zone classifications. Input from City staff indicated that the SC-3 areas were primarily associated with high-cost pumping facilities with a small user base. It was further noted that some of these facilities are in developing areas that with growth, will more closely resemble an SC-2 service area in the future. Based on this discussion and input from Council members in a Study Work Session, a revision to the approach to the Service Classes was made as part of the COSA, shown in Figure ES.1. The COSA results, which reflect the revised approach, are shown in Table ES.4. The COSA results were used to develop a recommended rate approach that would work to bring COSA percent difference percentages in line through the 2017 to 2026 planning period.

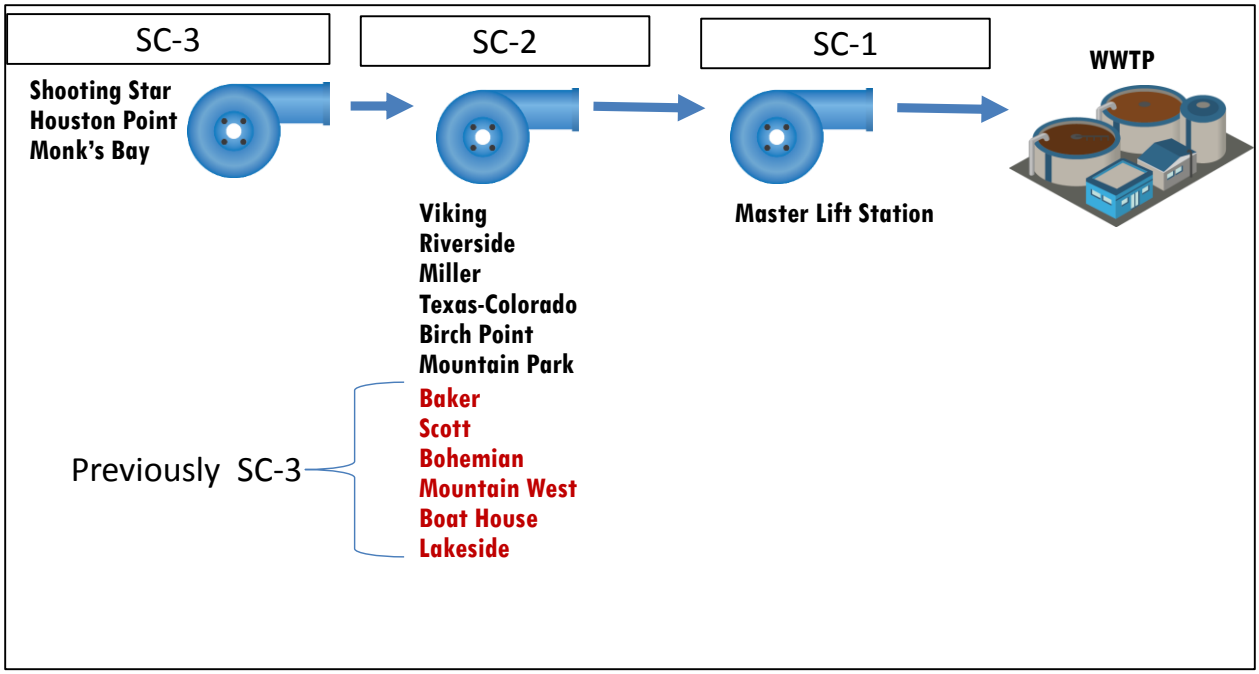



**Figure ES.1: Revised Service Class Approach**

| User Class | Test Year 2016 | | |
|---|---|---|---|
| | Cost Percentage | Revenue Percentage | % Difference |
| **Inside City Users** | | | |
| SC-1 | 48.5% | 43.7% | -9.9% |
| SC-2 | 35.3% | 40.1% | 13.7% |
| SC-3 | 2.9% | 3.0% | 5.7% |
| Grinder | 1.4% | 1.5% | 3.7% |
| STEP | 1.0% | 0.9% | -9.1% |
| **Outside City Users** | | | |
| SC-1 | 0.6% | 0.6% | -1.2% |
| SC-2 | 0.9% | 1.2% | 26.0% |
| SC-3 | -- | -- | -- |
| Resthaven | 3.1% | 2.8% | -9.3% |
| Big Mountain | 6.5% | 2.4% | -1.3% |
| **Total** | 100% | 100% | |

**Table ES.4: Test Year 2016 Cost of Service Analysis Results**

Given a typically recommended COSA target difference of ±10%, the detailed COSA results generally showed that based on the assumptions utilized, the revenues associated with each user class are generally in line with the cost. It does appear that the SC-2 user class is generating revenue at a higher percentage than its associated cost, and that the SC-1, STEP, and Resthaven user classes are generating revenue at a percentage less than the associated cost.

Correction of potential cost of service disparities were addressed in the rate design and revenue adequacy portions of the Study. It should be noted that Montana Law specifies that rate increases applied to users outside of City limits cannot exceed those applied to similar users located within City limits. As a result, the City has limited ability to correct cost of service disparities associated with outside users.

**Findings and Recommendations**

The COSA results identified potential slight inequities within the existing rate structure. Because the City will be bringing on a significant new facility within the planning period, it is important to note that the COSA relationships will change when the rate base changes. As a result, recommended rate adjustments throughout the planning period take into account anticipated annual shifts in the COSA across the evaluated period.

To address cost of service inequities, support the funding of target reserve levels, and achieve overall revenue adequacy for the Wastewater Utility, rate adjustments for the period of 2017 through 2026 were projected. Using the Test Year 2016 as the basis, revenue requirements were indexed to reflect inflationary effects and billed wastewater volumes and accounts were adjusted to reflect average increase in the user base over the past five years. Tables ES.5/ES.6 and ES.7/ES.8 summarize the projected monthly base and volumetric rates, respectively, for 2017 through 2026. Tables ES.9 and ES.10 summarize the projected revenue requirements, revenues, and overall revenue adequacy for the study period. Figure ES.2 projects the future cash balances associated with the information presented in Tables ES.5 through ES.10.

| User Class | 2016 Rates | 2017 Recommended | 2018 Projected | 2019 Projected | 2020 Projected | 2021 Projected |
|---|---|---|---|---|---|---|
| **Inside City Users** | | | | | | |
| SC-1 | $21.17 | $21.81 | $22.46 | $23.13 | $23.82 | $24.53 |
| SC-2 | $37.02 | $38.13 | $39.27 | $40.45 | $41.66 | $42.91 |
| SC-3 | $43.17 | $44.47 | $45.80 | $47.17 | $48.59 | $50.05 |
| Grinder | $53.94 | $55.56 | $57.23 | $58.95 | $60.72 | $62.54 |
| STEP | $56.07 | $57.75 | $59.48 | $61.26 | $63.10 | $64.99 |
| **Outside City Users** | | | | | | |
| SC-1 | $24.73 | $25.47 | $26.23 | $27.02 | $27.83 | $28.66 |
| SC-2 | $41.48 | $42.72 | $44.00 | $45.32 | $46.68 | $48.08 |
| SC-3 | $47.58 | $49.01 | $50.48 | $51.99 | $53.55 | $55.16 |
| Resthaven | $60.18 | $61.99 | $63.85 | $65.77 | $67.74 | $69.77 |
| Big Mountain | $72.58 | $74.76 | $77.00 | $79.31 | $81.69 | $84.14 |

**Table ES.5: Wastewater Utility Monthly Base Rate Projections – 2017-2021**

| User Class | 2022 Projected | 2023 Projected | 2024 Projected | 2025 Projected | 2026 Projected |
|---|---|---|---|---|---|
| **Inside City Users** | | | | | |
| SC-1 | $25.27 | $26.03 | $26.81 | $27.61 | $28.44 |
| SC-2 | $44.20 | $45.53 | $46.90 | $48.31 | $49.76 |
| SC-3 | $51.55 | $53.10 | $54.69 | $56.33 | $58.02 |
| Grinder | $64.42 | $66.35 | $68.34 | $70.39 | $72.50 |
| STEP | $66.94 | $68.95 | $71.02 | $73.15 | $75.34 |
| **Outside City Users** | | | | | |
| SC-1 | $29.52 | $30.41 | $31.32 | $32.26 | $33.23 |
| SC-2 | $49.52 | $51.01 | $52.54 | $54.12 | $55.74 |
| SC-3 | $56.81 | $58.51 | $60.27 | $62.08 | $63.94 |
| Resthaven | $71.86 | $74.02 | $76.24 | $78.53 | $80.89 |
| Big Mountain | $86.66 | $89.26 | $91.94 | $94.70 | $97.54 |

**Table ES.6: Wastewater Utility Monthly Base Rate Projections – 2022-2026**

| User Class | 2016 Rates | 2017 Recommended | 2018 Projected | 2019 Projected | 2020 Projected | 2021 Projected |
|---|---|---|---|---|---|---|
| **Inside City Users** | | | | | | |
| SC-1 | $3.55 | $4.44 | $5.55 | $6.94 | $8.40 | $10.16 |
| SC-2 | $6.31 | $7.07 | $7.92 | $8.87 | $9.93 | $11.12 |
| SC-3 | $8.86 | $9.92 | $10.91 | $12.00 | $13.20 | $14.52 |
| Grinder | $13.47 | $14.55 | $15.71 | $16.97 | $18.33 | $19.80 |
| STEP | $16.65 | $18.32 | $20.15 | $21.36 | $22.64 | $24.00 |
| **Outside City Users** | | | | | | |
| SC-1 | $5.46 | $6.83 | $8.54 | $10.68 | $12.92 | $15.63 |
| SC-2 | $8.71 | $9.76 | $10.93 | $12.24 | $13.71 | $15.36 |
| SC-3 | $10.54 | $11.80 | $12.98 | $14.28 | $15.71 | $17.28 |
| Resthaven | $21.47 | $23.62 | $25.98 | $27.54 | $29.19 | $30.94 |
| Big Mountain | $8.71 | $9.76 | $10.93 | $12.02 | $13.22 | $14.54 |

**Table ES.7: Wastewater Utility Volumetric Rate Projections – 2017-2021**

| User Class | 2022 Projected | 2023 Projected | 2024 Projected | 2025 Projected | 2026 Projected |
|---|---|---|---|---|---|
| **Inside City Users** | | | | | |
| SC-1 | $10.36 | $10.57 | $10.78 | $11.00 | $11.22 |
| SC-2 | $11.34 | $11.57 | $11.80 | $12.04 | $12.28 |
| SC-3 | $15.39 | $16.01 | $16.65 | $17.32 | $18.01 |
| Grinder | $20.99 | $21.62 | $22.27 | $22.94 | $23.63 |
| STEP | $25.44 | $26.97 | $28.59 | $28.59 | $28.59 |
| **Outside City Users** | | | | | |
| SC-1 | $15.63 | $15.63 | $15.63 | $15.63 | $15.63 |
| SC-2 | $15.67 | $15.98 | $16.30 | $16.63 | $16.96 |
| SC-3 | $18.32 | $19.05 | $19.81 | $20.60 | $21.42 |
| Resthaven | $32.80 | $34.77 | $36.86 | $36.86 | $36.86 |
| Big Mountain | $15.41 | $16.03 | $16.67 | $16.67 | $16.67 |

**Table ES.8: Wastewater Utility Volumetric Rate Projections – 2022-2026**

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|
| **Projected Revenue Requirements** | | | | | | |
| O&M | $1,887,877 | $1,945,860 | $2,005,873 | $2,067,994 | $2,132,301 | $2,673,253 |
| Capital (Cash-Funded) | $1,190,250 | $775,000 | $429,000 | $138,500 | $180,900 | $400,000 |
| Capital (Debt-Funded) | $2,190,527 | $0 | $0 | $19,587,500 | $0 | $0 |
| Debt Service | $250,541 | $338,976 | $333,017 | $336,197 | $1,678,455 | $1,679,249 |
| Future WWTP Capital Reserve | $0 | $335,324 | $670,649 | $1,005,973 | $0 | $0 |
| **Total Revenue Requirements** | **$5,519,195** | **$3,395,160** | **$3,438,539** | **$23,136,163** | **$3,991,656** | **$4,752,502** |
| **Projected Income and Funds from Other Sources** | | | | | | |
| Loan Proceeds | $2,190,527 | $0 | $0 | $19,587,500 | $0 | $0 |
| Other Revenue | $498,000 | $560,500 | $220,500 | $220,500 | $220,500 | $220,500 |
| Net Revenue Requirements | $2,830,668 | $2,834,660 | $3,218,039 | $3,328,163 | $3,771,156 | $4,532,002 |
| **Projected Revenue from Rates** | **$2,436,156** | **$2,714,483** | **$3,041,090** | **$3,422,787** | **$3,831,790** | **$4,308,042** |
| Revenue Surplus/(Deficiency) | ($394,511) | ($120,178) | ($176,948) | $94,624 | $60,634 | ($223,960) |

**Table ES.9: Projected Wastewater Utility Revenue Adequacy – 2017-2021**

| | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|
| **Projected Revenue Requirements** | | | | | |
| O&M | $2,760,137 | $2,850,007 | $2,942,974 | $3,039,154 | $3,138,666 |
| Capital (Cash-Funded) | $400,000 | $400,000 | $400,000 | $400,000 | $400,000 |
| Capital (Debt-Funded) | $0 | $0 | $0 | $0 | $0 |
| Debt Service | $1,674,901 | $1,668,177 | $1,664,930 | $1,663,373 | $1,665,700 |
| Future WWTP Capital Reserve | $0 | $0 | $0 | $0 | $0 |
| **Total Revenue Requirements** | **$4,835,038** | **$4,918,184** | **$5,007,904** | **$5,102,527** | **$5,204,366** |
| **Projected Income and Funds from Other Sources** | | | | | |
| Loan Proceeds | $0 | $0 | $0 | $0 | $0 |
| Other Revenue | $220,500 | $220,500 | $220,500 | $220,500 | $220,500 |
| Net Revenue Requirements | $4,614,538 | $4,697,684 | $4,787,404 | $4,882,027 | $4,983,866 |
| **Projected Revenue from Rates** | **$4,452,243** | **$4,595,802** | **$4,743,134** | **$4,880,527** | **$5,021,372** |
| Revenue Surplus/(Deficiency) | ($162,294) | ($101,882) | ($44,270) | ($1,501) | $37,506 |

**Table ES.10: Projected Wastewater Utility Revenue Adequacy – 2022-2026**

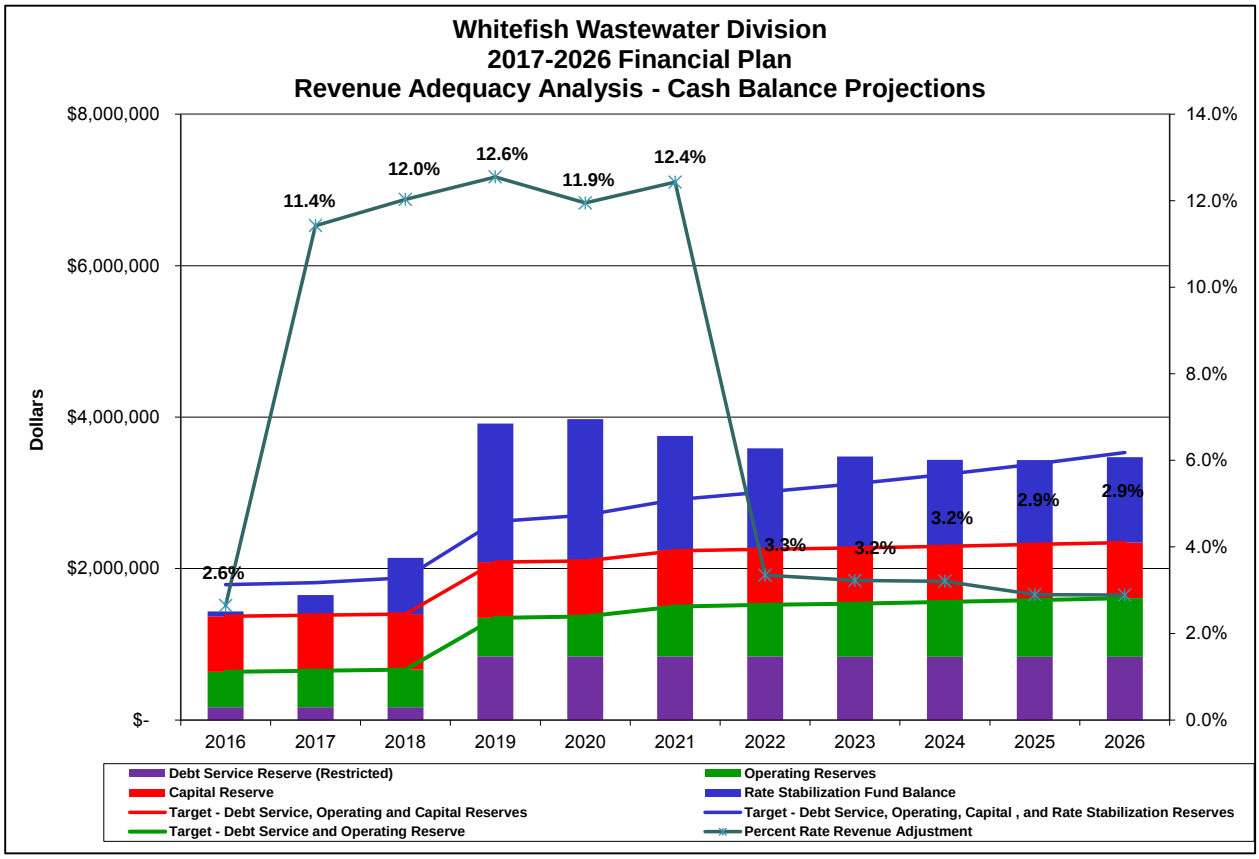



**Figure ES.2: Wastewater Utility Cash Balance Projections – Rate Adjustment Scenario**

Based on the COSA, rate design, and revenue adequacy analyses completed within this project, the following recommendations are offered for the Wastewater Utility:

- **Adopt a revised approach to the Service Classes.** Based on discussions with City Staff and Council Members, it is recommended that the City revise the lift station classifications as shown in Figure ES.1. The COSA completed as part of this study followed this approach.
- **Implement near-term adjustments to prepare the Utility for debt associated with the new WWTP.** By gradually increasing revenue requirements with the goal of generating adequate revenue to meet debt service and coverage requirements by 2020, the City can show a proactive approach to managing Utility finances. In the interim, reserve funds can be built that can potentially minimize necessary future rate increase, provided that coverage can be met at that time.
- **Closely monitor coverage as the new debt service comes online.** The required coverage associated with debt for the new WWTP will require rate increases beyond what is necessary to simply meet the debt payment.
- **Strive to correct cost of service inequities as adjustments are made to meet annual revenue requirements.** By implementing the recommended changes to the wastewater rates, the City will be making an effort to rectify any existing cost of service inequities. By updating usage characteristics, revenue requirements, and asset values on an annual basis, the model will make adjustments to the COSA relationships. This will be important when the new WWTP facility comes online. The model is currently set up based on projected asset values.
- **Link annual Outside user rate adjustments to adjustments to Inside user rates.** It is recommended that City continue to adjust rates to Outside users consistent with those to Inside users. Due to the relatively small number of Outside users, it is very difficult to correct any cost of service disparity.
- **Review Wastewater Revenue Adequacy annually.** The City of Whitefish has undertaken this project to develop a financial tool to assist in managing the financial health of the Wastewater Utility. Although the projections herein contain proposed rate adjustments through 2026, a change in actual revenues or expenses from those projected could significantly impact the Utility. As a result, it is strongly recommended that the City closely monitor revenues and expenses as compared to those projected in the rate model, making adjustments as necessary, and update the projected rate adjustments based on the desired objective of achieving consistent revenue adequacy and meeting cash reserve target balances.

- **Continue pursuit of grant dollars for construction of the new WWTP.** The City is actively exploring potential grant funds for the WWTP construction. As grant dollars are acquired, future projections can be adjusted to reflect reduced revenue requirements.
- **Monitor near-term revenue stability.** As the City implements rate increases designed to meet future debt service requirements, there is the potential for some users to decrease water use in an overall effort to lower the utility bill. Therefore, the City should closely monitor revenue stability associated with these multi-year changes.
- **Establish Target Levels and Fund Operating Reserves.** In addition to Debt Service reserves required by bond covenants, it is recommended that the City strive to achieve and maintain the following reserve levels:
    - Operating Reserves: Target = 90 days of operating expenses
    - Capital Reserve: Target = 25 percent of average annual cash-funded capital expenditures
    - Rate Stabilization: Target = 15 percent of annual rate revenue.
- **Continue the policy of rate indexing as a minimum annual adjustment.** Although future rate adjustment projections contained herein are, for some user classes, less than average inflation, it is recommended that the City maintain its rate indexing policy, even though it is likely with an up-to-date financial model that in most years the City will be able to specifically dial in the necessary percentage.
- **Revise the existing Low Income/Senior Discount Policy.** It is recommended that the City revise its policy to require income-based qualification through the LIEAP to receive the discounted Utility rates.
- **Proactively communicate changes to the rate structure and increases to the periodic utility bills to the public.** It is recommended that once the City has approved Utility rates for 2017, it continue its proactive community outreach program to educate customers as to the new rates and rate impacts. It is suggested that outreach efforts involve information on the City website, press releases, and mailings. Table ES.11 presents the monthly change in dollar amount associated with wastewater rate projections. The change is compared to the monthly charge for the amount of wastewater listed in the second column. The calculation has been completed for each year, with reference back to FY16 charges for service. Therefore, the monthly increase in the last column represents the projected monthly increase in

2026 as compared to the monthly charge in 2016. Table ES.12 presents the same information in percentage format.

It is important to remember that the cost of service is a one-time snapshot of cost causation associated with users of the Utility. Setting rates for one to five years based on a cost of service analysis utilizing a Test Year costs and usage characteristics is a generally accepted practice. Corrections are then made periodically as COSA assumptions are updated. It is becoming more common to incorporate COSA into annual rate setting, which has been done for this project. This approach should help the City to adjust more quickly to changes in how the Utility is operated and how users are driving cost, thereby managing rate equitability on an on-going basis.

| | Avg Monthly Gallons | Existing Bill FY16 | 2017 Monthly Increase from 2016 | 2018 Monthly Increase from 2016 | 2019 Monthly Increase from 2016 | 2020 Monthly Increase from 2016 | 2021 Monthly Increase from 2016 | 2022 Monthly Increase from 2016 | 2023 Monthly Increase from 2016 | 2024 Monthly Increase from 2016 | 2025 Monthly Increase from 2016 | 2026 Monthly Increase from 2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SC-1 | | | | | | | | | | | | |
| Inside | 3,000 | $ 31.82 | $ 3.31 | $ 7.29 | $ 12.13 | $ 17.20 | $ 23.19 | $ 24.53 | $ 25.92 | $ 27.33 | $ 28.79 | $ 30.28 |
| Inside Low Income | 3,000 | $ 15.94 | $ 2.83 | $ 6.32 | $ 10.66 | $ 15.21 | $ 20.67 | $ 21.45 | $ 22.27 | $ 23.10 | $ 23.96 | $ 24.83 |
| Outside | 3,000 | $ 41.11 | $ 4.85 | $ 10.74 | $ 17.95 | $ 25.48 | $ 34.44 | $ 35.30 | $ 36.19 | $ 37.10 | $ 38.04 | $ 39.01 |
| Inside | 6,000 | $ 42.47 | $ 5.98 | $ 13.29 | $ 22.30 | $ 31.75 | $ 43.02 | $ 44.96 | $ 46.98 | $ 49.02 | $ 51.14 | $ 53.29 |
| Inside Low Income | 6,000 | $ 26.59 | $ 5.50 | $ 12.32 | $ 20.83 | $ 29.76 | $ 40.50 | $ 41.88 | $ 43.33 | $ 44.79 | $ 46.31 | $ 47.84 |
| Outside | 6,000 | $ 57.49 | $ 8.96 | $ 19.98 | $ 33.61 | $ 47.86 | $ 64.95 | $ 65.81 | $ 66.70 | $ 67.61 | $ 68.55 | $ 69.52 |
| SC-2 | | | | | | | | | | | | |
| Inside | 3,000 | $ 55.95 | $ 3.39 | $ 7.08 | $ 11.11 | $ 15.50 | $ 20.32 | $ 22.27 | $ 24.29 | $ 26.35 | $ 28.48 | $ 30.65 |
| Inside Low Income | 3,000 | $ 28.20 | $ 2.56 | $ 5.40 | $ 8.55 | $ 12.03 | $ 15.91 | $ 16.89 | $ 17.91 | $ 18.94 | $ 20.01 | $ 21.09 |
| Outside | 3,000 | $ 67.61 | $ 4.39 | $ 9.18 | $ 14.43 | $ 20.20 | $ 26.55 | $ 28.92 | $ 31.34 | $ 33.83 | $ 36.40 | $ 39.01 |
| Inside | 6,000 | $ 74.88 | $ 5.67 | $ 11.91 | $ 18.79 | $ 26.36 | $ 34.75 | $ 37.36 | $ 40.07 | $ 42.82 | $ 45.67 | $ 48.56 |
| Inside Low Income | 6,000 | $ 47.13 | $ 4.84 | $ 10.23 | $ 16.23 | $ 22.89 | $ 30.34 | $ 31.98 | $ 33.69 | $ 35.41 | $ 37.20 | $ 39.00 |
| Outside | 6,000 | $ 93.74 | $ 7.54 | $ 15.84 | $ 25.02 | $ 35.20 | $ 46.50 | $ 49.80 | $ 53.15 | $ 56.60 | $ 60.16 | $ 63.76 |
| SC-3 | | | | | | | | | | | | |
| Inside | 3,000 | $ 69.75 | $ 4.48 | $ 8.78 | $ 13.42 | $ 18.44 | $ 23.86 | $ 27.97 | $ 31.38 | $ 34.89 | $ 38.54 | $ 42.30 |
| Inside Low Income | 3,000 | $ 37.37 | $ 3.50 | $ 6.80 | $ 10.41 | $ 14.36 | $ 18.68 | $ 21.66 | $ 23.91 | $ 26.23 | $ 28.65 | $ 31.14 |
| Inside | 6,000 | $ 96.33 | $ 7.66 | $ 14.93 | $ 22.84 | $ 31.46 | $ 40.84 | $ 47.56 | $ 52.83 | $ 58.26 | $ 63.92 | $ 69.75 |
| Inside Low Income | 6,000 | $ 63.95 | $ 6.68 | $ 12.95 | $ 19.83 | $ 27.38 | $ 35.66 | $ 41.25 | $ 45.36 | $ 49.60 | $ 54.03 | $ 58.59 |
| Grinder | | | | | | | | | | | | |
| Inside | 3,000 | $ 94.35 | $ 4.86 | $ 10.01 | $ 15.51 | $ 21.36 | $ 27.59 | $ 33.04 | $ 36.86 | $ 40.80 | $ 44.86 | $ 49.04 |
| Inside Low Income | 3,000 | $ 53.90 | $ 3.64 | $ 7.54 | $ 11.75 | $ 16.27 | $ 21.14 | $ 25.18 | $ 27.55 | $ 30.00 | $ 32.52 | $ 35.12 |
| Inside | 6,000 | $ 134.76 | $ 8.10 | $ 16.73 | $ 26.01 | $ 35.94 | $ 46.58 | $ 55.60 | $ 61.31 | $ 67.20 | $ 73.27 | $ 79.52 |
| Inside Low Income | 6,000 | $ 94.31 | $ 6.88 | $ 14.26 | $ 22.25 | $ 30.85 | $ 40.13 | $ 47.74 | $ 52.00 | $ 56.40 | $ 60.93 | $ 65.60 |
| STEP | | | | | | | | | | | | |
| Inside | 3,000 | $ 106.02 | $ 6.69 | $ 13.91 | $ 19.32 | $ 25.00 | $ 30.97 | $ 37.24 | $ 43.84 | $ 50.77 | $ 52.90 | $ 55.09 |
| Resthaven | 3,000 | $ 124.59 | $ 8.26 | $ 17.20 | $ 23.80 | $ 30.72 | $ 38.00 | $ 45.67 | $ 53.74 | $ 62.23 | $ 64.52 | $ 66.88 |
| Inside | 6,000 | $ 155.97 | $ 11.70 | $ 24.41 | $ 33.45 | $ 42.97 | $ 53.02 | $ 63.61 | $ 74.80 | $ 86.59 | $ 88.72 | $ 90.91 |
| Resthaven | 6,000 | $ 189.00 | $ 14.71 | $ 30.73 | $ 42.01 | $ 53.88 | $ 66.41 | $ 79.66 | $ 93.64 | $ 108.40 | $ 110.69 | $ 113.05 |
| Big Mountain | | | | | | | | | | | | |
| Big Mountain | 1,470,000 | $ 12,876.28 | $ 1,545.68 | $ 3,267.82 | $ 4,872.43 | $ 6,638.81 | $ 8,581.66 | $ 9,863.08 | $ 10,777.08 | $ 11,720.56 | $ 11,723.32 | $ 11,726.16 |

**Table ES.11: Monthly Wastewater Rate Increases Associated with Projected Rate Adjustments – Referenced to FY16**

| | Avg Monthly Gallons | Existing Bill FY16 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | % Increase from 2016 | % Increase from 2016 | % Increase from 2016 | % Increase from 2016 | % Increase from 2016 | % Increase from 2016 | % Increase from 2016 | % Increase from 2016 | % Increase from 2016 | % Increase from 2016 |
| SC-1 | | | | | | | | | | | | |
| Inside | 3,000 | $ 31.82 | 10.4% | 22.9% | 38.1% | 54.1% | 72.9% | 77.1% | 81.5% | 85.9% | 90.5% | 95.2% |
| Inside Low Income | 3,000 | $ 15.94 | 17.8% | 39.6% | 66.9% | 95.4% | 129.7% | 134.6% | 139.7% | 144.9% | 150.3% | 155.8% |
| Outside | 3,000 | $ 41.11 | 11.8% | 26.1% | 43.7% | 62.0% | 83.8% | 85.9% | 88.0% | 90.2% | 92.5% | 94.9% |
| Inside | 6,000 | $ 42.47 | 14.1% | 31.3% | 52.5% | 74.8% | 101.3% | 105.9% | 110.6% | 115.4% | 120.4% | 125.5% |
| Inside Low Income | 6,000 | $ 26.59 | 20.7% | 46.3% | 78.3% | 111.9% | 152.3% | 157.5% | 163.0% | 168.4% | 174.2% | 179.9% |
| Outside | 6,000 | $ 57.49 | 15.6% | 34.8% | 58.5% | 83.2% | 113.0% | 114.5% | 116.0% | 117.6% | 119.2% | 120.9% |
| SC-2 | | | | | | | | | | | | |
| Inside | 3,000 | $ 55.95 | 6.1% | 12.7% | 19.9% | 27.7% | 36.3% | 39.8% | 43.4% | 47.1% | 50.9% | 54.8% |
| Inside Low Income | 3,000 | $ 28.20 | 9.1% | 19.1% | 30.3% | 42.7% | 56.4% | 59.9% | 63.5% | 67.2% | 71.0% | 74.8% |
| Outside | 3,000 | $ 67.61 | 6.5% | 13.6% | 21.3% | 29.9% | 39.3% | 42.8% | 46.4% | 50.0% | 53.8% | 57.7% |
| Inside | 6,000 | $ 74.88 | 7.6% | 15.9% | 25.1% | 35.2% | 46.4% | 49.9% | 53.5% | 57.2% | 61.0% | 64.9% |
| Inside Low Income | 6,000 | $ 47.13 | 10.3% | 21.7% | 34.4% | 48.6% | 64.4% | 67.9% | 71.5% | 75.1% | 78.9% | 82.7% |
| Outside | 6,000 | $ 93.74 | 8.0% | 16.9% | 26.7% | 37.6% | 49.6% | 53.1% | 56.7% | 60.4% | 64.2% | 68.0% |
| SC-3 | | | | | | | | | | | | |
| Inside | 3,000 | $ 69.75 | 6.4% | 12.6% | 19.2% | 26.4% | 34.2% | 40.1% | 45.0% | 50.0% | 55.3% | 60.6% |
| Inside Low Income | 3,000 | $ 37.37 | 9.4% | 18.2% | 27.9% | 38.4% | 50.0% | 58.0% | 64.0% | 70.2% | 76.7% | 83.3% |
| Inside | 6,000 | $ 96.33 | 8.0% | 15.5% | 23.7% | 32.7% | 42.4% | 49.4% | 54.8% | 60.5% | 66.4% | 72.4% |
| Inside Low Income | 6,000 | $ 63.95 | 10.4% | 20.3% | 31.0% | 42.8% | 55.8% | 64.5% | 70.9% | 77.6% | 84.5% | 91.6% |
| Grinder | | | | | | | | | | | | |
| Inside | 3,000 | $ 94.35 | 5.2% | 10.6% | 16.4% | 22.6% | 29.2% | 35.0% | 39.1% | 43.2% | 47.5% | 52.0% |
| Inside Low Income | 3,000 | $ 53.90 | 6.8% | 14.0% | 21.8% | 30.2% | 39.2% | 46.7% | 51.1% | 55.7% | 60.3% | 65.2% |
| Inside | 6,000 | $ 134.76 | 6.0% | 12.4% | 19.3% | 26.7% | 34.6% | 41.3% | 45.5% | 49.9% | 54.4% | 59.0% |
| Inside Low Income | 6,000 | $ 94.31 | 7.3% | 15.1% | 23.6% | 32.7% | 42.6% | 50.6% | 55.1% | 59.8% | 64.6% | 69.6% |
| STEP | | | | | | | | | | | | |
| Inside | 3,000 | $ 106.02 | 6.3% | 13.1% | 18.2% | 23.6% | 29.2% | 35.1% | 41.4% | 47.9% | 49.9% | 52.0% |
| Resthaven | 3,000 | $ 124.59 | 6.6% | 13.8% | 19.1% | 24.7% | 30.5% | 36.7% | 43.1% | 49.9% | 51.8% | 53.7% |
| Inside | 6,000 | $ 155.97 | 7.5% | 15.7% | 21.4% | 27.6% | 34.0% | 40.8% | 48.0% | 55.5% | 56.9% | 58.3% |
| Resthaven | 6,000 | $ 189.00 | 7.8% | 16.3% | 22.2% | 28.5% | 35.1% | 42.1% | 49.5% | 57.4% | 58.6% | 59.8% |
| Big Mountain | | | | | | | | | | | | |
| Big Mountain | 1,470,000 | $ 12,876.28 | 12.0% | 25.4% | 37.8% | 51.6% | 66.6% | 76.6% | 83.7% | 91.0% | 91.0% | 91.1% |

**Table ES.12: Monthly Wastewater Rate Percentage Increase Associated with Projected Rate Adjustments – Referenced to FY16**

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# WHITEFISH CITY COUNCIL

## March 7, 2016
## 7:10 P.M.

## 1) CALL TO ORDER

Mayor Muhlfeld called the meeting to order. Councilors present were Hildner, Feury, Barberis, Sweeney, and Williams. Councilor Frandsen was absent. City Staff present were City Manager Stearns, Customer Service Clerk Howke, Finance Director Smith, Planning and Building Director Taylor, Public Works Director Workman, Parks and Recreation Director Butts, Police Chief Dial, Fire Chief Page, Planner II Minnich, and City Clerk Lorang. Approximately 20 people were in the audience.

## 2) PLEDGE OF ALLEGIANCE

Mayor Muhlfeld asked Doug Wise to lead the audience in the Pledge of Allegiance

## 3) PRESENTATION

### a) Proclamation- National Service Day on April 5, 2016 (p. 93)

Mayor Muhlfeld read the proclamation for National Service Day on April 5, 2016.

### b) Update on City Hall/Parking Structure construction – Owner's Representative Mike Cronquist (p. 94)

Mike Cronquist reviewed his report adding about 90 yards of concrete were poured last week and footings have been placed for the basement. They have been able to work through most of the contamination issues, and a plan is in place to put in a piping system to remove groundwater or vapors that may or may not be there. The site excavation is around 46% completed, concrete is about 18% completed and the overall project is at about 15% completed.

4) COMMUNICATIONS FROM THE PUBLIC – (This time is set aside for the public to comment on items that are either on the agenda, but not a public hearing or on items not on the agenda. City officials do not respond during these comments, but may respond or follow-up later on the agenda or at another time. The Mayor has the option of limiting such communications to three minutes depending on the number of citizens who want to comment and the length of the meeting agenda)

Doug Wise, 1000 Birch Point Drive, thanked Necile Lorang for her great work and Maria Butts and her staff for their great work. He spoke regarding agenda item 8a. He represents the Park Board and mentioned the Depot Park is a gathering point for events for Whitefish and the gazebo will draw the crowd to the southeast corner of the park. Doug and the Park Board ask the council to approve the engineering contract with Robert Peccia and Associates.

Justin Lawrence, 343 Central Ave, owner of Lakestream Fly Shop is looking for a new location due to the lack of parking for his customers. He is petitioning the City Council and the City Planning to add outfitting and outfitting based businesses to the permitted uses or conditional use within the WB-2 zone.

Mayre Flowers, Citizens for a Better Flathead, 35 4th Street West, Kalispell. Mayre passed out comments to the Council and staff regarding Ordinance 16-06 that is on the consent agenda. She asked the Council to pull the agenda item off the consent agenda and revisit the non-formula/non-chain business issue. March 14th is the deadline for residents of the City and any county resident to submit comments regarding the zoning around Whitefish. She also mentioned some concern with the contract with Montana Waste Systems Inc. d/b/a North Valley Refuse such as to add mixed paper language; section 1.5, reporting on collection volumes, and the contract needs to reflect the location of the site is part of the contract, clarification on 2.1d, add "it is their duty to record the recycling that is collected". She also mentioned it is really important that the City identifies if it is a Corridor Plan or a Neighborhood Plan for the Wisconsin Avenue Corridor Plan. The comments Mayre passed out is appended to the packet on the website.

Rhonda Fitzgerald, 412 Lupfer Avenue, agrees with Mayre Flowers to pull agenda item 6b off the consent agenda. She feels not prohibiting formula is a mistake when you maintain authentic character which drive the economic vitality. She also wanted to remind the Council that removing the building at Depot Park was the whole cornerstone of the Master Plan. The building is a blocker to connect people to the downtown area, it prohibits and inhibits people coming to the park.

Jeff Raper, 719 Kalispell Avenue, spoke on behalf of the Whitefish Chamber. The Chamber has an agreement with the use of the Middle School parking spaces, both off street and on Kalispell Avenue. That parking doesn't offset the parking space once available at Block 46, or the City Hall Parking Structure construction site. The Chamber is going to continue to come up with other alternative parking ideas. He also mentioned the Chambers sees a use for the building at the Depot Park, it is a great location for the Whitefish Convention and Visitors Bureau (WCVB) and the Chamber to locate as a focal point for people who are parking downtown and on foot, to get visitor information.

## 5) COMMUNICATIONS FROM VOLUNTEER BOARDS (CD 44:54)

Councilor Hildner reported on the Bicycle Pedestrian Committee meeting. Rachel Dunlap from the Whitefish High School and a group of students are working on a "no idling" policy in front of the School to go along with their bike share program. There was unanimous approval of the West 7th Street lighting plan with the rebuild as written. There is also a recommendation to the Park Board for consideration of including a high school student on the Bicycle Pedestrian Path Committee. WGM Group gave an update to the Bicycle Pedestrian Master Plan. Theresa Majeski from the County Health Department is going to be working on the community engagement survey. David Downing of Avid Nine Graphics Lab has done some free artwork and built an impressive logo called Connect Whitefish that goes with the Bicycle Pedestrian Master Plan.

## 6) CONSENT AGENDA

**a) Minutes from the February 16, 2016 Council regular meeting (p. 106)**

**b) Ordinance No. 16-06; An Ordinance amending Zoning Regulations in Whitefish City Code Title 11 to amend Section 11-2, Zoning Districts, to add 11-2W, WT-3 Neighborhood Mixed-Use Transitional District, and 11-2X WI-T Industrial Transitional District, as well as development requirements for Artisan Manufacturing, Micro-Breweries and Micro-Distilleries, and Live/Work Units in Special Provisions 11-3, and**

**new definitions for Artisan Manufacturing, Business Incubators, Coffee Shops/ Sandwich Shops, Live/Work Unit, Micro-Brewery, Micro-Distillery, Mixed-Use Environment, Mixed-Use Building, and Research Facilities in 11-9, as an implementation of the Highway 93 West Corridor Plan. (Second Reading) (p. 120)**

c) **Review and approve the Final Plat for a Boundary Line Adjustment (exempt subdivision) with the Murr Family to acquire approximately 0.75 acres of land adjacent to the Water Treatment Plant property (p. 145)**
d) **Review and approve the Final Plat for a Boundary Line Adjustment (exempt subdivision) with NxGen International to acquire approximately 0.003 acres of land adjacent to O'Brien Avenue as a gift of additional Right-of-Way for O'Brien Avenue (p. 171)**
e) **Review and approve the Amended Plat and deed for a Right-of-Way dedication (exempt subdivision) with the WAVE to acquire approximately 0.74 acres of land known as O'Brien Avenue as a gift of Right-of-Way for O'Brien Avenue (p. 174)**
f) **Consideration of an application from Dear Tracks Residences, LLC for the final plat approval of a 2-lot subdivision located on Highway 93 S – Whitefish Crossing apartment project (p. 177)**

**Councilor Sweeney moved to remove item 6b from the consent agenda.**

Councilor Sweeney asked Planning and Building Director Taylor for clarification regarding formula businesses. Director Taylor reported the two zones restrict sandwich shops and coffee shops from being a formula business. Retail uses are generally not allowed in those zones. The definition to formula retail is specific to retail. Formula hotels are not regulated in the City anywhere.

**Councilor Fuery made a motion, second by Councilor Sweeney to approve the consent agenda as amended removing agenda item 6b.**

Discussion followed between City Council and City Manager Stearns regarding agenda item 6c.

Mayor Muhlfeld said he wanted to disclose, his company donated time related to the survey work, with no compensation.

**The motion passed unanimously.**

**Councilor Feury made a motion, second by Councilor Sweeney to approve item 6b on the Consent Agenda.**

Discussion followed between City Councilors and Staff regarding clarification on formula businesses inside a hotel. Director Taylor said that a formula business could be approved as a Conditional Use inside a hotel at the discretion of the City Council and Planning Board.

**The motion passed unanimously.**

**7) PUBLIC HEARINGS (Items will be considered for action after public hearings) (Resolution No. 07-33 establishes a 30-minute time limit for applicant's land use presentations. Ordinances require 4 votes for passage – Section 1-6-2 (E)(3) WCC))**

a) **Consideration of request by Averill Family Limited Partnership for a Conditional Use Permit to operate a bar in conjunction with an established lodging facility at 1385 Wisconsin Avenue. Staff Report WCUP 16-01 (First Reading) (p. 205)** (CD 1:01:57)

Planner II Minnich gave her staff report that is provided in the packet without any changes.

Mayor Muhlfeld opened the Public Hearing

Brian Averill, 1380 Wisconsin Avenue, stated this bar is located in the Viking Lodge. This Conditional Use Permit is for the full liquor license for the bar and grill designed for guest use. The liquor license is a sub license from the full Resort Liquor License and has been approved by the State.

**Councilor Hildner made a motion, second by Councilor Barberis to approve Staff Report WCUP 16-01, a Conditional Use Permit to operate a bar in conjunction with an established lodging facility at 1385 Wisconsin Avenue subject to 7 conditions and Findings of Fact. The motion passed unanimously.**

8) **COMMUNICATIONS FROM PARKS AND RECREATON DIRECTOR** (CD 1:08:24)

a) **Consideration of approving Amendment #1 to the engineering consulting contract with Robert Peccia and Associates for design, bidding, and construction services for the Depot Park Master Plan project, Phase II - Gazebo (p. 230)**

Parks and Recreation Director Butts reviewed the staff report with a correction. The initial drawings of the final draw of the Depot Park Master Plan is going to be presented to the Park Board March 8th, not the finalized Master Plan as stated in the report. Director Butts also learned recently that the Rotary has offered $5,000 on top of the original $10,000 donation.

Councilor Hildner had concerns of the language in the contract regarding Construction Administration and Observation. Both Director Butts and Public Works Director Workman stated those concerns would be addressed as specifications in the construction contract.

Councilor Sweeney reported the Park Board had concerns about the total cost including the engineering fees that would be associated with this particular gazebo. There is one large line item which is elevating the gazebo. The Park Board is unanimous if the preliminary bids exceed the $161,700, they will not do the project.

**Councilor Barberis made a motion, second by Councilor Williams to approve Amendment #1 to the engineering consulting contract with Robert Peccia and Associates for design, bidding, and construction services for the Depot Park Master Plan project, Phase II-Gazebo. Councilor Sweeney with permission from Councilor Williams amended to not exceed $34,900. The motion passed unanimously.**

9) **COMMUNICATIONS FROM PLANNING AND BUILDING DIRECTOR** (CD 1:21:18)

a) **Consideration of approving the selection of and authorizing the contract with Applied Communications LLC for consulting services on the Wisconsin Avenue Corridor Plan (p. 255)**

Planning and Building Director Taylor reported the City Council prioritized Wisconsin Avenue as the next Corridor Plan as per the Growth Policy. Applied Communications LLC is the only firm that responded to the advertised RFP in January. Applied Communications LLC is partnering with Robert Peccia and Associates. Director Taylor is asking the Council's approval to negotiate a contract not to exceed $50,000.

Discussion followed between Mayor Muhlfeld and Councilor Hildner and Director Taylor regarding the structure of the steering committee and also clarification between a Corridor Plan and a Neighborhood Plan. A Neighborhood Plan looks at an area that is self-contained, a Corridor Plan looks at access, transportation, pedestrian access and land use along the corridor.

**Councilor Feury made a motion, second by Councilor Sweeney to award the contract for the Wisconsin Avenue Corridor Plan to Applied Communications LLC. in the amount not to exceed $50,000. The motion passed unanimously.**

**10) COMMUNICATIONS FROM PUBLIC WORKS DIRECTOR** (CD 1:28:38)

**a) Resolution No. 16-13; A Resolution approving a contract with Montana Waste Systems, Inc., d/b/a North Valley Refuse for solid waste collection and disposal (p. 286)**

Public Works Director Workman reviewed the staff report. Director Workman agrees with Mayre Flowers to change the language in section 1.5 to read "mixed paper" as opposed to "newspaper and magazines"; in 9.1 and 9.2, the intention of the contract is for North Valley Refuse to report recycling collection as well as solid waste going to the landfill; 2.1d emphasizes there will be no charge at the central recycling location, however residents and business owners are also allowed to contract for curb side collection at their own cost.

**Councilor Hildner made a motion, second by Councilor Feury to approve Resolution 16-13, a Resolution approving a contract with Montana Waste Systems, Inc. d/b/a North Valley Refuse for solid waste collection and disposal subject to changes suggested by Public Works Director Workman and approval by City Attorney Jacobs.**

City Manager Stearns confirmed with Mayor Muhlfeld that the previous contract was 3% inflation in rates per year for five years.

**The motion passed unanimously.**

**11) COMMUNICATIONS FROM CITY MANAGER** (CD 1:34:56)

**a) Written report enclosed with the packet. Questions from Mayor or Council? (p. 310)**

City Manager Stearns reported the Tax Exempt Bonds for the Tax Increment Fund for the City Hall Parking Structure were issued March 1st, for 4 ½ years at 2.21%.

**b) Other items arising between March 2nd and March 7th**

City Manager Stearns reported Resort Tax collections are up 28% for January collections. He mailed ten certified letters to ten vendors for December collections. Year to date Resort Tax is up about 2.11%.

**c) Resolution No. 16-14; A Resolution authorizing participation in the Board of Investments of the State of Montana Short Term Investment Pool (STIP) and authorizing the execution and delivery of documents related thereto (p. 314)**

Finance Director Smith reported the Short Term Investment Pool (STIP) is an investment program that Cities and other local governments are allowed to invest in when they have cash reserves available to invest. The Montana Board of Investments has a new requirement this year, that a Resolution is passed by the governing body allowing participation in STIP as well as delegating an authorized representative to transact STIP as well as authorizing the earnings distribution within the Resolution. In this Resolution, Council is allowing the representative to make changes to earnings, distribution method, and appoint other delegates or change the bank account information. The Finance Director is the authorized representative and if approved will hold through the term of the Finance Director. This program follows the City's investment policy.

**Councilor Sweeney made a motion, second by Councilor Feury to approve Resolution No. 16-14; A Resolution authorizing participation in the Board of Investments of the State of Montana Short Term Investment Pool (STIP) and authorizing the execution and delivery of documents related thereto. The motion passed unanimously.**

**12) COMMUNICATIONS FROM MAYOR AND CITY COUNCILORS** (CD 1:44:15)

**a) Consideration of a letter from LeAnne and Marie Nordahl regarding the possibility of the City vacating and abandoning the East 7th Street Right-of-Way between Spokane Avenue and Kalispell Avenue (p. 326)**

City Manager Stearns called Ms. Nordahl to inform her of tonight's work session, she was out of town and would try to send a representative. City Manager Stearns told her the City would not be inclined to vacate the Right of Way. He will follow up with her.

**b) Email from L. Greg Magone about not putting street lights on West 7th Street Resort Tax project (p. 330)**

Councilor Sweeney agrees with Mr. Magone.

**c) Discussion of initiating a process to consider changing the Depot Park Master Plan so as to consider not demolishing the existing building in Depot Park (p. 331)**

City Manager Stearns stated that this subject was brought up while going through the finances for the new City Hall Parking Structure. Until the building is demolished, the option is available to lease the building out. To make any changes to the Master Plan, Council would have to amend the Master Plan. Some options are; once vacated the City could lease the building and put money into the City Hall Parking Structure project, put it back into TIF, or the General Fund. The other points are in the future if space is needed in the new City Hall, Parks and Recreation Department could move back into the Depot Park building.

Mayor Muhlfeld has talked with many Councilors individually, and he and Councilor Sweeney have met with the Chamber of Commerce, the WCVB, Big Mountain Commercial Association and Whitefish Legacy Partners. They brought forth the concept of retaining the building in Depot Park. Mayor Muhlfeld feels the building would best suit the Chamber of Commerce and WCVB. The building is sound and will provide the City some flexibility in the future with overflow without having to build a third floor to City Hall. He also feels in bringing this back to the Park Board there is some value in having the Chamber of Commerce and the WCVB occupy the building, given the proximity of the downtown as well as the Depot.

Councilor Hildner thinks a lot of hard work and heartache has gone into the Depot Park Master Plan. One of the overriding objectives of the entire project was that the park would be an open space. He is reluctant to think we could generate revenue from the Chamber of Commerce and the WCVB sufficient enough to make any kind of a movement in our revenue stream as a City. He feels we need to stick to the original intent of the Depot Park Master Plan.

Councilor Sweeney stated we are in a different place than we were several years ago when the Depot Park Master Plan was approved. The needs for the City has changed, keeping the building for a period of time, during that time the building is useful to the City. It can produce revenue that would help subsidize the excess money that has been taken from the TIF to support the new City Hall Parking Structure. He would like to re-examine given current needs and expectations.

Councilor Williams would also support initiating the process as well. She understands a lot of hard work has gone into the Depot Park Master Plan, but circumstances have changed and we need to be fiscally responsible if we have organizations who want to utilize the space.

Councilor Barberis also agrees to initiate the process to keeping the building.

Councilor Feury is comfortable about initiating the process, even though he doesn't like to second guess committees and boards that do a lot of hard work. He doesn't have a problem with the building being there, and he thinks it could serve a purpose in the future.

Mayor Muhlfeld reported the building could generate $35,000 to $45,000 a year in revenue.

City Manager Stearns wanted to confirm that the Council is not committing and they have not made up their minds tonight, just evaluating the options and making a decision after a future public process.

Councilor Sweeney is glad to see the City Hall Parking Structure is going smoother. He would like an Ordinance prepared and reviewed for a public hearing that would include a non-discrimination policy with respect to the gay, lesbian and transgender citizens of Whitefish. He is asking Council support and he would like it brought to the next meeting. Four Councilors showed support to add this to next month's agenda. City Manager Stearns said he would check with City Attorney Jacobs if she could have it for the next meeting.

Mayor Muhlfeld stated that March 21st, the proposed funding request for the Aquatic Invasive Species (AIS) plan will be included in the packet along with results of the 2015 AIS efforts the

City helped fund. He asked and Director Taylor agreed to work together to draft a letter to the Commissioners regarding the zoning surrounding Whitefish. Councilor Hildner supports the letter, but it is important to state our position in regards to the Karrow Avenue downzone. Mayor Muhlfeld asked and Public Works Director Workman agreed to follow up with Vicki Crnich and James Freyholtz with MDOT regarding funding for the access control study. Mayor Muhlfeld asked and Director Taylor said he would draft a letter to the Commissioners asking them to consider for future subdivision approvals to consider dedicating right of ways for in the future for east to west connection between Baker Avenue and Karrow Avenue. He also wanted to give a big Congratulations to the local Firefighters and to Sarah Peterson who did the bulk of the fundraising for proceeds that go towards Leukemia Lymphoma Research as well as the Kalispell Firefighters. Eleven local Firefighters finished third among 1800 competing in Sundays Firefighters Stair Climb Race in Seattle.

Councilor Feury wanted to welcome new City Clerk Howke to her first Council meeting. Councilor Hildner also mentioned a goodbye to current City Clerk Lorang

13) ADJOURNMENT (Resolution 08-10 establishes 11:00 p.m. as end of meeting unless extended to 11:30 by majority)

Mayor Muhlfeld adjourned the meeting at 9:30 p.m.

_____
Mayor Muhlfeld

Attest:

_____
Michelle Howke, Whitefish City Clerk

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**ORDINANCE NO. 16-___**

**An Ordinance of the City Council of the City of Whitefish, Montana, adding a new chapter to Title 1, Administration, of the Whitefish City Code, to establish a civil rights policy prohibiting discrimination on the basis of actual or perceived sexual orientation or gender identity or expression, creating a cause of action in the Whitefish Municipal Court, authorizing the Municipal Court to fashion civil remedies, creating a time limit under which a claim may be filed, and establishing an effective date.**

WHEREAS, at the November 17, 2014 City Council meeting many members of the Whitefish community addressed the Council with their concerns about an area resident and institute establishing their headquarters in Whitefish, Montana, the institute having been identified by the Southern Poverty Law Center in 2006 as one of the four leaders of the world of "academic racism"; and

WHEREAS, the area residents requested the City Council to take a stance against the ideology of racism, bigotry and prejudice espoused by white supremacy groups and efforts to change the community values that welcomes diversity and inclusion for all inhabitants and visitors; and

WHEREAS, the City is committed to recognize the dignity of all of its inhabitants and visitors, to celebrate all diversity, and to protect and safeguard the right and opportunity of all persons to exercise their civil rights and to be free from discrimination; and

WHEREAS, the First Amendment to the United States Constitution guarantees the rights of freedom of speech and peaceable assembly, recognizing that the right of free speech is not absolute, and the Fourteenth Amendment guarantees to its citizens the privileges and protections of due process and equal protection of the laws; and

WHEREAS, Article II, Declaration of Rights, of the Montana Constitution states that "[t]he dignity of the human being is inviolable" and guarantees the rights of freedom of speech and expression, peaceable assembly, due process and equal protection of the laws, and the freedom not to be discriminated against in the exercise of civil and political rights, on account of race, color, sex, culture, social origin or condition, or political or religious ideas; and

WHEREAS, § 49-1-201, MCA, states every person within the jurisdiction of this state is entitled to its protection; and

WHEREAS, in § 49-1-102, MCA, Montana state law declares and recognizes as a civil right, the right to be free from discrimination because of race, creed, religion, color, sex, physical or mental disability, age, or national origin, which includes the right to obtain and hold employment without discrimination, the right to the full enjoyment of any accommodation facilities or privileges of any place of public resort, accommodation, assemblage or amusement; and

WHEREAS, state and federal laws prohibit the denial of civil rights or discrimination on the basis of protected categories such as race, color, national origin, ancestry, religion, creed, sex, pregnancy, marital status, familial status (solely for housing), and physical or mental disability,

but no state or federal law protects the civil rights and right to be free from discrimination based upon a person's sexual orientation or gender identity and/or expression; and

WHEREAS, it is the intent of the City of Whitefish that every person within the City's jurisdiction shall be entitled to the protection of each person's civil rights and the right not to be discriminated against on the basis of age, race, color, national origin, ancestry, religion, creed, sex, pregnancy, marital status, familial status (solely for housing), physical or mental disability, and sexual orientation or gender identity and/or expression; and

WHEREAS, Article 1, Section 1.01 of the City of Whitefish Charter states the City shall have all powers not prohibited by the Constitution of Montana or the laws of Montana and that its powers and authority shall be liberally construed; and

WHEREAS, the City's powers include, but are not limited to, its police power which is its fundamental authority to enact laws to protect the health, safety, and general welfare of its citizens; and

WHEREAS, § 7-1-106, MCA, provides the City's power and authority are to be liberally construed, with every reasonable doubt as to the existence of the City's power or authority resolved in favor of the power or authority's existence; and

WHEREAS, the City finds that discrimination in the areas of employment, public accommodations and housing is a serious threat to the health, safety, and general welfare of the community. Discrimination is a violation of basic civil rights that creates strife and unrest and deprives the City of its full capacity for economic development; and

WHEREAS, discrimination in housing makes it difficult for persons addressed in this Ordinance to find housing in close proximity to urban services, educational facilities, in price ranges that are within their earning ability, and may cause citizens to seek housing outside of the City; and

WHEREAS, discrimination in places of public accommodation is economically harmful to a prosperous community and is otherwise detrimental to the welfare and economic growth of the City and may cause citizens to seek public accommodations outside of the City; and

WHEREAS, at a lawfully noticed public hearing on March 21, 2016, the Whitefish City Council received an oral report and a written report from staff, invited public input, and approved adding a new chapter creating the City's civil rights policy prohibiting discrimination to Title 1, Administration, of the Whitefish City Code, as provided in Section 1 below; and

WHEREAS, nothing in this Ordinance is intended to alter or abridge other rights, protections, or privileges secured by state or federal law, including state and federal constitutional protections of freedom of speech, assembly, and exercise of religion; and

WHEREAS, it is in the best interests of the City of Whitefish, and its inhabitants, to adopt local regulations adapted to the needs of all of its citizens.

NOW, THEREFORE, be it ordained by the City Council of the City of Whitefish, Montana, as follows:

Section 1: A new chapter is hereby added to Title 1 of the Whitefish City Code to provide as follows:

**1-10-1: POLICY, PURPOSE AND INTENT:**

A. It is declared to be the policy of the City, in the exercise of its police powers pursuant to its City Charter and self-governing authority for the protection of the public health, safety, and general welfare, and for the maintenance of peace and good government, to assure civil rights and opportunity to all persons, free from restrictions and discrimination because of his or her actual or perceived race, color, national origin, ancestry, religion, creed, sex, age, marital or familial status, physical or mental disability, sexual orientation, or gender identity and/or expression.

B. In addition to the right to be free from discrimination on the basis of race, color, national origin, ancestry, religion, creed, sex, age, marital or familial status, physical or mental disability, the right to be free from discrimination on the basis of actual or perceived sexual orientation or gender identity or expression is hereby recognized as and hereby declared to be a civil right. Adding such discrimination prohibitions on the basis of actual or perceived sexual orientation and/or gender identity or expression to the City's laws is necessary and desirable because existing state and federal laws regarding discrimination do not adequately address all potential discriminatory practices that may impact the City's diverse inhabitants and visitors.

C. The provisions of this chapter shall be liberally construed for accomplishment of its policies and purposes; provided that, however, nothing in this chapter is intended to alter or abridge other rights, protections, or privileges secured by state or federal law, including state and federal constitutional protections of freedom of speech, freedom of association, and exercise of religion or to infringe upon or alter the authority vested by law in the Montana Human Rights Commission, the federal Equal Employment Opportunity Commission, or any other federal or state agency having jurisdiction over civil rights and discriminatory practices.

D. Pursuant to § 7-1-111(3), MCA, the provisions of the chapter do not apply to or affect the public school system.

E. The recognition of religious liberty and the rights of freedom of association and expression is necessary to balance the civil rights of all residents of the city; as such, provisions with this chapter related to fraternal, charitable, and religious organizations are intended to ensure a balanced approach to protecting civil rights of all citizens of the city so that the protections afforded by this chapter do not unreasonably impede upon a fraternal,

charitable, or religious organization's ability to engage in activities protected by law or to disseminate its preferred views.

**1-10-2: DEFINITIONS:**

As used in this chapter, unless the context requires otherwise, the following definitions apply:

DISCRIMINATION: "Discrimination", "discriminate" or "discriminatory" means any act, policy, or practice that has the effect of unfavorably subjecting any person to different or separate treatment on the basis of their sexual orientation or gender identity or expression, or because of their association with a person or group of people so identified. "Discrimination", "discriminate" or "discriminatory" also means any act, policy, or practice that has the effect of unfavorably subjecting any person to different or separate treatment on the belief that a person has a particular sexual orientation or gender identity and/or expression, even if that belief is incorrect.

EMPLOYEE: An individual employed by an employer.

EMPLOYER: An employer of one or more persons or an agent of the employer, but not including a fraternal, charitable, or religious association or corporation unless the association or corporation is organized either for private profit or to provide accommodations or services that are available on a non-membership basis.

EMPLOYMENT AGENCY: A person undertaking to procure employees or opportunities to work.

GENDER IDENTITY OR EXPRESSION: A gender related identity, expression, or behavior, regardless of the individual's sex at birth.

HOUSING ACCOMMODATION: A building or portion of a building, whether constructed or to be constructed, that is or will be used as the home, domicile, residence, or sleeping quarters of its occupants.

LABOR ORGANIZATION: An organization or an agent of an organization organized for the purpose, in whole or in part, of collective bargaining, of dealing with employers concerning grievances or terms or conditions of employment, or of other mutual aid and protection of employees.

PERSON: One or more individuals, labor unions, partnerships, associations, corporations, legal representatives, mutual companies, joint stock companies, trusts, unincorporated employees' associations, employers, employment agencies, organizations, or labor organizations.

PUBLIC ACCOMMODATION: A place that caters or offers its services, goods, or facilities to the general public, subject only to the conditions and limitations established by law and applicable to all persons. It includes, without limitation, a

public inn, restaurant, eating house, hotel, roadhouse, place where food or alcoholic beverages or malt liquors are sold for consumption, motel, soda fountain, soft drink parlor, tavern, nightclub, trailer park, resort, campground, barbering, cosmetology, electrology, aesthetics, or manicuring salon or shop, bathroom, rest house, theater, swimming pool, skating rink, golf course, ball field, cafe, ice cream parlor, transportation company, hospital, and all other public amusement and business establishments.

Public accommodation does not include an institution, club, or place of accommodation that proves that it is, by its nature, distinctly private. An institution, club, or place of accommodation may not be considered by its nature distinctly private if it has more than one hundred (100) members, provides regular meal service, and regularly receives payment for dues, fees, use of space, facilities, services, meals, or beverages, directly or indirectly, from or on behalf of nonmembers, for the furtherance of trade or business. For the purposes of this definition, any lodge of a recognized national fraternal organization is considered by its nature distinctly private.

SEXUAL ORIENTATION: Heterosexuality, bisexuality, or homosexuality.

**1-10-3: EMPLOYMENT DISCRIMINATION PROHIBITED:**

A. No employer shall discriminate in the employment, failure to hire, refusal to hire, compensation, work classification, terms, conditions, or privileges of employment, including promotion, demotion, or termination of employment.

B. No employer shall fail or refuse to refer for employment, or give negative information to a potential employer of an individual, in such a manner that would deprive or limit an individual's employment opportunities or that would otherwise adversely affect an individual's status as an applicant or prospective employee, for a discriminatory reason.

C. No labor organization shall discriminate in limiting membership, conditions of membership, or termination of membership of any person in any labor union or apprenticeship program.

D. No employment agency shall discriminate in the procurement or recruitment of any person for possible employment with an employer.

**1-10-4: DISCRIMINATION IN PUBLIC ACCOMMODATIONS PROHIBITED:**

It shall be unlawful for a place of public accommodation to deny, directly or indirectly, any person full and equal access or enjoyment of the goods, services, activities, facilities, privileges, advantages, and accommodations for a discriminatory reason.

## 1-10-5: HOUSING DISCRIMINATION PROHIBITED:

It is unlawful for any person, owner, manager, employee, or any entity whose business includes engaging in any residential real estate related transactions to discriminate in the sale, lease or rental of any housing facility, or to otherwise discriminate in the terms, conditions, maintenance, improvement, or repair of any housing facility. The rental of sleeping rooms in a private residence designed as a single dwelling unit in which the owner also resides is excluded from this section provided that the owner rents no more than three (3) sleeping rooms within the residence.

## 1-10-6: RETALIATION PROHIBITED:

No person shall coerce, threaten, discharge, expel, blacklist, or otherwise retaliate against another person for opposing any practices prohibited by this chapter, making a complaint, or assisting in an investigation or proceeding regarding an alleged violation of this chapter; nor shall any person require, request, conspire with, assist, or coerce another person to retaliate against a person for making a complaint or assisting in an investigation or proceeding.

## 1-10-7: VIOLATION; CIVIL REMEDY:

A. Any unlawful discrimination specifically addressed by the Montana Human Rights Act shall be submitted to the Montana Department of Labor and Industry pursuant to Title 49, Chapter 2, MCA.

B. Violations of sections not specifically addressed by Montana State law are to be civil municipal ordinance violations within the exclusive jurisdiction of the Whitefish Municipal Court pursuant to § 3-6-103, MCA. The Montana Rules of Civil Procedure shall apply, except and unless the Municipal Court establishes alternative rules of civil procedure for matters within the exclusive jurisdiction of the Municipal Court.

C. Any person claiming a violation of this chapter may seek civil remedies, injunctive relief, attorney fees or other equitable relief by petitioning the Whitefish Municipal Court. Prior to the filing of any petition in Whitefish Municipal Court under this chapter, a person must have:

1. Filed or sought to file a timely complaint with the Montana Human Rights Bureau alleging discrimination in employment, public accommodations or housing, or retaliation; and

2. Received a disposition of the complaint from the Montana Human Rights Bureau, the Montana Department of Labor and Industry Hearings Bureau, the Montana Human Rights Commission, the Equal Opportunity Commission, or any Montana court indicating that the acts of alleged discrimination or retaliation underlying the

complaint do not fall within the scope of the Montana Human Rights Act or applicable federal law.

For purposes of this section, the term "timely" shall mean filed with the Montana Human Rights Bureau within the timeframes set forth in § 49-2-501, MCA

Any person claiming a violation of this chapter must file a petition with the Whitefish Municipal Court within ninety (90) days of receipt of the written disposition referenced in 1-10-7(C)(2).

**1-10-8: SEVERABILITY:**

If any section, subsection, sentence, clause, phrase, or word in this chapter is for any reason held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of this chapter. The City Council hereby declares that it would have passed this chapter and each section, subsection, sentence, clause, phrase, and words thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, or words have been declared invalid or unconstitutional, and if for any reason this chapter should be declared invalid or unconstitutional, then the remaining ordinance provisions will remain in full force and effect.

Section 2: This Ordinance does not affect the rights and duties that matured, penalties that were incurred or proceedings that were begun before the effective date of this Ordinance. All other provisions of the Whitefish City Code shall remain in full force and effect.

Section 3: In the event any word, phrase, clause, sentence, paragraph, section or other part of the Ordinance set forth herein is held invalid by a court of competent jurisdiction, such judgment shall affect only that part held invalid, and the remaining provisions thereof shall continue in full force and effect.

Section 4: This Ordinance shall take effect thirty (30) days after its adoption by the City Council of the City of Whitefish, Montana, and signing by the Mayor thereof.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF WHITEFISH, MONTANA, ON THIS _____ DAY OF _____, 2016.

_____
John M. Muhlfeld, Mayor

ATTEST:

_____
Michelle Howke, City Clerk

# Staff Report

March 15, 2016

To: Mayor John Muhlfeld and City Councilors

From: Angela Jacobs, City Attorney

Re: Non-Discrimination Ordinance

**Background**

On November 14, 2014, community members asked the Whitefish City Council to take a stand against bigotry, hatred and prejudice in our community. Some citizens called for the City Council to enact a no-hate ordinance or other legislation that would be affirm and protect civil rights in our community.

In response to the City Council's direction to prepare options to address the community's expressed concerns, staff prepared a report and resolution in support of diversity, inclusion, and non-discrimination for all inhabitants of and visitors to the Whitefish area. On December 1, 2014, the City Council enacted Resolution No. 14-57 in which it declared its intention to support community values that recognize the dignity of all persons and welcome diversity and inclusion.

The December 1, 2014, staff report identified lesbian, gay, bisexual or transgender status (LGBT) individuals as one group that has not yet been extended the protection of state and federal laws prohibiting discrimination. LGBT individuals continue to face discrimination in the areas of employment, housing, and governmental services. At the March 7, 2016, City Council meeting, the Council directed staff to prepare a Non-Discrimination Ordinance ("NDO") to carry forward the City's intentions as expressed in Resolution No. 14-57.

Federal Law

Federal law makes it illegal to discriminate based on race, color, national origin, religion, sex, disability, age (40 and older), citizenship status and genetic information. Generally, the number of employees determines which employers are covered by federal law. For example, Title VII of the Civil Rights Act of 1964 (Title VII) covers employers with 15 or more employees and the Age Discrimination in Employment Act covers employers with 20 or more employees.

Title VII does not expressly protect LGBT individuals against discrimination. The Equal Opportunity Commission ("EEOC"), however, has recently taken the position that the existing sex discrimination provisions in Title VII protect LGBT applicants and employees against employment bias. A growing number of court decisions have endorsed the EEOC's interpretation of Title VII. *See, e.g., Glenn v. Brumby*, 663 F.3d 1312 (11th Cir. 2011); *Videcki v. Pepperdine Univ.*, 2015 LEXIS 167672 (C.D. Cal. Dec. 15, 2015).

On July 23, 2015, the Equality Act was introduced to the United States Congress. If enacted, the Equality Act would amend existing civil rights laws to prohibit discrimination on the basis of sexual orientation or gender identity in the areas of employment, housing, public accommodations, public education, federal funding, credit and jury service. As federal law now stands, however, and in the event Congress declines to enact the Equality Act, LGBT individuals may be protected only against employment bias and only if the employer has more than 15 employees.

Montana Law

The Montana Constitution provides specific civil and political rights. Article II, Section 4 of the Montana Constitution states:

> **Individual dignity.** The dignity of the human being is inviolable. No person shall be denied the equal protection of the laws. Neither the state nor any person, firm, corporation, or institution shall discriminate against any person in the exercise of his civil or political rights on account of race, color, sex, culture, social origin or condition, or political or religious ideas.

In Montana, employers with one or more employees are subject to the state's constitutional protections and to the Montana Human Rights Act. The protected classes covered under Montana law are age (any age), familial status (housing only), marital status, national origin, physical or mental disability, political beliefs (governmental services and employment only), race/color, religion/creed, and sex. The Montana Human Rights Act also makes it unlawful to retaliate against any person for opposing unlawful discriminatory practices or for participating in a human rights proceeding.

Attempts to extend anti-discrimination protection under the Montana Human Rights Act to LGBT individuals have not been successful before the Montana legislature. Since the 1990's, proposed legislation to establish sexual orientation as a protected category in the Montana Human Rights Act has failed to survive the legislative process. Over the past two decades, a separate bill that would have added sexual orientation to the hate crimes law in Montana failed to make it out of either the House or Senate Judiciary Committees.

City-Based Non-Discrimination Ordinance

Charter cities such as Whitefish may generally exercise any power not expressly prohibited by the Montana Constitution, state law or the city's charter. Mont. Const. Art. XI, § 6. Under state law, the legislature must clearly and specifically state that certain powers are denied to the local government. Mont. Code Ann. § 7-1-101. In addition, even in an area that is subject to state regulation, a local government may still provide broader protections than those imposed by state law. *See* Mont. Code Ann. § 7-12-113(2); *American Cancer Society v. State*, 2004 MT 376, 325 Mont. 70, 103 P.3d 1085.

In 2010, Missoula enacted an NDO that protects LGBT people from discrimination in employment, housing and public accommodations. In 2012, Helena adopted a similar NDO. Butte-Silver Bow passed its NDO in February of 2014 and Bozeman in June of 2014.

The proposed NDO for Whitefish is modeled after those enacted by other Montana cities. The proposed NDO establishes a policy to assure civil rights and opportunity for all inhabitants and visitors. 1-10-1(A). In addition to the protected classes under state law (race, color, national origin, etc.), the NDO establishes the right to be free from discrimination on the basis of actual or perceived sexual orientation or gender identity or expression in employment, public accommodations and housing. 1-10-1(B).

The NDO does not affect or abridge other rights secured by federal or state law, including the right to freedom of speech, freedom of association and the exercise of religion. 1-10-1(C). Pursuant to state law, the public school system is exempt from the NDO. 1-10-1(D). Fraternal, charitable and religious organizations are also exempt from the NDO unless they are organized for either private profit or to provide accommodations or services on a non-membership basis. 1-10-1(E); 1-10-2 Definitions.

The NDO creates a private right of action in the Whitefish Municipal Court. 1-10-7. An individual who alleges discrimination may seek monetary damages (up to the jurisdictional limit of $12,000), injunctive relief and attorney's fees. 1-10-7(C). There are no criminal penalties or remedies. Prior to filing a claim in Municipal Court, an individual who alleges discrimination must file a timely complaint with the Montana Human Rights Bureau (generally within 180 days of the alleged discrimination) and receive a disposition of the complaint determining the allegations do not fall within the scope of existing federal or state law. 1-10-7(C)(1)-(2).

**Financial Requirements/Impacts**

There is no immediate financial requirement for the Ordinance. The possible financial impact of the Ordinance may be that the Municipal Court will have to spend additional time and resources handling civil discrimination claims.

The identified financial impact, if any, is anticipated to be low. Because the NDO requires individuals alleging discrimination to file a complaint with the Montana Human Rights Bureau and receive a disposition prior to instigating litigation, most discrimination claims will not even reach the Municipal Court. Further, in certain circumstances, the Montana Human Rights Bureau has begun following the EEOC's lead and treating claims of discrimination based upon sexual orientation or sexual identity or expression as sex discrimination claims. Finally, no discrimination actions based upon sexual orientation or sexual identity or expression have been filed in Missoula, Bozeman or Butte since those cities passed their NDOs.

**Recommendation**

Staff respectfully recommends that the City Council approve the Ordinance adding a new Chapter to Title 1 of the City Code to establish a civil rights policy.

**Suggested Motion**

I move for the adoption of Ordinance No. 16-____, adding a new chapter to Title 1, Administration, of the Whitefish City Code, to establish a civil rights policy prohibiting

discrimination on the basis of actual or perceived sexual orientation or gender identity or gender expression, creating a cause of action in the Whitefish Municipal Court, authorizing the Municipal Court to fashion civil remedies, creating a time limit under which a claim may be filed, and establishing an effective date.

Respectfully submitted,

Angela Jacobs

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P.O. Box 158 • Whitefish, MT 59937 • (406) 863-2400 • Fax: (406) 863-2419

March 15, 2016

Mayor Muhlfeld and City Councilors
City of Whitefish
Whitefish, Montana

# W 7th Street Reconstruction Project - Resort Tax

*Recommendation to Award*

## Introduction/History

This important project involves the reconstruct West 7th Street from Baker Ave. to Fairway Dr. The proposed work includes approximately 4,000 linear feet of roadway, including new curb and gutter, a pedestrian path, sidewalks, and street lighting. Also included is a new storm drainage system, sanitary sewer main extension, new water mains and services, and other miscellaneous improvements.

To date, the City has held Public Information Meetings for this project on 12/10/2014, 2/11/2015, and 3/25/2015. Comments from these meetings were taken into consideration and final conceptual designs were presented to City Council on 4/20/2015, at which point authorization was grated to complete the final designs for the project. These designs were presented to Council on 2/1/2016 and authorized to proceed with bidding was granted.

## Current Report

The Public Works Department has completed the statutory bidding process for the West 7th Reconstruction Project. The City received and publicly opened bids at 11:30 a.m. on March 10, 2016.

The final engineer's estimate for the project was $2,284,444. Five (5) bids were received, ranging from $2,161,378.52 (5.4% below final estimate) to $2,804,140.00 (22.7% above final estimate). The low bidder on the project is LHC, Inc. of Kalispell, Montana.

Lighting

As with past Resort Tax roadway projects, the designs for the W. 7th Street project includes decorative lighting. This plan incorporates the City's standard 50W High Pressure Sodium (HPS) luminaries approximately every 180 feet. Some questions and criticism towards the lighting plan for this project came up during the 2/1/2016 council meeting. In addition, some residents have spoken in opposition to the lighting plan at subsequent meetings and through various other means of correspondence.

A summary of the historical lighting discussions on the W. 7th Street Reconstruction Project is presented as an attachment to this memo. This information was presented to the Bike & Pedestrian Committee on 3/7/2016, after which a recommendation to install the lighting plan as designed was unanimously approved.

It is the opinion of the Public Works Department that the desires of the neighborhood as a whole are to keep the lighting levels as low as possible in order to maintain safe vehicular and pedestrian travel. We feel these desires are accomplished by the existing lighting plan and it is therefore the recommendation of the Public Works Department that this lighting plan be installed as designed and bid. We feel this plan meets the desires of the majority of the neighborhood, and accomplishes the goal of providing a safe design. It is also recommended that LED lighting be installed between Baker and Geddes on W. 7th St. in order to evaluate the effectiveness of this lighting technology on future projects. The use of LED fixtures on this portion of W. 7th will likely lead to significant energy savings as we design future projects. We are also planning to add some lighting along the gully path and would like to incorporate some pedestrian scale bollards. The design for these bollards has not been finalized with our lighting vendor, but we anticipate that we will have the fixtures finalized, ordered, and delivered to meet the installation schedule.

Parking Lot at the Bakke Nature Reserve

There were two "Additive Alternates" included in this bid. These alternates were included to give Council the option to create a parking lot at the recently dedicated James R. Bakke Nature Reserve. Both alternates give the contractor use of the 10,200 square foot area for staging during the project.

Additive Alternate #1 will leave the City with a graded gravel parking lot at the completion of the project. This includes the removal of 7 trees (including stumps and large roots), installation of temporary construction fence around the staging area limits, stockpiling of existing topsoil, placement of 12" of crushed base course along with stabilization fabric, and final site restoration.

Additive Alternate #2 is the additional cost to pave the gravel parking lot. This includes finish grading and compaction of the gravel area along with placement of 3" of asphalt.

Schedule

The first phase of the project, which included relocation of the gas line by Northwestern Energy, began last fall. The second phase of the project, which includes the completion of the utility relocations, will take place in the next couple of weeks. The final phase of the project includes water and sewer work, reconstruction of the roadway, construction of a pedestrian path and sidewalk, and installation of boulevard lighting. Assuming the project is awarded at the 3/21/2016 council meeting, construction is anticipated to take place between May 2016 and September 2016.

## Financial Requirement

A copy of the Certified Bid Tabulations are enclosed with this memo. The low bidder on the project is LHC, Inc. of Kalispell, Montana. Their bid of $2,161,378.52 is 5.4% below the final construction estimate of $2,284,444.00.

This project is slated to be paid by the Resort Tax Fund. An analysis of the projected Resort Tax Cash flow indicates this project can be supported by the resort Tax Fund, leaving the fund with an estimated cash balance of approximately $575,000 at the end of FY2017.

## Request for Award

Based on the guidance and direction received from Council to date, public outreach that has been conducted, and the results of the bidding process, I respectfully request that the W. 7th Street Reconstruction Project be awarded to LHC, Inc. of Kalispell, Montana, in the amount of $2,161,378.52. Should the Council wish to proceed with creation of a temporary or permanent parking lot at

the James R. Bakke Nature Reserve, one or both of the alternates should be added to this bid award.

Sincerely,

Craig Workman, P.E.
Public Works Director

# SUMMARY OF BIDS
# WEST 7TH STREET RECONSTRUCTION PROJECT
## WHITEFISH, MT

Bid Opening Date / Time / Location:
March 10, 2016 @ 11:30 am
City Hall, Whitefish, Montana

| | Acknowledged Addendum No. 1 & No. 2 | Bid Bond | MT Contractors Registration No. | BASE BID | ADDITIVE ALTERNATE ONE | ADDITIVE ALTERNATE TWO | Apparent Low Bidder |
|---|---|---|---|---|---|---|---|
| **Engineer's Estimate** | **n/a** | **n/a** | **n/a** | **$2,284,444.00** | **$8,000.00** | **$7,950.00** | |
| **Schellinger Construction Co.** | **x** | **x** | **x** | **$2,672,163.00** | **$10,000.00** | **$7,420.00** | |
| **Kinkaid Civil Construction Co., LLC.** | **x** | **x** | **x** | **$2,385,003.50** | **$25,000.00** | **$8,480.00** | |
| **Knife River** | **x** | **x** | **x** | **$2,804,140.00** | **$5,000.00** | **$9,010.00** | |
| **Sandry Construction Co.** | **x** | **x** | **x** | **$2,536,088.00** | **$13,000.00** | **$7,420.00** | |
| **LHC, Inc.** | **x** | **x** | **x** | **$2,161,378.52** | **$9,700.00** | **$7,950.00** | **x** |

**SUMMARY OF BIDS**
**WEST 7TH STREET RECONSTRUCTION PROJECT**
**WHITEFISH, MT**

RPA
*Robert Peccia & Associates, Inc.*
*825 Custer Avenue * Helena * Montana * (406) 447-5000*
*102 Cooperative Way, Suite 300 * Kalispell * Montana * (406) 752-5025*

| Item No. | Quantity | Unit | Unit Description | Engineer's Estimate Unit Price (Figures) | Engineer's Estimate Total Price (Figures) | Schellinger Construction Co. Unit Price (Figures) | Schellinger Construction Co. Total Price (Figures) | KinKaid Civil Construction Co., LLC. Unit Price (Figures) | KinKaid Civil Construction Co., LLC. Total Price (Figures) | Knife River Unit Price (Figures) | Knife River Total Price (Figures) | Sandry Construction Co. Unit Price (Figures) | Sandry Construction Co. Total Price (Figures) | LHC, Inc. Unit Price (Figures) | LHC, Inc. Total Price (Figures) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **BASE BID** | | | | | | | | | | | | | | | |
| 1 | 6.0 | ACRE | Site Preparation | $7,000.00 | $42,000.00 | $5,000.00 | $30,000.00 | $5,000.00 | $30,000.00 | $10,000.00 | $60,000.00 | $7,765.00 | $46,590.00 | $11,640.00 | $69,840.00 |
| 2 | 1 | LS | Excavation and Embankment | $135,000.00 | $135,000.00 | $347,500.00 | $347,500.00 | $289,500.00 | $289,500.00 | $329,000.00 | $329,000.00 | $306,600.75 | $306,600.75 | $192,883.00 | $192,883.00 |
| 3 | 40 | HOUR | Exploratory Excavation | $250.00 | $10,000.00 | $200.00 | $8,000.00 | $125.00 | $5,000.00 | $280.00 | $11,200.00 | $217.00 | $8,680.00 | $314.00 | $12,560.00 |
| 4 | 500 | TON | Sub-Excavation and Stabilization | $20.00 | $10,000.00 | $12.00 | $6,000.00 | $25.00 | $12,500.00 | $25.00 | $12,500.00 | $13.75 | $6,875.00 | $26.86 | $13,430.00 |
| 5 | 14,700 | SY | Stabilization Fabric | $1.50 | $22,050.00 | $1.60 | $23,520.00 | $1.00 | $14,700.00 | $0.95 | $13,965.00 | $0.90 | $13,230.00 | $1.46 | $21,462.00 |
| 6 | 4,950 | CY | Crushed Subbase Course - 1 1/2" Minus | $28.00 | $138,600.00 | $33.50 | $165,825.00 | $25.00 | $123,750.00 | $30.00 | $148,500.00 | $26.70 | $132,165.00 | $26.31 | $130,234.50 |
| 7 | 2,850 | CY | Crushed Base Course - 3/4" Minus | $30.00 | $85,500.00 | $41.60 | $118,560.00 | $40.00 | $114,000.00 | $44.00 | $125,400.00 | $27.42 | $78,147.00 | $35.27 | $100,519.50 |
| 8 | 2.6 | TON | Asphalt Tack Coat (Undiluted, SS-1) | $1,500.00 | $3,900.00 | $1,350.00 | $3,510.00 | $900.00 | $2,340.00 | $350.00 | $910.00 | $917.02 | $2,384.25 | $800.00 | $2,080.00 |
| 9 | 3,780 | TON | Asphalt Concrete Pavement | $80.00 | $302,400.00 | $62.00 | $234,360.00 | $67.00 | $253,260.00 | $66.00 | $249,480.00 | $81.00 | $306,180.00 | $66.00 | $249,480.00 |
| 10 | 8,880 | LF | Concrete Curb and Gutter | $14.00 | $96,320.00 | $13.50 | $92,880.00 | $16.00 | $110,080.00 | $11.75 | $80,840.00 | $15.20 | $104,576.00 | $16.17 | $111,249.60 |
| 11 | 8,000 | GAL | Dust Control - Magnesium Chloride | $0.80 | $6,400.00 | $0.90 | $7,200.00 | $1.00 | $8,000.00 | $1.10 | $8,800.00 | $0.50 | $4,000.00 | $1.26 | $10,080.00 |
| 12 | 1,200 | SY | 4" Concrete Sidewalk | $45.00 | $54,000.00 | $55.00 | $66,000.00 | $55.00 | $66,000.00 | $51.00 | $61,200.00 | $59.00 | $70,800.00 | $56.69 | $68,028.00 |
| 13 | 100 | SY | 4" Concrete Sidewalk with Stem Wall | $200.00 | $20,000.00 | $220.00 | $22,000.00 | $230.00 | $23,000.00 | $240.00 | $24,000.00 | $245.00 | $24,500.00 | $226.56 | $22,656.00 |
| 14 | 950 | SY | 6" Concrete Driveway | $75.00 | $71,250.00 | $60.00 | $57,000.00 | $68.00 | $64,600.00 | $70.00 | $66,500.00 | $66.00 | $62,700.00 | $64.53 | $61,303.50 |
| 15 | 1 | LS | Concrete Stairs with Handrail | $2,500.00 | $2,500.00 | $3,250.00 | $3,250.00 | $3,500.00 | $3,500.00 | $4,000.00 | $4,000.00 | $3,715.00 | $3,715.00 | $3,961.00 | $3,961.00 |
| 16 | 24 | EA | New Sign | $350.00 | $8,400.00 | $350.00 | $8,400.00 | $350.00 | $8,400.00 | $370.00 | $8,880.00 | $390.00 | $9,360.00 | $352.00 | $8,448.00 |
| 17 | 2 | EA | Radar Feedback Speed Limit Sign | $4,500.00 | $9,000.00 | $7,500.00 | $15,000.00 | $5,100.00 | $10,200.00 | $5,500.00 | $11,000.00 | $2,520.00 | $5,040.00 | $4,810.00 | $9,620.00 |
| 18 | 210 | LF | Epoxy Striping - 8" Solid | $3.50 | $735.00 | $15.00 | $3,150.00 | $1.10 | $231.00 | $5.50 | $1,155.00 | $5.75 | $1,207.50 | $5.17 | $1,085.70 |
| 19 | 165 | LF | Epoxy Striping - 24" Solid | $12.00 | $1,980.00 | $30.00 | $4,950.00 | $1.10 | $181.50 | $16.50 | $2,722.50 | $17.20 | $2,838.00 | $15.52 | $2,560.80 |
| 20 | 11 | EA | Manhole - 48" Sanitary Sewer | $3,800.00 | $41,800.00 | $4,250.00 | $46,750.00 | $3,700.00 | $40,700.00 | $4,200.00 | $46,200.00 | $3,706.00 | $40,766.00 | $2,893.00 | $31,823.00 |
| 21 | 3 | EA | Manhole - 60" Sanitary Sewer with Interior Drop | $5,000.00 | $15,000.00 | $6,500.00 | $19,500.00 | $6,000.00 | $18,000.00 | $5,500.00 | $16,500.00 | $6,363.00 | $19,089.00 | $5,367.00 | $16,101.00 |
| 22 | 2,080 | LF | Pipe - Buried: 8" Sanitary Sewer Main - SDR 35 PVC Pipe | $45.00 | $93,600.00 | $61.00 | $126,880.00 | $38.00 | $79,040.00 | $58.00 | $120,640.00 | $42.45 | $88,296.00 | $35.29 | $73,403.20 |
| 23 | 450 | LF | Pipe - Buried: 10" Sanitary Sewer Main - SDR 35 PVC Pipe | $50.00 | $22,500.00 | $45.00 | $20,250.00 | $40.00 | $18,000.00 | $64.00 | $28,800.00 | $45.00 | $20,250.00 | $38.68 | $17,406.00 |
| 24 | 26 | EA | Sanitary Sewer Service - Sch. 40 PVC Pipe | $1,400.00 | $36,400.00 | $1,750.00 | $45,500.00 | $950.00 | $24,700.00 | $2,100.00 | $54,600.00 | $1,460.00 | $37,960.00 | $1,400.00 | $36,400.00 |
| 25 | 870 | LF | Pressurized Sanitary Sewer Service - 1-1/4" IPS HDPE SDR 11 | $24.00 | $20,880.00 | $33.00 | $28,710.00 | $29.00 | $25,230.00 | $37.00 | $32,190.00 | $20.00 | $17,400.00 | $27.67 | $24,072.90 |
| 26 | 1 | EA | Septic System Abandonment | $2,500.00 | $2,500.00 | $575.00 | $575.00 | $3,000.00 | $3,000.00 | $1,600.00 | $1,600.00 | $4,000.00 | $4,000.00 | $7,230.00 | $7,230.00 |
| 27 | 410 | LF | Pipe - Buried: 6" Water Main - C-900 CL150 PVC Pipe | $50.00 | $20,500.00 | $54.00 | $22,140.00 | $50.00 | $20,500.00 | $58.00 | $23,780.00 | $50.00 | $20,500.00 | $41.85 | $17,158.50 |
| 28 | 390 | LF | Pipe - Buried: 8" Water Main - C-900 CL150 PVC Pipe | $52.00 | $20,280.00 | $62.00 | $24,180.00 | $40.00 | $15,600.00 | $67.00 | $26,130.00 | $50.50 | $19,695.00 | $43.13 | $16,820.70 |
| 29 | 1,700 | LF | Pipe - Buried: 12" Water Main - C-900 CL150 PVC Pipe | $55.00 | $93,500.00 | $52.00 | $88,400.00 | $37.00 | $62,900.00 | $56.00 | $95,200.00 | $56.50 | $96,050.00 | $45.15 | $76,755.00 |
| 30 | 4 | EA | Gate Valve - 6" | $1,600.00 | $6,400.00 | $1,350.00 | $5,400.00 | $1,300.00 | $5,200.00 | $1,500.00 | $6,000.00 | $1,185.00 | $4,740.00 | $856.50 | $3,426.00 |
| 31 | 5 | EA | Gate Valve - 8" | $1,800.00 | $9,000.00 | $1,750.00 | $8,750.00 | $1,800.00 | $9,000.00 | $1,800.00 | $9,000.00 | $1,630.00 | $8,150.00 | $1,268.00 | $6,340.00 |
| 32 | 11 | EA | Gate Valve - 12" | $2,800.00 | $30,800.00 | $2,500.00 | $27,500.00 | $2,800.00 | $30,800.00 | $2,700.00 | $29,700.00 | $2,560.00 | $28,160.00 | $2,043.00 | $22,473.00 |
| 33 | 9 | EA | Existing Water Main Connection | $2,500.00 | $22,500.00 | $1,450.00 | $13,050.00 | $2,500.00 | $22,500.00 | $1,500.00 | $13,500.00 | $2,900.00 | $26,100.00 | $1,186.00 | $10,674.00 |
| 34 | 57 | EA | Water Service - 1" IPS HDPE SDIR 7 | $1,500.00 | $85,500.00 | $1,800.00 | $102,600.00 | $1,200.00 | $68,400.00 | $1,900.00 | $108,300.00 | $1,450.00 | $82,650.00 | $1,444.00 | $82,308.00 |
| 35 | 1 | EA | Water Meter Pit - 2" | $5,000.00 | $5,000.00 | $9,000.00 | $9,000.00 | $9,000.00 | $9,000.00 | $9,600.00 | $9,600.00 | $9,350.00 | $9,350.00 | $8,125.00 | $8,125.00 |
| 36 | 12 | EA | Fire Hydrant Assembly | $5,500.00 | $66,000.00 | $5,500.00 | $66,000.00 | $5,000.00 | $60,000.00 | $5,800.00 | $69,600.00 | $5,350.00 | $64,200.00 | $4,674.00 | $56,088.00 |
| 37 | 2 | EA | Manhole - 48" Storm Drain Manhole | $3,000.00 | $6,000.00 | $4,000.00 | $8,000.00 | $3,500.00 | $7,000.00 | $4,800.00 | $9,600.00 | $3,680.00 | $7,360.00 | $3,137.00 | $6,274.00 |
| 38 | 10 | EA | Manhole - 48" Combination Manhole Inlet | $3,200.00 | $32,000.00 | $4,000.00 | $40,000.00 | $3,500.00 | $35,000.00 | $4,600.00 | $46,000.00 | $3,270.00 | $32,700.00 | $2,987.00 | $29,870.00 |
| 39 | 3 | EA | Inlet - 48" Slotted Drain Inlet | $2,500.00 | $7,500.00 | $4,250.00 | $12,750.00 | $3,500.00 | $10,500.00 | $4,700.00 | $14,100.00 | $4,280.00 | $12,840.00 | $3,050.00 | $9,150.00 |
| 40 | 8 | EA | Inlet - 30" Storm Drain Inlet | $1,600.00 | $12,800.00 | $2,775.00 | $22,200.00 | $2,500.00 | $20,000.00 | $3,000.00 | $24,000.00 | $2,400.00 | $19,200.00 | $1,958.00 | $15,664.00 |
| 41 | 2,680 | LF | Pipe - Buried: 12" Storm Drain - SDR 35 PVC Pipe | $35.00 | $93,800.00 | $48.50 | $129,980.00 | $28.00 | $75,040.00 | $36.00 | $96,480.00 | $42.00 | $112,560.00 | $31.29 | $83,857.20 |
| 42 | 36 | LF | Pipe - Buried: 12" Storm Culvert - CMP Pipe | $40.00 | $1,440.00 | $55.00 | $1,980.00 | $80.00 | $2,880.00 | $60.00 | $2,160.00 | $41.00 | $1,476.00 | $50.98 | $1,835.28 |
| 43 | 154 | LF | Pipe - Buried: 36" Storm Drain - Corrugated PVC Pipe with Smooth Interior | $140.00 | $21,560.00 | $125.00 | $19,250.00 | $119.00 | $18,326.00 | $150.00 | $23,100.00 | $100.00 | $15,400.00 | $104.16 | $16,040.64 |
| 44 | 6,880 | LF | 4" Curb Underdrains | $2.80 | $19,264.00 | $2.50 | $17,200.00 | $16.00 | $110,080.00 | $1.50 | $10,320.00 | $6.75 | $46,440.00 | $1.54 | $10,595.20 |
| 45 | 500 | TON | Imported Trench Backfill | $16.00 | $8,000.00 | $7.50 | $3,750.00 | $12.00 | $6,000.00 | $25.00 | $12,500.00 | $14.50 | $7,250.00 | $25.13 | $12,565.00 |
| 46 | 2,320 | LF | Conduit - 1-1/4" PVC Sch 40 | $2.50 | $5,800.00 | $6.50 | $15,080.00 | $2.50 | $5,800.00 | $6.90 | $16,008.00 | $3.25 | $7,540.00 | $6.62 | $15,358.40 |
| 47 | 1,870 | LF | Conduit - 2" PVC Sch 40 | $3.50 | $6,545.00 | $6.75 | $12,622.50 | $2.50 | $4,675.00 | $7.10 | $13,277.00 | $2.75 | $5,142.50 | $6.83 | $12,772.10 |
| 48 | 16 | EA | Pull Box - Type I | $275.00 | $4,400.00 | $500.00 | $8,000.00 | $550.00 | $8,800.00 | $525.00 | $8,400.00 | $285.00 | $4,560.00 | $512.00 | $8,192.00 |
| 49 | 23 | EA | Street Light Base | $850.00 | $19,550.00 | $650.00 | $14,950.00 | $700.00 | $16,100.00 | $690.00 | $15,870.00 | $800.00 | $18,400.00 | $662.00 | $15,226.00 |
| 50 | 1 | EA | Street Light Service Assembly Complete | $4,000.00 | $4,000.00 | $4,250.00 | $4,250.00 | $4,750.00 | $4,750.00 | $4,400.00 | $4,400.00 | $5,100.00 | $5,100.00 | $4,350.00 | $4,350.00 |
| 51 | 1 | LS | Electrical Wiring and Misc. Items | $18,000.00 | $18,000.00 | $20,000.00 | $20,000.00 | $14,000.00 | $14,000.00 | $13,250.00 | $13,250.00 | $16,000.00 | $16,000.00 | $12,935.00 | $12,935.00 |
| 52 | 25 | EA | New Mailbox | $200.00 | $5,000.00 | $250.00 | $6,250.00 | $350.00 | $8,750.00 | $240.00 | $6,000.00 | $212.00 | $5,300.00 | $222.50 | $5,562.50 |
| 53 | 335 | LF | Retaining Wall | $150.00 | $50,250.00 | $150.00 | $50,250.00 | $90.00 | $30,150.00 | $352.00 | $117,920.00 | $270.00 | $90,450.00 | $113.37 | $37,978.95 |
| 54 | 670 | LF | Handrail | $50.00 | $33,500.00 | $33.00 | $22,110.00 | $38.00 | $25,460.00 | $70.00 | $46,900.00 | $38.00 | $25,460.00 | $34.06 | $22,820.20 |
| 55 | 211 | LF | Wood Fence | $30.00 | $6,330.00 | $28.00 | $5,908.00 | $30.00 | $6,330.00 | $30.00 | $6,330.00 | $32.00 | $6,752.00 | $28.55 | $6,024.05 |
| 56 | 150 | LF | Straw Wattle | $5.00 | $750.00 | $5.50 | $825.00 | $1.00 | $150.00 | $8.00 | $1,200.00 | $4.00 | $600.00 | $4.21 | $631.50 |
| 57 | 4 | EA | Straw Bale Check Dam | $200.00 | $800.00 | $175.00 | $700.00 | $150.00 | $600.00 | $250.00 | $1,000.00 | $250.00 | $1,000.00 | $104.00 | $416.00 |
| 58 | 1,510 | SY | Erosion Control Blanket with Seed and Fertilizer | $6.00 | $9,060.00 | $4.25 | $6,417.50 | $5.00 | $7,550.00 | $6.25 | $9,437.50 | $6.75 | $10,192.50 | $2.06 | $3,110.60 |
| 59 | 1 | LS | Rip Rap | $3,000.00 | $3,000.00 | $3,000.00 | $3,000.00 | $5,000.00 | $5,000.00 | $10,000.00 | $10,000.00 | $2,100.00 | $2,100.00 | $3,125.00 | $3,125.00 |
| 60 | 1 | LS | Imported Topsoil (3" Thick) | $24,000.00 | $24,000.00 | $45,000.00 | $45,000.00 | $20,000.00 | $20,000.00 | $60,000.00 | $60,000.00 | $14,600.00 | $14,600.00 | $4,800.00 | $4,800.00 |
| 61 | 1 | LS | Hydroseeding, Fertilizer and Mulch | $7,500.00 | $7,500.00 | $10,000.00 | $10,000.00 | $10,000.00 | $10,000.00 | $16,000.00 | $16,000.00 | $16,425.00 | $16,425.00 | $14,200.00 | $14,200.00 |
| 62 | 3 | EA | Survey Monument - Asphalt | $500.00 | $1,500.00 | $500.00 | $1,500.00 | $550.00 | $1,650.00 | $525.00 | $1,575.00 | $575.00 | $1,725.00 | $743.00 | $2,229.00 |
| 63 | 2 | EA | Survey Monument - Non-Asphalt | $300.00 | $600.00 | $250.00 | $500.00 | $300.00 | $600.00 | $260.00 | $520.00 | $345.00 | $690.00 | $310.00 | $620.00 |
| 64 | 120 | DAY | Traffic Control - Devices | $300.00 | $36,000.00 | $120.00 | $14,400.00 | $400.00 | $48,000.00 | $120.00 | $14,400.00 | $865.00 | $103,800.00 | $180.00 | $21,600.00 |
| 65 | 80 | DAY | Traffic Control - Flaggers | $800.00 | $64,000.00 | $975.00 | $78,000.00 | $750.00 | $60,000.00 | $1,400.00 | $112,000.00 | $1.00 | $80.00 | $983.00 | $78,640.00 |
| 66 | 1 | LS | Construction Surveys | $40,300.00 | $40,300.00 | $50,000.00 | $50,000.00 | $28,000.00 | $28,000.00 | $30,000.00 | $30,000.00 | $21,000.00 | $21,000.00 | $19,050.00 | $19,050.00 |
| 67 | 1 | LS | Material Testing | $20,200.00 | $20,200.00 | $50,000.00 | $50,000.00 | $22,000.00 | $22,000.00 | $25,000.00 | $25,000.00 | $22,000.00 | $22,000.00 | $23,800.00 | $23,800.00 |
| 68 | 1 | LS | Mobilization, Bonding and Submittals (5% Max) | $108,800.00 | $108,800.00 | $125,000.00 | $125,000.00 | $119,210.71 (1) | $119,210.71 | $125,000.00 | $125,000.00 | $125,000.50 | $125,000.50 | $64,000.00 | $64,000.00 |
| | | | | *4.76%* | | *4.68%* | | *5.00%* | | *4.46%* | | *4.93%* | | *2.96%* | |
| **TOTAL BASE BID:** | | | | | **$2,284,444.00** | | **$2,672,163.00** | | **$2,384,214.21** | | **$2,804,140.00** | | **$2,536,088.00** | | **$2,161,378.52** |
| **ADDITIVE ALTERNATE ONE** | | | | | | | | | | | | | | | |
| AA-1 | 1 | LS | Staging Area Clearing & Gravel Placement | $8,000.00 | $8,000.00 | $10,000.00 | $10,000.00 | $25,000.00 | $25,000.00 | $5,000.00 | $5,000.00 | $13,000.00 | $13,000.00 | $9,700.00 | $9,700.00 |
| **TOTAL BASE BID + AA1:** | | | | | **$2,292,444.00** | | **$2,682,163.00** | | **$2,409,214.21** | | **$2,809,140.00** | | **$2,549,088.00** | | **$2,171,078.52** |
| **ADDITIVE ALTERNATE TWO** | | | | | | | | | | | | | | | |
| AA-2 | 530 | SY | Staging Area Grading & Paving | $15.00 | $7,950.00 | $14.00 | $7,420.00 | $16.00 | $8,480.00 | $17.00 | $9,010.00 | $14.00 | $7,420.00 | $15.00 | $7,950.00 |
| **TOTAL BASE BID + AA1 + AA2:** | | | | | **$2,300,394.00** | | **$2,689,583.00** | | **$2,417,694.21** | | **$2,818,150.00** | | **$2,556,508.00** | | **$2,179,028.52** |

(1) Mobilization, Bonding and Submittal Base Bid Item exceeded the allowed maximum amount of 5.00% of the Total Base Bid value. Unit Price was adjusted down from $120,000.00 to $119,210.71 to meet requirement.

MONTANA
BRANDON M. THEIS
15401PE
LICENSED
PROFESSIONAL ENGINEER
3-10-16

TRUE TABULATION OF BIDS RECEIVED
Robert Peccia & Associates
Today's Date: March 10, 2016

PREPARED BY RPA

# History of Lighting Discussions on the W. 7th Street Reconstruction Project

Public Meeting No. 1 (December 10, 2014): Attached is a detailed summary from this meeting. I have highlighted every occurrence of the word "light". Residents were informed during this meeting that street lights were planned. Questions and comments show that there were residents for and against street lights. It seems the majority of the concerns regarding lighting emphasized the desire for a "Low Level" of street light, as opposed to "No Lights". The comment of "Need sidewalks so folks can walk. Street lights too for safety" I believe came from Jim Trout. Dee Blank & Judy Hessellund where outspoken about not having street lighting. It should also be noted that the pastor at True Life Church, just east of Dee's & Judy's properties wanted street lights.

Public Meeting No. 2 (February 11, 2015): Meeting focused on collecting information on which roadway typical sections were desired. Not much, if any, discussion on street lighting at this meeting. At this point we did not yet know if overhead utilities were going to be relocated to underground. Much of the meeting was spent discussing the logistics of such a relocation. RPA has reviewed all 30 of the comment sheets from this meeting and not one comment was found on street lighting.

Council Meeting No.1 (March 2, 2015): Council voted not to convert the overhead utilities to underground. I searched the minutes for "light" and found nothing that pertained to this project.

Public Meeting No. 3 (March 25, 2015): The preferred design was presented to residents and the presentation included a discussion on street lighting. Janet Collins was OK with street lights, as long as one was not placed right in front of her house. Based on comments received from residents between Karrow and Geddes, 2 residents supported lighting (pastor Kent & Janet) and 2 residents were opposed to lighting (Dee & Judy). Dee suggested in an email "Any street lights that are installed should have timers that shut lights off in the evening when few people see the lights except residents who have them shining into their windows or who are trying to get some sleep."

Council Meeting No. 2 (April 6, 2015): The West 7th Street project was on the agenda for a presentation on the proposed conceptual design of the project. This included a presentation on preliminary alignment, typical roadway sections and overall project features. Authorization to proceed with RPA on final design was unanimously approved at the meeting. During Communications from the Public Judy Hesslaund stated "with the 7th Street project she would like the bike path smaller and less street lights if they have to have them." In addition, the council had some questions for Ryan on the bike paths/sidewalks and the street lights that would be installed.

Council Meeting No. 3 (February 1, 2016): The West 7th Street project was on the agenda for a presentation on the final design of the project and a recommendation from Public Works to proceed with bidding. I have attached my staff memo that was presented at the meeting, along with the pages from the plans showing the lighting details. Comments were made by several residents in opposition of the street lighting. The item ended in a 5-1 vote in favor of proceeding with bidding. Frank Sweeney was the lone vote against stating he did not see the need for street lights between Karrow & Geddes.

February 16, 2016 Whitefish Pilot Article: Attached

February 23, 2016: Received email from "L. Greg Magone, P.E." of Maple Valley, Washington encouraging the city to not install any street lights along any of West 7th Street. Email thread is attached.

P.O. Box 158 • Whitefish, MT 59937 • (406) 863-2400 • Fax: (406) 863-2419

March 15, 2016

Mayor Muhlfeld and City Councilors
City of Whitefish
Whitefish, Montana

Mayor Muhlfeld and Councilors

# 2016 Wastewater Infiltration & Inflow Mitigation Project

*Recommendation to Award*

## Introduction/History

The City of Whitefish has a complex wastewater collection system which incorporates over 58 miles of sewer main and 16 lift stations. Portions of the system are over 100 years old and experience a large of volume of clear water flow – primarily due to the abundance of surface and groundwater sources throughout the service area. This extraneous flow, termed Infiltration and Inflow, or "I&I", can exceed the capacity of the collector pipes and reduce the performance of the wastewater treatment facilities.

The City of Whitefish has been the subject of two separate enforcement actions from the Montana Department of Environmental Quality (MDEQ), the primary elements of which are related to excessive hydraulic loads and/or collection system problems. The first action, brought in 2006, was the consequence of 10 individual sanitary sewer overflows, or "SSO's", largely resulting from excessive hydraulic loads. The second action, resolved by Consent Order in October 2012, included five individual SSO's, among other system issues.

The City is currently designing upgrades to its wastewater treatment plant in response to the latest discharge permit, issued by MDEQ in August 2015. The new permit includes limitations that will require the WWTP to remove ammonia and nutrients, as well as nitrates. The upgrades necessary to comply with these new limitations will be significant and costly. It is therefore in the City's best interest to minimize I&I entering the collection system prior to finalizing the new plant design.

## Current Report

The City sanitary sewer system experiences an estimated 78 MG of I&I per year causing a number of problems ranging from surcharging lift stations, to reduced treatment efficiency. The I&I has been directly related to many of the SSO's experienced within the past two decades. An I&I Mitigation Study conducted in 2006 identified over 18,500 lineal feet of sewer main that exhibits extensive structural, infiltration and plugging defects. A project in 2011 to rehabilitate several thousand lineal feet of main was effective at reducing I&I based on limited available flow data and subsequent analysis performed in 2013 indicated that additional work on reduction of clear water inputs would be cost effective.

The engineering analysis considered several different drainage basins in the City and prioritized where the most reduction in clear water flow could be accomplished per dollar invested in removal. The results of the analysis yielded three specific drainage basins - Birch Point, City Beach, and River Lakes. Birch Point and City Beach are some of the oldest sections of the collection system and clear water has been found to be entering the system through old pipes. River Lakes is a newer section of the system, however I&I has been discovered in this area through poorly installed manholes.

The remedial approach to these areas includes the rehabilitation of approximately 5,000 linear feet of sewer main and approximately 35 manholes. The Public Works Department opened bids for the 2016 Wastewater Infiltration & Inflow Mitigation Project on March 11, 2016. The bid was broken into two sections - pipeline rehabilitation, and manhole rehabilitation. Although bidders were invited to bid on both elements of the project, they were only required to bid on one.

## Financial Requirement

Not surprisingly for this type of work, we only received one bidder for each scope of the project. Planned & Engineered Construction, Inc. (P.E.C.) submitted a bid for the pipeline rehabilitation in the amount of $497,700.00 and Guildner Pipeline Maintenance, Inc. submitted a bid for the manhole rehabilitation work in the amount of $316,556.44. This translates to a total project cost of $814,256.44, which is 17% below the final estimate of $983,762.00, and 28% below the original budget of $1,131,000.

The City applied for and received funding through use of TSEP and DNRC grants. In addition, SRF loan funds have been approved to implement specific recommendations from the 2014 Wastewater Infiltration and Inflow Mitigation PER.

The following is a breakdown of the project budget:

| Funding Source | RRGL | TSEP | SRF | TOTAL |
|---|---|---|---|---|
| Budget | $125,000 | $500,000 | $506,000 | $1,131,000 |
| Project as Bid | $125,000 | $500,000 | $189,256 | $814,256.44 |

## Recommendation

Based on the outcome of the Bid Opening held March 11, 2016, the Public Works Department recommends moving forward with its Infiltration & Inflow Mitigation Project. We respectfully recommend City Council authorize the City Manager to award construction contracts to the following bidders in the following amounts:

- Schedules A and C to Planned & Engineered Construction, Inc. (P.E.C.) in the cumulative amount of $497,700.00. Base Bid Schedule A amount is $418,500.00 and Additive Alternate Schedule C is $79,200.00

- Schedules B and D to Guildner Pipeline Maintenance, Inc. in the cumulative amount of $316,556.44. Base Bid Schedule B amount is $198,898.41 and Additive Alternate Schedule D is $119,998.03 and the Deduct for award of both Schedules B&D is $2,340.00.

The completion of this project will minimize I&I entering the collection system, reducing operation and maintenance costs of the system and likely lower the cost of the new wastewater treatment plant.

Sincerely,

Craig C. Workman, P.E.
Director of Public Works

# CITY OF WHITEFISH - INFILTRATION & INFLOW MITIGATION PROJECT
## Certified Bid Tabulations - March 11, 2016

| Base Bid Schedule A | | | | Engineer's Estimate | | Guildner Pipeline Maintenance | | P.E.C. Inc. | |
|---|---|---|---|---|---|---|---|---|---|
| Bid Item # | Unit | Est. Quantity | Item Name | Unit Price | Total Price | Unit Price | Total Price | Unit Price | Total Price |
| 100A | L.S. | 1 | Mobilization/Ins./Permits/Bonds | 8.0% | $30,196.00 | No Bid | No Bid | $39,500.00 | $39,500.00 |
| 102A | L.S. | 1 | Layout and Staking | 3.0% | $11,323.50 | No Bid | No Bid | $18,500.00 | $18,500.00 |
| 104A | L.S. | 1 | Traffic Control | 4.0% | $15,098.00 | No Bid | No Bid | $29,500.00 | $29,500.00 |
| 106A | Each | 2 | Spot Repair of Host Pipe (6' length) | $3,800.00 | $7,600.00 | No Bid | No Bid | $7,500.00 | $15,000.00 |
| 108A | Each | 1 | Standard Sewer Manhole (Up to 6' Depth) | $10,000.00 | $10,000.00 | No Bid | No Bid | $9,710.00 | $9,710.00 |
| 110A | L.F. | 2,910 | 10" CIPP Lining | $62.50 | $181,875.00 | No Bid | No Bid | $52.00 | $151,320.00 |
| 112A | L.F. | 1,750 | 8" CIPP Lining | $56.00 | $98,000.00 | No Bid | No Bid | $50.00 | $87,500.00 |
| 114A | L.F. | 380 | 6" CIPP Lining | $70.50 | $26,790.00 | No Bid | No Bid | $54.00 | $20,520.00 |
| 116A | L.F. | 110 | 10" SDR 35 PVC Sewer | $180.00 | $19,800.00 | No Bid | No Bid | $145.00 | $15,950.00 |
| 118A | L.F. | 600 | Clean & TV Inspect 10" Sewer | $2.80 | $1,680.00 | No Bid | No Bid | $10.00 | $6,000.00 |
| 120A | Each | 39 | Re-Instate Sewer Service – No Dig | $175.00 | $6,825.00 | No Bid | No Bid | $200.00 | $7,800.00 |
| 122A | Each | 5 | Reconnect Service – Open Trench | $900.00 | $4,500.00 | No Bid | No Bid | $1,500.00 | $7,500.00 |
| 124A | L.F. | 30 | 4" PVC Sewer Service Line | $115.00 | $3,450.00 | No Bid | No Bid | $25.00 | $750.00 |
| 126A | S.Y. | 60 | 3" Asphalt Section Restoration | $82.00 | $4,920.00 | No Bid | No Bid | $50.00 | $3,000.00 |
| 128A | Each | 2 | Utility Conflict | $780.00 | $1,560.00 | No Bid | No Bid | $1,000.00 | $2,000.00 |
| 130A | Each | 2 | Connect 10" CIPP to New 10" PVC Sewer | $2,100.00 | $4,200.00 | No Bid | No Bid | $100.00 | $200.00 |
| 132A | Hour | 25 | Exploratory Excavation | $250.00 | $6,250.00 | No Bid | No Bid | $150.00 | $3,750.00 |
| | | | | | | | | | |
| | | | Schedule A Subtotal: | | **$434,068** | | **No Bid** | | **$418,500.00** |

| Base Bid Schedule B | | | | Engineer's Estimate | | Guildner Pipeline Maintenance | | P.E.C. Inc. | |
|---|---|---|---|---|---|---|---|---|---|
| Bid Item # | Unit | Est. Quantity | Item Name | Unit Price | Total Price | Unit Price | Total Price | Unit Price | Total Price |
| 100B | L.S. | 1 | Mobilization/Ins./Permits/Bonds | 8.0% | $20,091.60 | $17,601.27 | $17,601.27 | No Bid | No Bid |
| 102B | L.S. | 1 | Layout and Staking | 1.5% | $3,767.18 | $0.00 | $0.00 | No Bid | No Bid |
| 104B | L.S. | 1 | Traffic Control | 3.5% | $8,790.08 | $557.20 | $557.20 | No Bid | No Bid |
| 105B | Each | 26 | CIPMH 4' Dia. (Up to 5' Depth) | $4,870.00 | $126,620.00 | $2,813.86 | $73,160.36 | No Bid | No Bid |
| 107B | V.F. | 100 | CIPMH 4' Dia.– Additional Depth | $715.00 | $71,500.00 | $562.77 | $56,277.00 | No Bid | No Bid |
| 109B | Each | 18 | Chimney Reconstruct (Up to 1' Depth) | $1,800.00 | $32,400.00 | $1,815.36 | $32,676.48 | No Bid | No Bid |
| 111B | V.F. | 3 | Chimney Reconstruct – Additional Depth | $800.00 | $2,400.00 | $1,719.52 | $5,158.56 | No Bid | No Bid |
| 113B | Each | 2 | Chimney CIP Liner (Up to 3' Depth) | $1,800.00 | $3,600.00 | $1,643.74 | $3,287.48 | No Bid | No Bid |
| 115B | Each | 8 | Chimney Repair – Unpaved Areas (Up to 1' Depth) | $1,300.00 | $10,400.00 | $885.95 | $7,087.60 | No Bid | No Bid |
| 117B | V.F. | 1 | Chimney Repair – Unpaved Areas – Additional Depth | $475.00 | $475.00 | $167.16 | $167.16 | No Bid | No Bid |
| 119B | Hour | 15 | Exploratory Excavation | $250.00 | $3,750.00 | $195.02 | $2,925.30 | No Bid | No Bid |
| | | | | | | | | | |
| | | | Schedule B Subtotal: | | **$283,794** | | **$198,898.41** | | **No Bid** |

| Additive Alt. Schedule C | | | | Engineer's Estimate | | Guildner Pipeline Maintenance | | P.E.C. Inc. | |
|---|---|---|---|---|---|---|---|---|---|
| Bid Item # | Unit | Est. Quantity | Item Name | Unit Price | Total Price | Unit Price | Total Price | Unit Price | Total Price |
| 100C | L.S. | 1 | Mobilization/Ins./Permits/Bonds | 8.0% | $8,801.60 | No Bid | No Bid | $2,500.00 | $2,500.00 |
| 102C | L.S. | 1 | Layout and Staking | 1.5% | $1,650.30 | No Bid | No Bid | $390.00 | $390.00 |
| 104C | L.S. | 1 | Traffic Control | 3.5% | $3,850.70 | No Bid | No Bid | $1,850.00 | $1,850.00 |
| 112C | L.F. | 1,920 | 8" CIPP Lining | $56.00 | $107,520.00 | No Bid | No Bid | $38.00 | $72,960.00 |
| 119C | Hour | 10 | Exploratory Excavation | $250.00 | $2,500.00 | No Bid | No Bid | $150.00 | $1,500.00 |
| | | | | | | | | | |
| | | | Additive Alternate Schedule C Subtotal: | | **$124,323** | | **No Bid** | | **$79,200** |

| Additive Alt. Schedule D | | | | Engineer's Estimate | | Guildner Pipeline Maintenance | | P.E.C. Inc. | |
|---|---|---|---|---|---|---|---|---|---|
| Bid Item # | Unit | Est. Quantity | Item Name | Unit Price | Total Price | Unit Price | Total Price | Unit Price | Total Price |
| 100D | L.S. | 1 | Mobilization/Ins./Permits/Bonds | 8.0% | $9,718.80 | $7,522.20 | $7,522.20 | No Bid | No Bid |
| 102D | L.S. | 1 | Layout and Staking | 1.5% | $1,822.28 | $0.00 | $0.00 | No Bid | No Bid |
| 104D | L.S. | 1 | Traffic Control | 3.5% | $4,251.98 | $557.26 | $557.26 | No Bid | No Bid |
| 105D | Each | 12 | CIPMH 4' Dia. (Up to 5' Depth) | $4,870.00 | $58,440.00 | $2,813.86 | $33,766.32 | No Bid | No Bid |
| 107D | V.F. | 49 | CIPMH 4' Dia. - Additional Depth | $715.00 | $35,035.00 | $562.77 | $27,575.73 | No Bid | No Bid |
| 109D | Each | 13 | Chimney Reconstruct (Up to 1' Depth) | $1,800.00 | $23,400.00 | $1,815.36 | $23,599.68 | No Bid | No Bid |
| 111D | V.F. | 4.2 | Chimney Reconstruct – Additional Depth | $800.00 | $3,360.00 | $1,719.52 | $7,221.98 | No Bid | No Bid |
| 119B | Hour | 5 | Exploratory Excavation | $250.00 | $1,250.00 | $195.02 | $975.10 | No Bid | No Bid |
| 121D | V.F. | 12 | CIPMH 98" | $1,100.00 | $13,200.00 | $1,123.68 | $13,484.16 | No Bid | No Bid |
| 123D | Manhour | 72 | Demolition & Prepare Manhole Interior | $75.00 | $5,400.00 | $73.55 | $5,295.60 | No Bid | No Bid |
| | | | | | | | | | |
| | | | Additive Alternate Schedule D Subtotal: | | **$155,878** | | **$119,998.03** | | **No Bid** |

| | | | | | | |
|---|---|---|---|---|---|---|
| Deduct for Award of Schedules A & C | | **-6,500.00** | | | | **$0.00** |
| Deduct for Award of Schedules B& D | | **-7,800.00** | | **-$2,340.00** | | |
| | | **Eng. Estimate** | | **Guildner** | | **P.E.C.** |
| **Schedule A** | | **$434,067.50** | | **No Bid** | | **$418,500.00** |
| **Schedule B** | | **$283,793.85** | | **$198,898.41** | | **No Bid** |
| **Schedule C** | | **$124,322.60** | | **No Bid** | | **$79,200.00** |
| **Schedule D** | | **$155,878.05** | | **$119,998.03** | | **No Bid** |
| | | | | | | |
| **Schedule A + C - Deduct:** | | **$551,890.10** | | **No Bid** | | **$497,700.00** |
| **Schedule B + D - Deduct:** | | **$431,871.90** | | **$316,556.44** | | **No Bid** |

MONTANA
PAUL W. MONTGOMERY
9285PE
LICENSED
PROFESSIONAL ENGINEER

**These Bid Tabulations are an accurate representation of the bids received on March 11, 2016 by the City of Whitefish for the Infiltration & Inflow Mitigation Project.**

P.O. Box 158 • Whitefish, MT 59937 • (406) 863-2400 • Fax: (406) 863-2419

March 15, 2016

Mayor Muhlfeld and City Councilors
City of Whitefish
Whitefish, Montana

Mayor Muhlfeld and Councilors

# Lion Mountain & Columbia Avenue Bridge Water Main Projects

*Recommendation to Award*

## Introduction/History

The Public Works Department opened bids for the Lion Mountain & Columbia Avenue Bridge Water Main Improvements on February 29, 2016. The water main extension between Highway 93 and Lion Mountain Loop Road will provide better water pressure at the higher elevations west of State Park Road. This need has been recognized over the years and became more urgent following the Council approval of the preliminary plat for the Tamarack Ridge subdivision. The construction of this water main will also allow the City to abandon the Mountain Park lift station.

The Columbia Avenue Bridge water main replacement project has also been planned for several years. The project includes replacing a broken water main the hangs beneath the bridge. This will reestablish a missing link in our water main system.

## Current Report

The bids ranged from $348,781 to $472,872. A copy of the bid summary is attached. The engineer's estimated cost for construction was $400,133, which included $211,491 for Lion Mountain and $188,842 for the Columbia Avenue Bridge. The low bid was submitted by Sandry Construction Company, Inc. for a total of $348,781 (13% below final estimate). This includes $200,721 for Lion Mountain (5% below final estimate) and $148,060 for Columbia Avenue (22% below final estimate).

At the bid opening, Thompson Contracting (TCI) was the apparent low bidder. However, in reviewing the bids, there were two errors noted in the TCI bid. The correction of these errors affected their bid price and resulted in TCI no longer being the low bidder for the project. In both errors, the bid Unit Price multiplied by the Quantity of Units did not match the listed Total for those individual items.

We understand from talking with TCI that the errors in the TCI bid were unintentional and their bid Total Estimated Price of $346,723 was their intended bid amount. However, in public bid openings, and in accordance with the project bid documents, the unit price governs. Angela Jacobs has reviewed the bids and concurs that the project should be awarded to the low bid provided by Sandry Construction. The attached a letter from Jon Gass of WGM Group further explains the award recommendation.

We have allowed some flexibility in the 2016 construction schedule for the Lion Mountain project, while the Columbia Avenue water main work cannot begin until school is out, in June.

## Financial Requirement

The contract amount for design engineering and construction management, with WGM Group, is$35,710 for Lion Mountain Water Project, and $34,990 for the Columbia Avenue Water Project. Therefore, the total project cost, including engineering, construction, financing costs and contingencies is $419,481. This amount falls just within the Water Fund Budget of $420,000 for FY 2016.

## Recommendation

We respectfully recommend the City Council authorize the City Manager to award a construction contract to Sandry Construction Company, Inc. in the amount of $348,781 for the Lion Mountain and Columbia Avenue Bridge Water Projects.

Sincerely,

Craig C. Workman, P.E.
Director of Public Works

March 3, 2016

Karin Hilding
City of Whitefish
PO Box 158
Whitefish, MT 59937

Re: Bid Review and Award Recommendation
Columbia Avenue Water Main Replacement & Highway 93-Lion Mountain Road Water Main Project

We reviewed the six bids received on February 29, 2016 for the Columbia Avenue Water Main Replacement and Highway 93-Lion Mountain Road Water Main Project. At the bid opening, Thompson Contracting, Inc. (TCI) was the apparent low bidder. However, in reviewing the bids, there were two errors noted in the TCI bid. The correction of these errors affects their bid price and results in TCI no longer being the low bidder for the project. In both errors, the bid Unit Price multiplied by the Quantity of Units does not match the listed Total for those individual Items. Because this affects the outcome of the bidding, we want to document our review of the bid error and the contract documents.

The bid documents address bid discrepancies in four sections. Below in bold is the applicable wording from each section. This is followed in italics by our interpretation of the wording and how it applies to the TCI bid.

**Instruction to Bidders**

1. **Bids**
   c. **Bids will be written in ink and/or typewriting on bid forms furnished herewith. The blank spaces on the forms must be filled in correctly for each item, and the bidder must state the price (written both in words and numerals when required) for which he proposes to do each item of work contemplated. All Bid Proposals must be totaled and, in the case of errors or discrepancies, the item prices written in words shall govern.**

   *WGM Opinion – This section states that in the event of a discrepancy, the price written in words governs over the price written in numbers. The only place where price written in words is required on the bid form is for the Total Estimated Unit Price. For the TCI bid, the prices written in words and numbers match; there is no discrepancy. Therefore, this section does not apply to the TCI bid errors.*

**Section II Proposal**

**Proposal Page 5, Paragraph E**

**The undersigned agrees that the unit price shall govern in checking the Bid, and should a discrepancy exist in the Total Estimated Price and Total Amount of Unit Prices Bid as**

**listed above after extensions are checked and corrections made, if any, the Total Amount of Unit Prices Bid as corrected shall be used in awarding this Contract.**

*WGM Opinion – This section describes the process for checking bids and states that the unit price shall govern. To check the bid, the unit price bid is extended with the unit quantity and any corrections are made to the Total Amount of Unit Prices Bid. This number is used in awarding the contract. This section directly applies to the case for the TCI bid because both errors are in the Total Unit Price Bid.*

**Supplementary Conditions**

**15. Contract Documents Discrepancies**

**In the event that any provisions of one Contract Document conflict with the provision of another Contract Document, the provision in that Contract Document first listed below shall govern, except as otherwise specifically stated:**

- **Agreement**
- **Addenda to Contract Documents**
- **Performance and Labor & Material Bonds**
- **Bid Proposal**
- **Bid Security**
- **Special Provisions**
- **Invitation to Bid**
- **Instruction to Bidders**
- **Drawings**
- **Technical Specifications**
- **Supplementary Conditions**
- **General Conditions**

*WGM Opinion – This section provides an order of governance should there be any conflicts between different provisions of the contract documents. In this case, the wording in the Bid Proposal governs over the wording in the Instructions to Bidders.*

**Proposal Page 5, Paragraph F**

The Owner reserves the right to reject any or all bids or to waive any irregularity or informality in any bid received. The Owner reserves the right to determine what constitutes material and/or immaterial informalities and/or irregularities.

*WGM Opinion – We believe that if the City awards the bid to TCI as the apparent low bidder during the bid opening, there is a strong likelihood that the award will be challenged by the next low bidder based on the discrepancy procedures outlined in the bid documents and discussed herein. This could result in project delays and additional expenses for the City.*

We discussed this matter with TCI and they have stated that the unit price for Schedule A, Item 7 should have been $1,500 rather than the written amount of $3,000 and the bid unit price for Schedule B, Item 25 should have been $400 rather than the written amount of $4,000. This result would match their written bid of $346,723.00. However, following the review procedure described above results in a bid of $371,323.

We understand from talking with TCI that the errors in the TCI bid were unintentional and their bid Total Estimated Price of $346,723 was their intended bid amount. However, we have seen several public bid openings where the unit price has not met the extension total, and in all cases we have been involved in, the unit price has governed. Because the bid error affects the low bidder for the project, we recommend the City Attorney be consulted prior to award. Please let me know if you have any questions.

Sincerely,
WGM Group, Inc.

Jonathan L. Gass, PE
Principal Engineer

# CERTIFIED BID TAB

**Project:** Columbia Avenue Water Main Replacment & Highway 93 - Lion Mountain Road Water Main Installation
**WGM Project #** 13-09-09
**Owner** City of Whitefish
**Consultant** WGM Group, Inc.
**Bid Date** February 29, 2016
**Approved By:** CLT/JLG

| | | | | Engineer's Estimate | | LHC, Inc. | | Thompson Contracting, Inc. | | Watson Excavating, Inc. | | Downing Construction, Inc. | | Pardee Excavating, LLC. | | Sandry Construction Company, Inc | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Item Number** | **Description** | **Quantity** | **Unit** | **Unit Price** | **Total** | **Unit Price** | **Total** | **Unit Price** | **Total** | **Unit Price** | **Total** | **Unit Price** | **Total** | **Unit Price** | **Total** | **Unit Price** | **Total** |
| **SCHEDULE A - Columbia Avenue Water Main Replacement** | | | | | | | | | | | | | | | | | |
| 1 | Mobilization | 1 | LS | $ 10,000.00 | $ 10,000.00 | $ 20,131.20 | $ 20,131.20 | $ 6,000.00 | $ 6,000.00 | $ 4,000.00 | $ 4,000.00 | $ 10,000.00 | $ 10,000.00 | $ 5,800.00 | $ 5,800.00 | $ 10,000.00 | $ 10,000.00 |
| 2 | Traffic Control | 1 | LS | $ 5,000.00 | $ 5,000.00 | $ 14,646.00 | $ 14,646.00 | $ 1,800.00 | $ 1,800.00 | $ 4,000.00 | $ 4,000.00 | $ 3,287.00 | $ 3,287.00 | $ 12,000.00 | $ 12,000.00 | $ 1,600.00 | $ 1,600.00 |
| 3 | Erosion Control | 1 | LS | $ 2,500.00 | $ 2,500.00 | $ 1,620.00 | $ 1,620.00 | $ 1,500.00 | $ 1,500.00 | $ 1,000.00 | $ 1,000.00 | $ 4,000.00 | $ 4,000.00 | $ 2,800.00 | $ 2,800.00 | $ 650.00 | $ 650.00 |
| 4 | Contractor Testing | 1 | LS | $ 3,000.00 | $ 3,000.00 | $ 2,625.00 | $ 2,625.00 | $ 2,300.00 | $ 2,300.00 | $ 1,500.00 | $ 1,500.00 | $ 2,000.00 | $ 2,000.00 | $ 3,800.00 | $ 3,800.00 | $ 1,075.00 | $ 1,075.00 |
| 5 | Miscellaneous Work | 10,000 | EA | $ 1.00 | $ 10,000.00 | $ 1.00 | $ 10,000.00 | $ 1.00 | $ 10,000.00 | $ 1.00 | $ 10,000.00 | $ 1.00 | $ 10,000.00 | $ 1.00 | $ 10,000.00 | $ 1.00 | $ 10,000.00 |
| 6 | Performance/Payment Bonds | 1 | LS | $ 2,000.00 | $ 2,000.00 | $ 2,170.00 | $ 2,170.00 | $ 4,000.00 | $ 4,000.00 | $ 3,000.00 | $ 3,000.00 | $ 4,000.00 | $ 4,000.00 | $ 8,200.00 | $ 8,200.00 | $ 4,290.00 | $ 4,290.00 |
| 7 | Connect to Existing 6" Water Main | 2 | EA | $ 1,000.00 | $ 2,000.00 | $ 440.64 | $ 881.28 | $ 3,000.00 | $ *6,000.00 | $ 1,800.00 | $ 3,600.00 | $ 1,000.00 | $ 2,000.00 | $ 2,800.00 | $ 5,600.00 | $ 330.00 | $ 660.00 |
| 8 | 10" C900 PVC DR 18 (235 psi) Water Main | 99 | LF | $ 70.00 | $ 6,930.00 | $ 62.06 | $ 6,143.94 | $ 80.00 | $ 7,920.00 | $ 71.00 | $ 7,029.00 | $ 150.00 | $ 14,850.00 | $ 55.00 | $ 5,445.00 | $ 75.00 | $ 7,425.00 |
| 9 | 10" Class 350 D.I.P. Water Main with Restrained Joints w/ 2" Pre-Insulation w/ 1 Integrated Heat Trace Conduit | 191 | LF | $ 190.00 | $ 36,290.00 | $ 259.53 | $ 49,570.23 | $ 230.00 | $ 43,930.00 | $ 280.00 | $ 53,480.00 | $ 350.00 | $ 66,850.00 | $ 186.00 | $ 35,526.00 | $ 215.00 | $ 41,065.00 |
| 10 | Pipe Hanger Assembly - TYPE A | 10 | EA | $ 1,400.00 | $ 14,000.00 | $ 1,080.00 | $ 10,800.00 | $ 1,100.00 | $ 11,000.00 | $ 360.00 | $ 3,600.00 | $ 1,500.00 | $ 15,000.00 | $ 2,400.00 | $ 24,000.00 | $ 1,075.00 | $ 10,750.00 |
| 11 | Pipe Hanger Assembly - TYPE B | 10 | EA | $ 1,700.00 | $ 17,000.00 | $ 1,080.00 | $ 10,800.00 | $ 1,300.00 | $ 13,000.00 | $ 250.00 | $ 2,500.00 | $ 1,600.00 | $ 16,000.00 | $ 2,500.00 | $ 25,000.00 | $ 1,075.00 | $ 10,750.00 |
| 12 | 10" EBAA Iron Flex-Tend Force Balanced Expansion Joint | 1 | EA | $ 1,000.00 | $ 1,000.00 | $ 10,800.00 | $ 10,800.00 | $ 11,400.00 | $ 11,400.00 | $ 11,000.00 | $ 11,000.00 | $ 10,000.00 | $ 10,000.00 | $ 11,200.00 | $ 11,200.00 | $ 10,700.00 | $ 10,700.00 |
| 13 | Bridge End Wall Penetration and Treatment | 2 | EA | $ 10,000.00 | $ 20,000.00 | $ 3,556.44 | $ 7,112.88 | $ 1,200.00 | $ 2,400.00 | $ 3,500.00 | $ 7,000.00 | $ 2,000.00 | $ 4,000.00 | $ 3,800.00 | $ 7,600.00 | $ 850.00 | $ 1,700.00 |
| 14 | 10" Gate Valve w/Valve Box | 2 | EA | $ 15,000.00 | $ 30,000.00 | $ 1,758.12 | $ 3,516.24 | $ 2,300.00 | $ 4,600.00 | $ 3,400.00 | $ 6,800.00 | $ 2,000.00 | $ 4,000.00 | $ 2,800.00 | $ 5,600.00 | $ 2,330.00 | $ 4,660.00 |
| 15 | 10" x 6" PE x PE Reducer | 2 | EA | $ 211.00 | $ 422.00 | $ 432.88 | $ 865.76 | $ 520.00 | $ 1,040.00 | $ 1,400.00 | $ 2,800.00 | $ 450.00 | $ 900.00 | $ 850.00 | $ 1,700.00 | $ 400.00 | $ 800.00 |
| 16 | 6" MJ Solid Sleeve | 2 | EA | $ 700.00 | $ 1,400.00 | $ 276.94 | $ 553.88 | $ 570.00 | $ 1,140.00 | $ 1,000.00 | $ 2,000.00 | $ 500.00 | $ 1,000.00 | $ 680.00 | $ 1,360.00 | $ 300.00 | $ 600.00 |
| 17 | 10" MJ 45° Ductile Iron Bend | 2 | EA | $ 800.00 | $ 1,600.00 | $ 654.41 | $ 1,308.82 | $ 740.00 | $ 1,480.00 | $ 1,100.00 | $ 2,200.00 | $ 650.00 | $ 1,300.00 | $ 680.00 | $ 1,360.00 | $ 600.00 | $ 1,200.00 |
| 18 | 10" MJ 22.5° Water Main Bend | 2 | EA | $ 800.00 | $ 1,600.00 | $ 643.70 | $ 1,287.40 | $ 640.00 | $ 1,280.00 | $ 1,000.00 | $ 2,000.00 | $ 650.00 | $ 1,300.00 | $ 680.00 | $ 1,360.00 | $ 600.00 | $ 1,200.00 |
| 19 | 1" Water Service Connection to the Main | 1 | EA | $ 500.00 | $ 500.00 | $ 1,858.60 | $ 1,858.60 | $ 1,500.00 | $ 1,500.00 | $ 2,000.00 | $ 2,000.00 | $ 850.00 | $ 850.00 | $ 1,150.00 | $ 1,150.00 | $ 1,440.00 | $ 1,440.00 |
| 20 | Abandon Existing Main | 1 | LS | $ 2,000.00 | $ 2,000.00 | $ 409.32 | $ 409.32 | $ 500.00 | $ 500.00 | $ 7,600.00 | $ 7,600.00 | $ 475.00 | $ 475.00 | $ 9,200.00 | $ 9,200.00 | $ 8,265.00 | $ 8,265.00 |
| 21 | Heat Trace Cable System with Sensors and Electrical Connection | 1 | LS | $ 7,500.00 | $ 7,500.00 | $ 8,694.00 | $ 8,694.00 | $ 11,100.00 | $ 11,100.00 | $ 7,000.00 | $ 7,000.00 | $ 15,000.00 | $ 15,000.00 | $ 6,800.00 | $ 6,800.00 | $ 6,350.00 | $ 6,350.00 |
| 22 | Flowable Fill | 1 | LS | $ 500.00 | $ 500.00 | $ 1,620.00 | $ 1,620.00 | $ 1,300.00 | $ 1,300.00 | $ 7,200.00 | $ 7,200.00 | $ 1,500.00 | $ 1,500.00 | $ 2,400.00 | $ 2,400.00 | $ 1,290.00 | $ 1,290.00 |
| 23 | Pressure and Bacteriologic Testing | 1 | LS | $ 2,000.00 | $ 2,000.00 | 2221.56 | $ 2,221.56 | $ 500.00 | $ 500.00 | $ 1,800.00 | $ 1,800.00 | $ 800.00 | $ 800.00 | $ 2,800.00 | $ 2,800.00 | $ 540.00 | $ 540.00 |
| 24 | Surface Removal and Restoration | 1 | LS | $ 10,400.00 | $ 10,400.00 | 10584 | $ 10,584.00 | $ 14,650.00 | $ 14,650.00 | $ 18,100.00 | $ 18,100.00 | $ 5,000.00 | $ 5,000.00 | $ 3,800.00 | $ 3,800.00 | $ 10,800.00 | $ 10,800.00 |
| 25 | Special Borrow | 50 | CY | $ 20.00 | $ 1,000 | 23.75 | $ 1,187.50 | $ 35.00 | $ 1,750.00 | $ 40.00 | $ 2,000.00 | $ 30.00 | $ 1,500.00 | $ 20.00 | $ 1,000.00 | $ 5.00 | $ 250.00 |
| | **Schedule A Subtotal** | | | **$** | **188,642.00** | **$** | **181,407.61** | **$** | **162,090.00** | **$** | **173,209.00** | **$** | **195,612.00** | **$** | **195,501.00** | **$** | **148,060.00** |
| **SCHEDULE B - Highway 93 - Lion Mountain Road Water Main Installation** | | | | | | | | | | | | | | | | | |
| 1 | Mobilization | 1 | LS | $ 10,000.00 | $ 10,000.00 | $ 18,931.50 | $ 18,931.50 | $ 5,000.00 | $ 5,000.00 | $ 4,000.00 | $ 4,000.00 | $ 4,000.00 | $ 4,000.00 | $ 5,200.00 | $ 5,200.00 | $ 5,400.75 | $ 5,400.75 |
| 2 | Traffic Control | 1 | LS | $ 3,000.00 | $ 3,000.00 | $ 4,000.00 | $ 4,000.00 | $ 1,500.00 | $ 1,500.00 | $ 4,000.00 | $ 4,000.00 | $ 1,000.00 | $ 1,000.00 | $ 6,200.00 | $ 6,200.00 | $ 2,500.00 | $ 2,500.00 |
| 3 | Erosion Control | 1 | LS | $ 4,000.00 | $ 4,000.00 | $ 3,564.00 | $ 3,564.00 | $ 750.00 | $ 750.00 | $ 3,100.00 | $ 3,100.00 | $ 1,500.00 | $ 1,500.00 | $ 2,400.00 | $ 2,400.00 | $ 2,500.00 | $ 2,500.00 |
| 4 | Contractor Testing | 1 | LS | $ 3,000.00 | $ 3,000.00 | $ 2,500.00 | $ 2,500.00 | $ 1,200.00 | $ 1,200.00 | $ 2,700.00 | $ 2,700.00 | $ 1,800.00 | $ 1,800.00 | $ 2,800.00 | $ 2,800.00 | $ 2,680.00 | $ 2,680.00 |
| 5 | Miscellaneous Work | 10,000 | EA | $ 1.00 | $ 10,000.00 | $ 1.00 | $ 10,000.00 | $ 1.00 | $ 10,000.00 | $ 1.00 | $ 10,000.00 | $ 1.00 | $ 10,000.00 | $ 1.00 | $ 10,000.00 | $ 1.00 | $ 10,000.00 |
| 6 | Performance/Payment Bonds | 1 | LS | $ 4,000.00 | $ 4,000.00 | $ 2,363.90 | $ 2,363.90 | $ 4,000.00 | $ 4,000.00 | $ 4,000.00 | $ 4,000.00 | $ 6,000.00 | $ 6,000.00 | $ 8,800.00 | $ 8,800.00 | $ 5,000.00 | $ 5,000.00 |
| 7 | Clearing and Grubbing | 1 | LS | $ 6,000.00 | $ 6,000.00 | $ 2,020.20 | $ 2,020.20 | $ 7,500.00 | $ 7,500.00 | $ 12,500.00 | $ 12,500.00 | $ 10,000.00 | $ 10,000.00 | $ 8,000.00 | $ 8,000.00 | $ 1,700.00 | $ 1,700.00 |
| 8 | Asphalt Removal | 387 | LF | $ 10.00 | $ 3,870.00 | $ 10.36 | $ 4,009.32 | $ 8.00 | $ 3,096.00 | $ 8.00 | $ 3,096.00 | $ 5.00 | $ 1,935.00 | $ 16.00 | $ 6,192.00 | $ 1.25 | $ 483.75 |
| 9 | Connect to Existing 12" Main | 1 | EA | $ 3,000.00 | $ 3,000.00 | $ 2,298.71 | $ 2,298.71 | $ 2,600.00 | $ 2,600.00 | $ 2,500.00 | $ 2,500.00 | $ 2,000.00 | $ 2,000.00 | $ 2,800.00 | $ 2,800.00 | $ 1,480.00 | $ 1,480.00 |
| 10 | Connect to Existing 10" Main | 1 | EA | $ 3,000.00 | $ 3,000.00 | $ 2,232.19 | $ 2,232.19 | $ 3,500.00 | $ 3,500.00 | $ 2,400.00 | $ 2,400.00 | $ 2,000.00 | $ 2,000.00 | $ 2,800.00 | $ 2,800.00 | $ 1,415.00 | $ 1,415.00 |
| 11 | 12" C900 PVC DR 18 (235 psi) Water Main | 1,517 | LF | $ 53.00 | $ 80,401.00 | $ 33.19 | $ 50,349.23 | $ 38.00 | $ 57,646.00 | $ 47.00 | $ 71,299.00 | $ 85.00 | $ 128,945.00 | $ 46.00 | $ 69,782.00 | $ 41.00 | $ 62,197.00 |
| 12 | 12" MJ 45° Ductile Iron Bend | 6 | EA | $ 800.00 | $ 4,800.00 | $ 621.35 | $ 3,728.10 | $ 825.00 | $ 4,950.00 | $ 900.00 | $ 5,400.00 | $ 900.00 | $ 5,400.00 | $ 880.00 | $ 5,280.00 | $ 800.00 | $ 4,800.00 |
| 13 | 12" FLG 45° Ductile Iron Bend | 1 | EA | $ 800.00 | $ 800.00 | $ 669.35 | $ 669.35 | $ 650.00 | $ 650.00 | $ 1,000.00 | $ 1,000.00 | $ 800.00 | $ 800.00 | $ 750.00 | $ 750.00 | $ 735.00 | $ 735.00 |
| 14 | 12" Butterfly Valve w/Valve Box | 2 | EA | $ 2,500.00 | $ 5,000.00 | $ 1,881.73 | $ 3,763.46 | $ 2,000.00 | $ 4,000.00 | $ 2,500.00 | $ 5,000.00 | $ 2,000.00 | $ 4,000.00 | $ 2,850.00 | $ 5,700.00 | $ 2,100.00 | $ 4,200.00 |
| 15 | 12" FLG x MJ Adapter | 1 | EA | $ 600.00 | $ 600.00 | $ 574.49 | $ 574.49 | $ 175.00 | $ 175.00 | $ 1,000.00 | $ 1,000.00 | $ 800.00 | $ 800.00 | $ 600.00 | $ 600.00 | $ 530.00 | $ 530.00 |
| 16 | 12"x10" FLG Ductile Iron Tee | 1 | EA | $ 1,000.00 | $ 1,000.00 | $ 1,177.86 | $ 1,177.86 | $ 1,000.00 | $ 1,000.00 | $ 1,300.00 | $ 1,300.00 | $ 1,200.00 | $ 1,200.00 | $ 1,100.00 | $ 1,100.00 | $ 1,400.00 | $ 1,400.00 |
| 17 | 10" FLGxMJ Gate Valve w/Valve Box | 1 | EA | $ 2,200.00 | $ 2,200.00 | $ 1,873.38 | $ 1,873.38 | $ 2,100.00 | $ 2,100.00 | $ 2,500.00 | $ 2,500.00 | $ 2,000.00 | $ 2,000.00 | $ 2,400.00 | $ 2,400.00 | $ 2,075.00 | $ 2,075.00 |
| 18 | 10" FLGxMJ Adapter | 1 | EA | $ 600.00 | $ 600.00 | $ 473.14 | $ 473.14 | $ 500.00 | $ 500.00 | $ 800.00 | $ 800.00 | $ 700.00 | $ 700.00 | $ 600.00 | $ 600.00 | $ 490.00 | $ 490.00 |
| 19 | 10" MJ Cap w/ 3" Blowoff Assembly | 1 | EA | $ 1,500.00 | $ 1,500.00 | $ 1,901.93 | $ 1,901.93 | $ 2,250.00 | $ 2,250.00 | $ 1,900.00 | $ 1,900.00 | $ 3,000.00 | $ 3,000.00 | $ 2,800.00 | $ 2,800.00 | $ 2,210.00 | $ 2,210.00 |
| 20 | 10" C900 PVC DR 18 (235 psi) Water Main | 17 | LF | $ 55.00 | $ 935.00 | $ 32.85 | $ 558.45 | $ 75.00 | $ 1,275.00 | $ 128.00 | $ 2,176.00 | $ 100.00 | $ 1,700.00 | $ 80.00 | $ 1,360.00 | $ 38.50 | $ 654.50 |
| 21 | Pressure Reducing Station | 1 | LS | $ 30,000.00 | $ 30,000.00 | $ 36,590.94 | $ 36,590.94 | $ 46,000.00 | $ 46,000.00 | $ 42,000.00 | $ 42,000.00 | $ 52,000.00 | $ 52,000.00 | $ 41,000.00 | $ 41,000.00 | $ 40,200.00 | $ 40,200.00 |
| 22 | Pressure and Bacteriologic Testing | 1 | LS | $ 2,000.00 | $ 2,000.00 | $ 3,687.12 | $ 3,687.12 | $ 1,000.00 | $ 1,000.00 | $ 1,500.00 | $ 1,500.00 | $ 800.00 | $ 800.00 | $ 2,600.00 | $ 2,600.00 | $ 2,520.00 | $ 2,520.00 |
| 23 | Pavement Patch - 4" Thickness Asphalt (includes base gravel and geotextile) | 387 | LF | $ 55.00 | $ 21,285.00 | $ 54.25 | $ 20,994.75 | $ 43.00 | $ 16,641.00 | $ 62.00 | $ 23,994.00 | $ 40.00 | $ 15,480.00 | $ 12.00 | $ 4,644.00 | $ 50.00 | $ 19,350.00 |
| 24 | Topsoil and Seeding | 1 | LS | $ 3,500.00 | $ 3,500.00 | $ 4,860.00 | $ 4,860.00 | $ 2,300.00 | $ 2,300.00 | $ 7,600.00 | $ 7,600.00 | $ 7,000.00 | $ 7,000.00 | $ 3,200.00 | $ 3,200.00 | $ 5,300.00 | $ 5,300.00 |
| 25 | Trench Plugs | 6 | EA | $ 500.00 | $ 3,000.00 | $ 432.00 | $ 2,592.00 | $ 4,000.00 | $ *24,000.00 | $ 100.00 | $ 600.00 | $ 1,200.00 | $ 7,200.00 | $ 680.00 | $ 4,080.00 | $ 1,150.00 | $ 6,900.00 |
| 26 | Special Borrow | 200 | CY | $ 20.00 | $ 4,000.00 | $ 23.79 | $ 4,758.00 | $ 28.00 | $ 5,600.00 | $ 40.00 | $ 8,000.00 | $ 30.00 | $ 6,000.00 | $ 25.00 | $ 5,000.00 | $ 70.00 | $ 14,000.00 |
| | **Schedule B Subtotal** | | | **$** | **211,491.00** | **$** | **190,472.02** | **$** | **209,233.00** | **$** | **224,365.00** | **$** | **277,260.00** | **$** | **206,088.00** | **$** | **200,721.00** |
| | **Schedule A & B Total** | | | **$** | **400,133.00** | **$** | **371,879.63** | **$** | **371,323.00** | **$** | **397,574.00** | **$** | **472,872.00** | **$** | **401,589.00** | **$** | **348,781.00** |
| Addendum 1 Acknowledged | | | | | | X | | X | | X | | X | | X | | X | |
| Bid Signed (Proposal) | | | | | | X | | X | | X | | X | | X | | X | |
| Bid Bond Included | | | | | | X | | X | | X | | X | | X | | X | |

* Extension error on bid form (unit price submitted was used to calculate extension per contract documents)

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# MANAGER REPORT

March 16, 2016

## RESORT TAX COLLECTIONS

On an equivalent basis of the 2% Resort Tax this year compared to last year, Resort Tax collections in January were up by 28.1% or $34,483. For the year-to-date, the comparative 2% Resort Tax is up 2.11% or $29,977..

A fair portion of January's increase is attributable to vendor payment of prior months delinquencies. I sent out 10 Certified collection letters last month and normally I might do one or two such letters. I think that some vendors may have waited until they got Christmas time revenues to pay up delinquencies and I know my letters prodded many collections.

Overall, with the additional 1% Resort Tax that voters approved, the 3% Resort Tax was up by 92.13% or $113,108 for January compared to the 2% Resort Tax in January, 2015. There are comparative figures and charts attached to this report in the packet.

## CITY EMPLOYEE HIRINGS

Phil Holmes moved into the full-time building inspector position from his old position of Inspector/Code Enforcement. So we will now look to replace the Inspector/Code Enforcement position.

Alexis Guier was hired as the new Customer Service Clerk (Michelle Howke's old position) and Alexis will begin work on March 28th. She formerly worked at Flathead Travel.

Also, Greg Acton, Utility Operations Supervisor will retire on June 17th after working for the City for 41 ½ years. We will lose a lot of institutional knowledge in many areas when Greg retires.

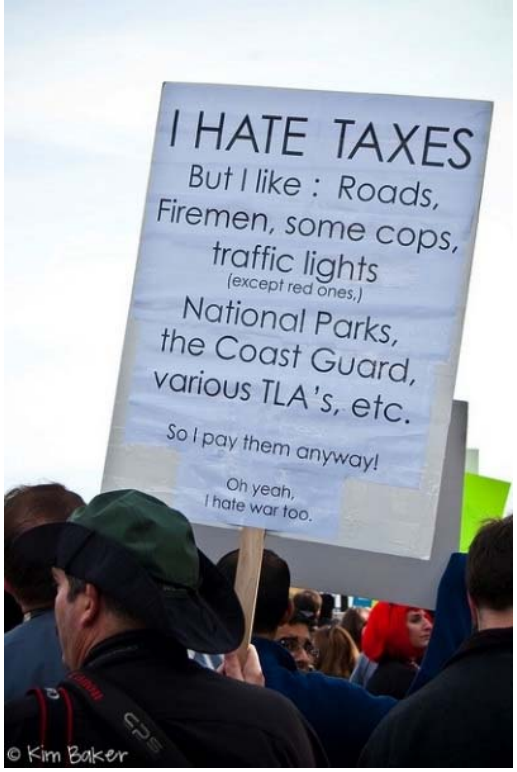
## FUTURE WORK SESSION AGENDA

As is typical for this time of the year, the future work sessions are already scheduled through June. Here is the upcoming schedule of work sessions:

| | |
|---|---|
| March 21 – | annual evaluations of City Manager and City Attorney – Executive Session |
| April 4th - | Discussion of septic leachate issue and possible incentives for people to connect on to the sewer system. |
| April 18th – | Annual Mayor and City Council goals setting session |
| May 2nd - | Interviews for committee and board appointments |
| May 16th - | Interviews for committee and board appointments |
| June 6th - | Wastewater Treatment Plant expansion and Nutrient Reduction options |
| June 20th - | Interviews for committee and board appointments |

## INTERESTING AND WELL DONE REPORT ON PROPERTY TAXES

The Bureau of Business and Economic Research at the University of Montana did a very good article on property taxes in Montana in their recent Montana Economic Report publication. The article included some history of legislative actions, comparisons to other states, and analysis of the tax burden. A copy of the article is enclosed with this report in the packet. The picture to the right is a picture I have had for a number of years.




## ARE WE AN "AGE-FRIENDLY" COMMUNITY?

The International City Managers' Association (ICMA) recently collaborated with the American Association of Retired Persons (AARP) on some questions for communities to ask themselves to help determine if they are well positioned for the retirement of the baby boom generation. The brief description and questions are below. I felt it was work reproducing here for the elected officials and staff to ponder.

*Due to both longer life-expectancies and the aging of the boomer generation, the United States will soon have its largest population of older adults ever, with one out of every five adults – more than 70 million people – age 65 or older by 2030. Unlike during past generations, when people retired by 65 and moved in droves to Sunbelt retirement villages, today's older adults are often still working, some still have children at home, and many want to "age-in-place" by remaining in the home and/or community they love. Is your community ready for these changes?*

*Try answering the following questions:*

1. *Does your community have a variety of housing options, so families or people who live alone or are empty nesters can find and afford a suitable house or apartment?*
2. *Does your community have sidewalks?*
3. *Can people get to stores, restaurants, and other needed places without a car?*
4. *Can a pedestrian or bicyclist safely cross and travel along your community's main streets?*
5. *Does your community have indoor and outdoor public spaces where people can gather or relax?*

## USFS MEETING ON "WHITEFISH FACE" FUELS REDUCTION PROJECT

The Tally Lake Ranger District of the Flathead National Forest is going to hold a public meeting for the Whitefish Municipal Watershed Fuels Reduction Project at the City Hall Council Chamber on **March 29th at 5:30 p.m.**. The meeting will be from 5:30 to 7. This is the EIS that will evaluate prescribed burns, some logging, and some fuel reduction projects done by hand.

## MEETINGS

Affordable Workforce Housing Task Force (2/18) – The task force met at First Interstate Bank and received the current draft of the Request for Qualifications (RFQ) for the Housing Needs Assessment. The RFQ was sent to the State Department of Commerce for review and it will go to the City Council for review and consideration on March 21st. There was also discussion of a business survey and of vacation rentals that diminish the supply of long term rental properties.

## UPCOMING SPECIAL EVENTS

**REMINDERS**

March 25th – Good Friday. City Hall closed for the Good Friday holiday.

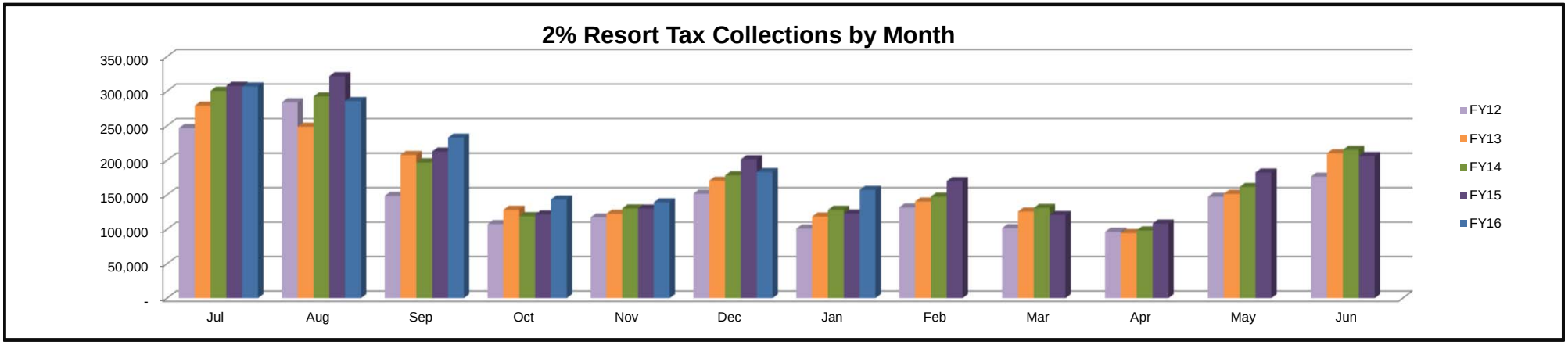
Chuck

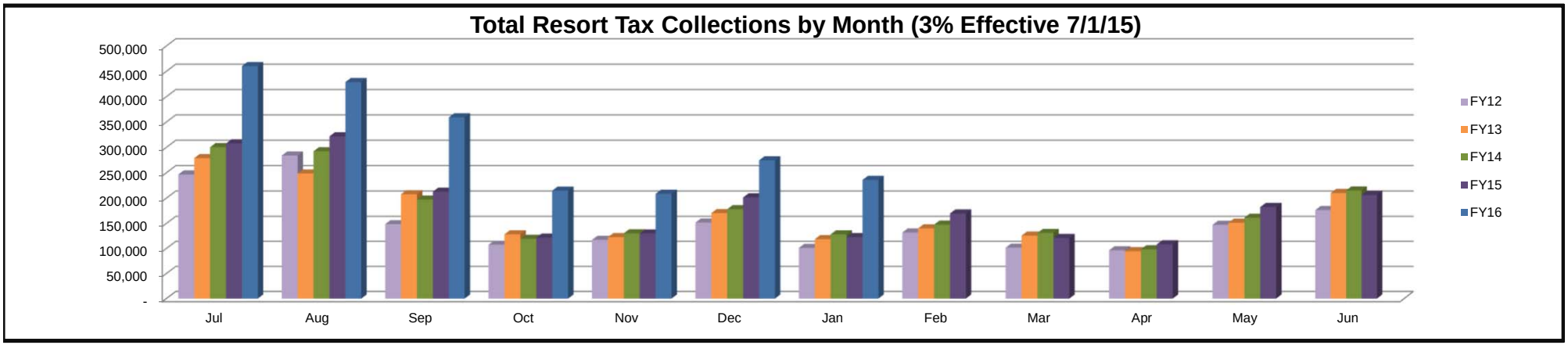
Respectfully submitted,
Chuck Stearns, City Manager

**Resort Tax Report**
**Reported in the Month Businesses Collected Tax**

| Month/Year | Lodging | Bars & Restaurants | Retail | Collected | % Chng Mnth to Pr Yr Mnth | % Chng Quarter to Pr Yr Quarter | Additional 1% Resort Tax Effective July 1, 2015: Lodging | Bars & Restaurants | Retail | Collected | Total Collected (3% Resort Tax for FY16) | Interest | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Jul-13 | 81,828 | 98,642 | 120,028 | 300,497 | 7.7% | | - | - | - | - | 300,497 | 496 | 300,993 |
| Aug-13 | 77,809 | 108,131 | 106,422 | 292,362 | 17.6% | | - | - | - | - | 292,362 | 434 | 292,796 |
| Sep-13 | 50,377 | 77,416 | 69,328 | 197,120 | -5.1% | 7.4% | - | - | - | - | 197,120 | 434 | 197,554 |
| Oct-13 | 16,851 | 48,015 | 54,271 | 119,137 | -7.1% | | - | - | - | - | 119,137 | 434 | 119,571 |
| Nov-13 | 6,831 | 47,701 | 75,780 | 130,312 | 6.3% | | - | - | - | - | 130,312 | 2654 | 132,966 |
| Dec-13 | 21,782 | 64,884 | 91,585 | 178,251 | 4.6% | 1.5% | - | - | - | - | 178,251 | 404 | 178,655 |
| Jan-14 | 16,848 | 54,481 | 56,839 | 128,169 | 8.2% | | - | - | - | - | 128,169 | 404 | 128,573 |
| Feb-14 | 22,323 | 58,758 | 66,487 | 147,568 | 5.3% | | - | - | - | - | 147,568 | 404 | 147,972 |
| Mar-14 | 15,770 | 64,178 | 51,114 | 131,061 | 4.2% | 5.8% | - | - | - | - | 131,061 | 409 | 131,470 |
| Apr-14 | 10,065 | 41,894 | 46,458 | 98,417 | 4.0% | | - | - | - | - | 98,417 | 455 | 98,872 |
| May-14 | 18,993 | 58,791 | 83,683 | 161,467 | 6.6% | | - | - | - | - | 161,467 | 455 | 161,922 |
| Jun-14 | 44,865 | 69,190 | 101,053 | 215,107 | 2.4% | 4.1% | - | - | - | - | 215,107 | 455 | 215,562 |
| | | | | | YTD Compared to Last Year | | | | | | | | |
| **Total FY14** | **$ 384,342** | **$ 792,081** | **$ 923,047** | **$ 2,099,470** | or | **5.12%** | **$ -** | **$ -** | **$ -** | **$ -** | **$ 2,099,470** | **$ 7,438** | **$ 2,106,908** |
| FY13 vs FY14 | 11.2% | 4.5% | 3.3% | 5.1% | $ | 102,265 | n/a | n/a | n/a | n/a | 5.1% | TaxableSalesFY14 $ | 110,498,402 |
| Jul-14 | 84,053 | 104,935 | 118,876 | 307,864 | 2.5% | | - | - | - | - | 307,864 | 440 | 308,304 |
| Aug-14 | 93,049 | 117,674 | 111,016 | 321,739 | 10.0% | | - | - | - | - | 321,739 | 498 | 322,236 |
| Sep-14 | 49,804 | 84,149 | 78,813 | 212,767 | 7.9% | 6.6% | - | - | - | - | 212,767 | 246 | 213,013 |
| Oct-14 | 18,589 | 50,665 | 52,266 | 121,519 | 2.0% | | - | - | - | - | 121,519 | 604 | 122,123 |
| Nov-14 | 8,530 | 43,076 | 78,311 | 129,917 | -0.3% | | - | - | - | - | 129,917 | 359 | 130,276 |
| Dec-14 | 20,944 | 74,617 | 105,885 | 201,446 | 13.0% | 5.9% | - | - | - | - | 201,446 | 293 | 201,739 |
| Jan-15 | 15,285 | 52,940 | 54,543 | 122,768 | -4.2% | | - | - | - | - | 122,768 | 281 | 123,049 |
| Feb-15 | 25,805 | 74,286 | 69,705 | 169,795 | 15.1% | | - | - | - | - | 169,795 | 166 | 169,961 |
| Mar-15 | 16,336 | 51,183 | 53,368 | 120,887 | -7.8% | 1.6% | - | - | - | - | 120,887 | 227 | 121,114 |
| Apr-15 | 11,755 | 50,637 | 45,835 | 108,227 | 10.0% | | - | - | - | - | 108,227 | 263 | 108,490 |
| May-15 | 23,911 | 61,756 | 96,773 | 182,441 | 13.0% | | - | - | - | - | 182,441 | 288 | 182,728 |
| Jun-15 | 39,483 | 78,394 | 88,316 | 206,194 | -4.1% | 4.6% | - | - | - | - | 206,194 | 301 | 206,495 |
| | | | | | YTD Compared to Last Year | | | | | | | | |
| **Total FY15** | **$ 407,543** | **$ 844,313** | **$ 953,707** | **$ 2,205,564** | or | **5.05%** | **$ -** | **$ -** | **$ -** | **$ -** | **$ 2,205,564** | **$ 3,966** | **$ 2,209,529** |
| FY14 vs FY15 | 6.04% | 6.59% | 3.32% | 5.05% | $ | 106,094 | n/a | n/a | n/a | n/a | 5.1% | Taxable Sales FY15 $ | 116,082,301 |
| Jul-15 | 78,513 | 111,068 | 117,342 | 306,922 | -0.3% | | 39,256 | 55,534 | 58,671 | 153,461 | 460,383 | 377 | 460,760 |
| Aug-15 | 69,374 | 114,956 | 101,484 | 285,814 | -11.2% | | 34,687 | 57,478 | 50,742 | 142,907 | 428,722 | 375 | 429,097 |
| Sep-15 | 75,699 | 74,806 | 82,265 | 232,770 | 9.4% | -2.0% | 37,850 | 47,403 | 41,133 | 126,386 | 359,156 | 410 | 359,566 |
| Oct-15 | 19,169 | 63,939 | 60,111 | 143,219 | 17.9% | | 9,584 | 31,970 | 30,056 | 71,610 | 214,829 | 545 | 215,373 |
| Nov-15 | 8,611 | 43,585 | 86,861 | 139,057 | 7.0% | | 4,306 | 21,793 | 43,430 | 69,529 | 208,586 | 527 | 209,113 |
| Dec-15 | 18,343 | 74,975 | 89,645 | 182,964 | -9.2% | 2.7% | 9,172 | 37,488 | 44,823 | 91,482 | 274,446 | 484 | 274,929 |
| Jan-16 | 17,685 | 70,025 | 69,541 | 157,251 | 28.1% | | 8,842 | 35,012 | 34,771 | 78,625 | 235,876 | 505 | 236,381 |
| Feb-16 | | | | - | | | | | | - | - | | - |
| Mar-16 | | | | - | | | | | | - | - | | - |
| Apr-16 | | | | - | | | | | | - | - | | - |
| May-16 | | | | - | | | | | | - | - | | - |
| Jun-16 | | | | - | | | | | | - | - | | - |
| | | | | | YTD Compared to Last Year | | | | | | | | |
| **Total FY16** | **$ 287,394** | **$ 553,354** | **$ 607,249** | **$ 1,447,997** | or | **2.11%** | **$ 143,697** | **$ 286,677** | **$ 303,625** | **$ 733,999** | **$ 2,181,996** | **$ 3,222** | **$ 2,185,219** |
| FY15 vs FY16 | 4.52% | 16.47% | 11.39% | 11.79% | $ | 29,977 | n/a | n/a | n/a | n/a | 99.5% | Taxable Sales FY16 $ | 114,841,916 |
| FY16 % of Collections | 20% | 38% | 42% | | | | 20% | 39% | 41% | | | | |
| **Grand Total** | **$ 5,049,858** | **$ 10,590,588** | **$ 12,707,064** | **$ 28,347,509** | | | **$ 143,697** | **$ 286,677** | **$ 303,625** | **$ 733,999** | **$ 29,081,508** | **$ 762,982** | **$ 29,845,040** |
| % of Total Collections | 18% | 37% | 45% | | | | 20% | 39% | 41% | | | 2.6% | Average since '96 |

**Resort Tax Report**
**Reported in the Month Businesses Collected Tax**




| Total Taxable Sales Since 1996 |
|---|
| $ 1,530,605,697 |

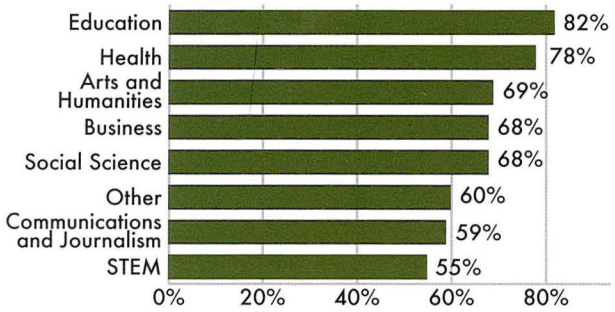
| Total Collected |
|---|
| $ 30,612,114 |

| 5% Admin |
|---|
| $ 1,530,606 |

| Public Portion |
|---|
| $ 29,081,508 |

Figure 3

**Percent of 2011 to 2013 MUS Bachelor's Graduates Employed in Montana Within One Year of Graduation, by Major Group**




Source: Bureau of Business and Economic Research at the University of Montana.

the U.S. average.[9] The wage gap is particularly large for several high-wage occupations like computer and mathematical, business and finance, management, and legal occupations.

Secondly, Montana has disproportionately fewer jobs in occupations with high average earnings. Montana's college-educated workers tend to be concentrated in lower wage occupations. If college-educated workers in Montana were allocated across occupations in the same proportions as the U.S. economy, Montana would have over 3,000 more college-educated workers working in business and finance or computer and mathematical occupations, over 1,300 more workers in sales and related occupations, and over 600 more workers in legal occupations.

These data suggest that Montana's economy may not generate sufficient opportunities for young, college-educated workers – particularly for those with certain interests or skills. The data on employment outcomes for MUS graduates further support this story. The probability that a graduate is employed in Montana following graduation varies substantially across major fields (see Figure 3). Approximately 80 percent of MUS Bachelor's degree recipients who major in education or health are employed in Montana within their first year after graduation, and the vast majority of these individuals are employed in the education and health industries. In contrast, only 38 percent of MUS Bachelor's degree recipients who major in engineering (and 55 percent of science, technology, engineering and mathematics (STEM) degree holders) are employed in Montana within their first year after graduation. This pattern is consistent with Montana offering relatively robust opportunities to graduates interested working in fields like education or health, but offering weaker opportunities for people interested in STEM.

Thus, low wages and/or lack of jobs associated with insufficient demand provide the most plausible explanation for the net outmigration of young, college-educated Montanans. Other factors that tend to drive migration (like cost of living or quality of life) seem less plausible. Montana is not particularly expensive relative to other places (according to data from the Bureau of Economic Analysis, Montana is the 23rd cheapest state). Montana also offers an exceptional quality of life. In spite of its low wages, people continue to, on net, move to Montana to access its majestic mountains, pristine rivers and lakes, abundant open spaces, and a strong sense of community. It is possible that the young and college-educated desire amenities not offered in Montana (e.g., the restaurants, clubs, concerts, and social scenes of big cities). However, the effect of this on Montana's net migration is likely small. Most likely, the young and college-educated disproportionately leave Montana to seek jobs and incomes not available in Montana.

The loss of young college-educated workers is a weakness in Montana's economy that demands further investigation. If Montanans want a healthy economy and their children's future to be in Montana, they need to understand and address the factors that limit demand for its college-educated workers. In recent decades, regional economists have found that the number of skilled, creative workers in a region strongly predicts long-term regional economic success. The net outmigration of young college graduates from Montana's economy represents the loss of an important regional resource that may affect Montana's long-term economic health. *MER '16*

# Montana's Property Tax System

## *Is the State's Oldest Tax Right for the Future?*

*By Douglas J. Young*
*Department of Economics and Agricultural Economics at Montana State University*

Montana's property tax is the state's oldest tax, and also the most important. As recently as 1950, property tax revenues were 63 percent of total state and local tax collections. By 2014, the property tax share had declined to 39 percent, but it still dwarfed the next most important tax – the individual income tax – at 27 percent.

But should the property tax continue to be Montana's most important tax? There are several reasons to think not. First, Montana relies more heavily on the property tax than a typical state –

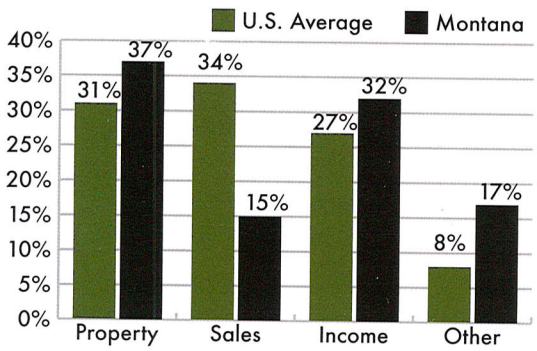
[9] BBER analysis of ACS; again we limit the analysis to people who report working more than 40 weeks per year and more than 35 hours per week.

perhaps it relies too much on the property tax. Secondly, property tax mill levies have risen rapidly in the last 20 years. Thirdly, the burden of the property tax has shifted dramatically toward residential and commercial property. Many citizens are unhappy with the shift, especially if their incomes have risen more slowly than their property values.

Another factor may simply be the difficulty of understanding one's property tax bill. The county treasurer recently informed me that the value of my house for tax purposes is just over $5,000. I had thought it much more valuable. Finally, local governments, which rely heavily on property taxes, have increasingly utilized a variety of "special districts," which are not technically property tax mill levies but nonetheless show up on the property tax bill. Perhaps for all of these reasons, the property tax is widely resented. "Tax revolts" around the country, including Montana's Initiative 105, have often focused on the property tax.

But as the remainder of this paper discusses, it is not clear that Montana should substantially reduce its reliance on property taxes. Most states rely less on property taxes, because they rely more on general sales taxes, and Montanans may not prefer that method of taxation. Montana's property tax rates are below average when compared with other states. The shift in property tax burden toward residential and commercial property is fundamentally a reflection of the changing nature of Montana's economy. Finally, when one examines the characteristics of a "good" tax, the property tax does not look so bad, and deserves an important place in Montana's tax system. Still, there may be ways to improve an already "good" tax.

## Figure 1
### State and Local Tax Composition




Source: Bureau of Census, FY 2013.

## Table 1
### Effective Property Tax Rates, Residential Property

| State/Metro Area | Median Home Price ($) | Tax ($) | Rank | Effective Tax Rate (Percent) | Rank |
|---|---|---|---|---|---|
| California, Los Angeles | 296,800 | 3,668 | 14 | 1.2 | 31 |
| Colorado, Denver | 260,700 | 1,480 | 44 | 0.6 | 52 |
| Idaho, Boise | 138,200 | 1,350 | 45 | 1.0 | 38 |
| Montana, Billings | 176,681 | 1,799 | 37 | 1.0 | 36 |
| Nevada, Las Vegas | 130,700 | 1,491 | 43 | 1.1 | 34 |
| North Dakota, Fargo | 148,600 | 2,328 | 26 | 1.6 | 20 |
| Oregon, Portland | 233,900 | 5,096 | 6 | 2.2 | 9 |
| South Dakota, Sioux Falls | 150,800 | 1,961 | 33 | 1.3 | 27 |
| Utah, Salt Lake City | 187,000 | 1,609 | 41 | 0.9 | 41 |
| Washington, Seattle | 290,700 | 2,719 | 21 | 0.9 | 40 |
| Wyoming, Cheyenne | 160,279 | 1,058 | 49 | 0.7 | 48 |
| US Average | 187,715 | 2,847 | - | 1.5 | - |
| Region Average | 197,892 | 2,233 | - | 1.1 | - |

Source: Montana Taxpayers Association, Montana Taxes: Comparisons with Other States.

### Comparisons with Other States

Montana relies more on the property tax than a typical state, as displayed in Figure 1. The typical state receives 31 percent of its tax revenue from property tax, while the figure is closer to 40 percent in Montana. Montana does not have a general sales tax, but it does levy a variety of excise or selective sales taxes on tobacco, alcohol, gasoline, accommodations and other items. Still, when general and selective sales taxes are added together, Montana gets less than half as much from these sources as a typical state does. Montana also receives a larger share of its tax revenue from income taxes on individuals and corporations, and from "Other Taxes" including natural resource taxes.

Despite that reliance, available data suggest that residential property tax rates are at or below average in comparison with other states. Table 2 compares "effective" property tax rates in the largest cities in several western states and national averages. Effective

Table 2
Total Property Taxes

| | 1995 | 2015 | Growth |
|---|---|---|---|
| Taxes Levied ($ millions) | $704 | $1,575 | 124% |
| Taxable Value ($ millions) | $1,787 | $2,521 | 41% |
| Average Mill Rate | 394 | 625 | 58% |

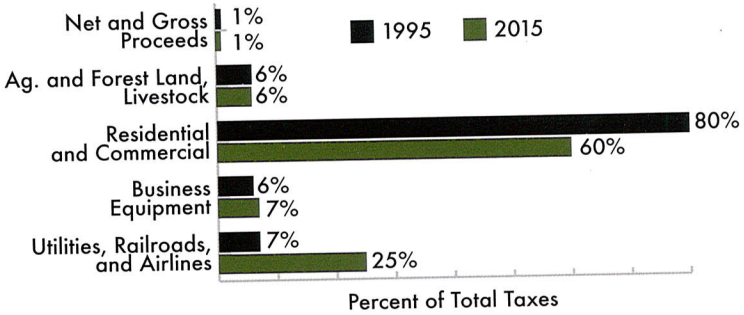
Source: Montana Department of Revenue Biennial Reports.

Table 3
Property Taxes and Personal Income

| | 1995 | 2015 | Growth |
|---|---|---|---|
| Taxes Levied ($ millions) | $704 | $1,575 | 124% |
| Personal Income ($ millions) | $16,553 | $42,467 | 157% |
| Property Tax / Personal Income (Percentage) | 4.3% | 3.7% | - |

Source: Montana Department of Revenue and U.S. Bureau of Economic Analysis.

Figure 2
Taxable Value Shares in 1995 and 2015




Source: Montana Department of Revenue.

property tax rates are the dollar value of property taxes divided by the market value of a property. Effective property tax rates are used for cross-state comparisons, because the property tax structures differ so much between the states that concepts like "mill levies" have very different meanings depending on the state.

The effective residential property tax rate in Billings is estimated to be about one percent, which is below national and regional averages. Billings' effective rate ranks 36th highest (or 15th lowest) in the country. Comparisons of rates on industrial property yield similar conclusions: Effective property tax rates are below national averages and near regional averages.

## *Montana Property Taxes over 20 Years*

Property tax revenues, assessments, and mill levies have undergone significant changes in the last 20 years, largely in response to sharply increasing values for residential and commercial property. Total property taxes more than doubled between 1995 and 2015 while the taxable value of all property in the state increased more slowly (Table 2). Thus, most of the increase in property taxes resulted from changes in mill levies and the fees that appear on property tax bills.

Why did property taxes grow so rapidly? The most fundamental reasons are inflation, population growth, and increases in real income per person, all of which contribute to growth in personal income and the demand for government services. In fact, personal income in Montana rose faster than property taxes, so property taxes declined as a percentage of income (Table 3).

Put differently, the reason that the average mill rate grew so much was that the taxable value of property – the tax base – increased relatively slowly. In fact, growth in the tax base didn't even keep up with inflation and population growth, so higher mill levies were required just to maintain the same level of services.

Why did the tax base fail to keep up with population growth and inflation? The short answer is that the Montana legislature repeatedly increased the Exemption Allowances and reduced the Tax Rates. These actions were taken to offset the dramatic rise in property values that occurred during the real estate boom of the 1990s and much of the 2000s. If no adjustments had been made, additional shifting among different types of property would have occurred. However, because these actions offset essentially all of the increases in market value – including half of general inflation – local governments required higher mill levies and the use of fees just to continue providing the same level of services.

Despite the Legislature's actions, residential and commercial property's share of the property tax base (taxable value) increased from 46 percent in 1995 to 60 percent in 2015 (Figure 2). Consequently, residential and commercial property paid an increasing share of property taxes.

The shift in the property tax burden toward residential and commercial property resulted mainly from new construction and increases in property values. Changes in the property tax laws eased the burden. While property taxes were reduced on business equipment, electrical generation and telecommunications property, and livestock were exempted from tax, a number of provisions benefited owners of residential and commercial property. By 2015, a "homestead" exemption excluded 47 percent of the value of residential property, and a similar

"comstead" exemption excluded 21.5 percent of the value of commercial property. In addition the fraction of taxable value to which mill levies are applied was reduced from 3.86 percent to 2.47 percent. Altogether these changes reduced the taxable fraction of market value of residential property by approximately two-thirds.

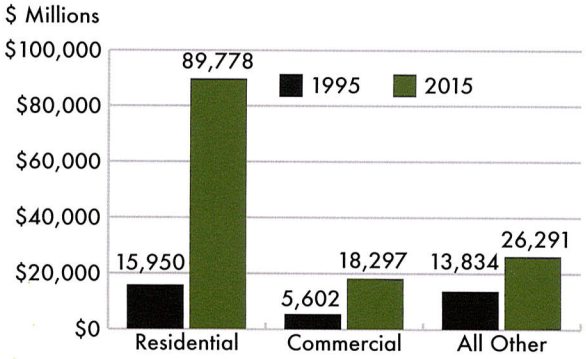
To reiterate, the various changes in the property tax law, taken all together, did not shift the burden onto residential and commercial property. In fact, the law changes, on net, favored residential property. Residential and commercial property do shoulder a bigger share of the burden these days, but that is because they are the kinds of property that have grown the fastest (Figure 3). The market value of residential property increased more than five-fold between 1995 and 2015, while commercial property more than tripled. The market value of all other property increased more slowly, "only" doubling. Put another way, the growth in the market value of residential and commercial property – including both appreciation of existing properties and new construction – accounted for 87 percent of all the growth in the market value of taxable property in Montana, and all of the other classes accounted for only 13 percent of the growth. In this sense, it is not surprising that the share of property taxes paid by residential and commercial property has been increasing.

### *What is a "Good" Tax System?*

A "good" tax system may be an oxymoron to many, because very few people actually like paying taxes. But taxes are how we pay for a good chunk of government services, including schools, roads, health care and others. And some methods of raising taxes are better than others. Here are some criteria for judging a tax or tax system.

First, a good tax system is one that promotes economic opportunity. In recent years, Montanans have seen large numbers of young people leaving the state for better opportunities elsewhere, and most of us who remained behind wouldn't mind an increase in our own salaries as well. To the extent that a tax system can improve that situation, or at least not discourage opportunity, it is desirable. According to the Tax Foundation, Montana's Business Tax Climate is the 6th best among all the states in the nation. One reason is the absence of a general sales tax – which would be difficult to maintain if property taxes were markedly reduced – and another reason is Montana's property tax system, which itself is ranked 9th best in the nation.

Figure 3
**Market Value of Property in 1995 and 2015**




Source: Montana Department of Resources.

A second criterion for evaluating a tax system is fairness, which involves who bears the burden of paying taxes. It is very difficult to pin down exactly what constitutes a "fair" tax system. In fact, most people's definition of a fair tax is one that somebody else pays, which accounts for the popularity of taxes on tourists. But even if it is hard to precisely define fairness, it is an important element in judging a tax system. One popular criterion is that taxes should be based on ability to pay. Is the property tax consistent with ability to pay? Wealthier people typically live in more expensive houses, so in that sense the property tax is consistent with ability to pay. But property taxes do not reflect current income, so a retiree may not have the cash flow to easily pay their property tax, especially when a residence has appreciated over the years. The State of Montana offers an Elderly Homeowner/Renter tax credit to lower income households to partially offset property taxes, and some homeowners may use reverse mortgages to pay taxes and other expenses.

A third factor is low administrative and compliance costs. These are the costs borne by the government in collecting taxes, and also the costs borne by the private sector in complying with the tax code. Each year around April 15th, everyone becomes acutely aware that the costs of complying with the income tax code go well beyond the money we finally send in to the government. But it is not evident that administrative and compliance costs are higher for property taxes than for alternative taxes.

A fourth criterion is stability. Income taxes and natural resource taxes fluctuate quite dramatically with the boom-and-bust cycles of the economy. Montana's tourist-oriented sales taxes also fluctuate considerably. When revenues fluctuate, it creates problems for managing the public finances, as legislators and government officials will testify. Property taxes are relatively stable revenue sources in comparison with other taxes.

Finally, a good system should also provide adequate revenues. In fact, revenues to fund government services are just about the ONLY good thing about taxes. Taxes themselves are more likely to discourage economic opportunity than to promote it, fairness

is extremely difficult to achieve, and all taxes have substantial administrative and compliance costs. If it weren't for the roads, schools and other services that are provided by taxes, we could just go home and forget the whole thing. Thus, if property taxes were to be significantly reduced, either matching cuts in services or increases in other taxes would be necessary.

### Conclusion

The last two decades have seen dramatic changes in property taxes in Montana, particularly in connection with sharply rising residential and commercial property values. Legislative changes have eased – but not eliminated – the increased burden on homeowners that would have otherwise occurred. But the legislative changes perhaps did "too much:" Growth in the tax base failed to keep up with population growth and inflation, so mill levies and fees rose in response.

The 2015, the Montana legislature simplified Montana's property taxes by eliminating the homestead and comstead exemptions, and by shortening the reappraisal cycle from six years to two years. Additional changes will no doubt be debated in coming sessions, among them redefining the tax base to include Intangible Personal Property, valuing closed industrial properties, and whether the Department of Revenue should reveal the sales price of homes. In short, property taxes are likely to be a continuing source of controversy. But while controversy may not disappear, property taxes still have an important role to play in providing revenue to Montana's state and local governments, if only because the alternatives may be even less palatable. MER '16

# Expanding Medicaid in Montana

## What Do the Experiences of Other States Tell Us?

By Bryce Ward
Bureau of Business and Economic Research
at the University of Montana

In 2012, the Supreme Court gave states the option to decline to expand Medicaid under the Affordable Care Act. Since that time, states have debated the pros and cons of participating in Medicaid expansion. These debates have centered around a number of important questions such as: How many people are potentially eligible? Who are the potentially eligible? How many of the potentially eligible might enroll in Medicaid? How might Medicaid expansion affect the health care sector? How might Medicaid expansion affect state and local government finances? How might Medicaid expansion affect the economy?

As states debated whether or not to expand Medicaid, researchers worked to answer these questions. However, they were largely operating in the dark. No data existed that could describe how Medicaid expansion (and other parts of the ACA) would play out with a high degree of certainty.

In recent months, data on the experiences in states that chose to expand Medicaid in 2014 became available from a variety of sources. As such, we can begin to more rigorously investigate the potential effects of Medicaid expansion. This is timely. Montana has recently begun to implement its own version of Medicaid expansion. As such, it is worth asking what we might learn about the potential effects of Montana's Medicaid expansion from the experience of states that began implementing Medicaid expansion in 2014.

### Uninsurance and Participation Rates

Given that the primary reason to expand Medicaid is to provide health insurance to people who otherwise might not have it, the first question to address is the extent to which Medicaid expansion helps reduce the share of the population without insurance.

Figure 1 presents the relationship between the percentage of 18- to 64-year-olds uninsured in 2013 and the change in the percentage of 18- to 64-year-olds uninsured in 2014. The black dots and black line show states that did not expand Medicaid in 2014, and the green dots and green line show states that did expand Medicaid in 2014. Three things stand out in this figure. First, states that expanded Medicaid saw larger declines in uninsured than states that did not expand Medicaid (the green dots and line are below the black dots and line). Second, states that had a larger share of uninsured people in 2013 experienced larger declines in those shares in 2014 (both lines

> *"If Montana had expanded Medicaid in 2014, it seems likely that it would have seen a large decline in the share of 18- to 64-year-olds without insurance."*

# PROJECT REVIEW

DATE: 14 March 2016

CITY OF WHITEFISH

NEW CITY HALL and PARKING STRUCTURE

## REPORT TO CITY COUNCIL and STAFF for 21 MARCH, 2016

### ACTIVITIES COMPLETED – THIS PERIOD

- The first half (east section) of the common wall step footing and lateral footing was poured on March 3rd.
- Concrete was also placed for misc. footings on Mar 7th and 11th, for a total of approximately 40 CY's. The stem wall for the south building elevation was completed, along with the first section of basement walls. The walls must be poured in sections, so that the natural shrinkage in the concrete can occur prior to the next wall sections.
- Two more sections of basement wall were placed on March 14th - 32CY's.
- Approximately 275 CY's have been placed to date.

### ACTIVITIES IN PROGRESS

- Work is in progress on forming and placing concrete for next section of the step footings and common wall footings between the City Hall & PS (west half), and the next basement wall sections.
- Formwork and rebar install is in progress, as well, for the **first footings** for the Parking Structure. Martel is stepping up the foundation work along the alley way, in order to backfill and relieve the current restrictions to alley truck traffic.

### ACTIVITIES PLANNED (3 WEEK LOOK AHEAD)

- Completion of the basement walls.
- Installation of the structure steel framing and pan decking** on top of the basement walls.
- Installation of under slab utilities in the City Hall area.
- Installation of the VOC removal piping around the basement perimeter.
- Continuation of the PS formwork and rebar.

**See attached photos

CONTRACT ACTIVITES

- With most subcontracts and purchase orders now in place, Martel will shift focus to the selection of suppliers for specialty work, i.e., landscaping, sidewalks, site paving, etc.

FUTURE SCHEDULED ACTIVITIES

- Martel will continue to develop the concrete work, both in the City Hall and the PS areas.
  Martel will shift emphasis to the PS effort, as City Hall concrete completes.
- Rough-in work for the mechanical and electrical efforts are scheduled to proceed along with the concrete work.
- The first loads of structural steel are still expected at the site in mid-April.

COMMUNICATIONS TO THE PUBLIC

- An interview was held by the OR, with a reporter from the Pilot, on March 15th , concerning alley work, disposition of contamination, and schedule.
- Relations and communications with the local business owners, and the community in general, remain positive.

AREAS OF CONCERN

- Alley closure-
  This is more of precaution than a concern. The priority is to complete work adjacent to the roadway as quickly as possible and reopen the alley to normal use.
  At this time, the alley is only closed to semi traffic, near the open excavations. Trucks may continue to utilize either end, up to the section behind the Remington. Martel is making every effort to expedite the work and assist business owners and drivers as necessary.

Mike Cronquist
Owners Representative

SITE PHOTOS

THE FIRST OF THE PS FOUNDATIONS – SE CORNER SHEAR WALL, AS IT TIES INTO THE STEP FOOTING

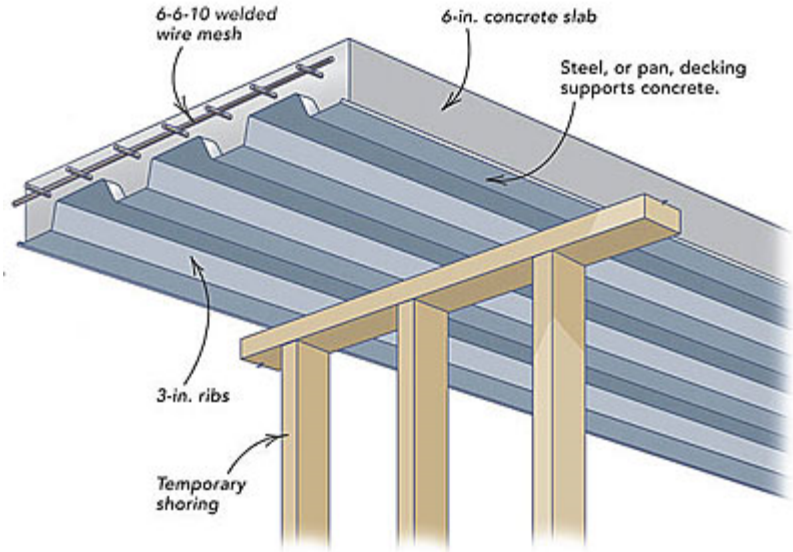
IN THE BACKGROUND ARE THE SOUTHWEST SECTIONS OF THE BASEMENT WALLS – CONCRETE FOR THE SOUTH (EAST-WEST) ELEMENT, WITH FORMWORK STILL IN PLACE, WAS PLACED MARCH 15TH

EAST SECTION OF FIRST PS FOOTING. THE COMPLETED STEP FOOTING IS JUST OUT OF SIGHT AT THE LOWER LEFT OF THE PHOTO.

COMPLETED STEP FOOTING IN THE CENTER BACKGROUND

FORMWORK ON THE EAST SECTION OF BASEMENT WALL THE SOUTH STAIRWELL WALL (MID-PHOTO)

PAN DECKING



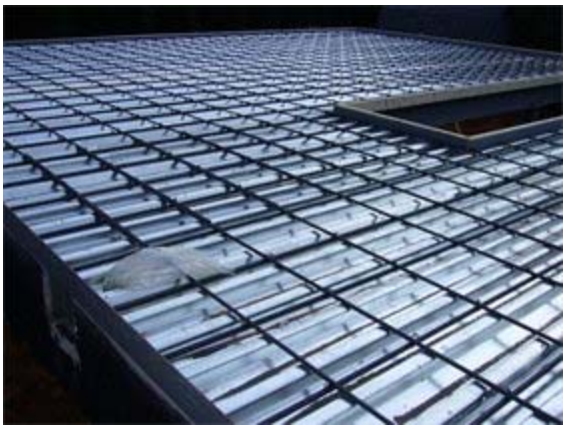

DIAGRAMATIC VIEW OF PAN DECKING & CONCRETE.

THE PAN DECKING PROVIDES THE LOWER FORMWORK FOR THE CONCRETE DECK, BUT IS ALSO LEFT IN PLACE AS PART OF THE STRUCTURAL STEEL FRAMING SYSTEM.

PAN DECK INSTALLATION – THE DECKING IS SPOT WELDED TO THE STR STL BEAMS FOR ADDED SUPPORT

PLACING REBAR PRIOR TO CONCRETE

PAN DECK CAN BE SEEN BOTH AS A DECK FORM AND AS IT RESTS ON STR STL FRAMING (ABOVE)



REBAR IN PLACE ON TOP OF PAN DECK

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Chamber of Commerce

# REQUEST FOR QUALIFICATIONS

FOR PROVIDING

# Housing Needs Assessment

for

## Whitefish, Montana

QUALIFICATIONS ARE DUE NO LATER THAN THE CLOSE OF BUSINESS ON

Monday April 25, 2016

**Contact**
Kevin Gartland – Executive Director
Whitefish Chamber of Commerce
307 Spokane Avenue; Suite 103
P.O. Box 1120 Whitefish, MT 59937
406-862-3501
kevin@whitefishchamber.org

# Request for Qualifications
## Housing Needs Assessment

The Whitefish Chamber of Commerce, in partnership with the City of Whitefish, the Whitefish Housing Authority and the Whitefish community, is seeking statements of qualifications and interest from qualified professional service firms, teams, and individuals for the preparation of a comprehensive **housing needs assessment** for Whitefish, Montana and surrounding area. The study area is assumed to be within the 59937 zip code. The assessment will identify the community's critical housing needs and provide information that can be used in developing an affordable/workforce housing strategic plan to address those needs over a 10-20 year period.

The issue/problem descriptions provided in this RFQ contain adequate information to enable the preparation and submission of statements of qualifications for consideration. The Whitefish Chamber of Commerce shall be the sole point of contact for this RFQ. The Chamber is not liable for any cost incurred by prospective contractors in the preparation or submission of statements of qualifications pursuant to this RFQ. The Whitefish Chamber is an affirmative action/equal opportunity organization that selects contractors without regard to race, religion, color, ethnicity, gender, age, or disabilities. Prospective contractors understand that the Chamber reserves the right to reject any and all statements of qualifications and to waive any irregularities and technicalities in the submission and/or selection process.

**The Community:**
Whitefish is a highly involved, proactive community located in rural northwestern Montana (Flathead County). The City encompasses 6.71 square miles in the northern Flathead Valley, and is home to 6,357 full-time residents (2010 census).

While there is significant diversity in the area's base economy, it is heavily weighted toward visitation and outdoor recreation, fueled primarily in the summer months by the City's proximity to Glacier National Park (25 miles east), and in the winter by Whitefish Mountain (ski) Resort. The City welcomes over 600,000 visitors per year. US Highway 93 runs through the City in a north-south direction; Highways 40 and 2 connect Whitefish to the neighboring communities of Columbia Falls and Kalispell. The BNSF Railway runs through Whitefish with approximately 30-40 freight trains per day. Whitefish is also a major stop for Amtrak's Empire Builder passenger service that provides one east-bound and one west-bound train per day.

The City's "peak tourist season" is mid-June to mid-September, when Glacier National Park is in full operation and local lakes and rivers are busy with boaters, floaters and anglers. The winter ski season runs from early December through early April, and is gaining in popularity. Whitefish Mountain Resort was included in Ski Magazine s "Top-10"

resort destinations in 2015, for the first time ever.

Historically, Whitefish has had a railroad, timber and agriculture-based economy. But visitation and outdoor recreation – along with real estate sales and construction – have dominated the local economy in recent decades. The community's proximity to Canada has been a boon in the post-recession years, as Canadian business flowed to Whitefish to capitalize on favorable currency exchange rates. This area has also become a "hot-spot" for second homeowners and retirees, regularly winning kudos as the top retirement area in Montana, and one of the highest-rated retirement areas in the Northern Rocky Mountain region.

As part of its development into a premier recreation and visitation destination, much of the new housing in the Whitefish area is being marketed to visitors and part-time residents. According to 2014 estimates, of the 8,030 total housing units in the 59937 zip code, 31.4% were vacant (margin of error +- 3.1%). This vacancy rate is indicative of a high rate of seasonal occupancy. That conclusion can be confirmed by looking back at the 2010 Census which shows a 28.8% vacancy rate for all dwelling units in the zip code, and 74.4% of those vacant units were "for seasonal, recreational, or occasional use".

The growing popularity of "by owner" vacation home rentals has also contributed to the local housing shortage, as absentee owners take their properties off the long-term rental market in favor of renting their homes to tourists on a nightly basis. This activity is mostly taking place in the "resort residential" city zoning districts where it is allowed, but it is also taking place in other residential zoning districts where it is an enforcement issue for the City.

Like many high-amenity communities, the cost of living and real estate values are high – especially relative to local wages. This disparity has resulted in overcrowding or rental units and cost-burdening for local households. With limited affordable housing options, many Whitefish workers commute to their jobs from surrounding communities, in some cases travelling more than 50 miles one-way to their worksite.

The lack of affordable housing for all sectors of the Whitefish workforce limits economic development on every level, and stymies the growth of the community as a whole. Having a critical mass of workers (and their families) who are vested in the community and live here full-time promotes diversity, while also sustaining the "real town" character that is valued by Whitefish residents. In addition, the negative impacts associated with commuting such as traffic congestion, worker productivity, transportation costs, time away from family, and absenteeism can be reduced when workers live near their jobsite. Finally, when housing is affordable, families are better able to cover other important expenses such as education, health care, food, childcare, insurance, etc. Whitefish would like to ensure that there are affordable housing options for all who would choose to live and work in the community.

In order to address these critical issues, the community must first accurately assess and

quantify its current and future housing needs. Then a strategy must be mapped to meet those identified needs, along with effective programs and policies for the community to pursue. These steps help to reach the community goal of making Whitefish accessible and affordable for those who wish to live, work, and play here.

**Housing Needs Assessment:**
The consultant will conduct a comprehensive Housing Needs Assessment that includes an estimate of the existing need for housing as well as projected future needs. The goal is to identify specifically where and how the housing market is not meeting the current and future needs of its residents and workforce in terms of product, location, and pricing. The future needs analysis should include projections for the next 20 years in 5-year increments. It is anticipated that the selected team or firm will work with a steering committee composed of local citizens and officials, and that a community involvement program and targeted surveying will also be part of the Needs Assessment process.

The Needs Assessment should include a description of the methodology used and rationale behind all assumptions that are used. The Needs Assessment should also describe how the projections take into account the many variables that affect workforce housing demand, supply and affordability, including (but not limited to):

- Population and demographic trends
- Wages and household income
- Jobs and economic forecasts
- Lending practices and interest rates
- Seasonality of jobs
- Local housing market trends
- Local housing stock (price, appreciation, affordability, age, condition)
- Impacts of baby boomers, second home owners, vacation homes and by-owner short term vacation rentals
- Loss of existing employee housing units to redevelopment or other types of housing
- Distribution of jobs and housing throughout the Flathead Valley, and issues of fair share of housing (i.e. over-concentration of income levels, maintaining an equitable mix, etc.)
- Commuting patterns – present and future
- Regulatory analysis and development opportunities

**Statements of Qualifications:**
Qualification statements should not exceed 15 pages plus resumes for each member of the firm or team to be involved in the project. Three (3) printed copies of each statement are requested plus electronic format. All qualifications statements shall be delivered to the Whitefish Chamber offices by **5:00 PM, Monday April 25, 2016.** In fairness to all teams and firms, statements that do not meet this deadline cannot be accepted. At a minimum, qualifications statements shall contain the following:

1. General descriptions of each firm or individual consultant to be involved in the project, including services provided, key personnel, staffing levels, type of projects undertaken and clients served.
2. Descriptions of the training and experience of each member of the firm or team that qualifies each firm or team member as an expert in their field commensurate with their anticipated role in the project. Include only those individuals who will actually be assigned to this project.
3. A summary of completed projects in the areas of housing needs, affordability assessments, comprehensive housing affordability strategies (CHAS) or similar projects, state consolidated plans or similar projects, and workforce housing studies and assessments. Include client contact information for reference purposes and links to the document or documents produced by each project. Include descriptions of community involvement efforts and methodology for targeted surveying to gather data on housing needs and income for the various occupations that comprise the workforce. For documents not online, a PDF or Word document on a disc or flash drive will suffice. Submission of printed copies of previous work is not encouraged.
4. A general statement of understanding and project approach to the Whitefish Housing Needs Assessment, including a suggested approach to community involvement.
5. Availability to undertake the Whitefish Housing Needs Assessment and the ability to complete the project within a time frame of approximately six months.

**Screening and Selection Process:**
The Whitefish Chamber of Commerce, the City of Whitefish and other participants will form a 7 to 9 person selection committee consisting of the Executive Director of the Chamber, municipal officials, local housing officials, professionals in the field of community planning and/or housing administration, finance, design, or construction, and interested citizens. The committee will screen and rank the applications according to expertise of the firm or team members, quality of prior project experience and relevance to the Whitefish housing needs assessment project.

The three or four top ranked firms or teams will be invited for an on-site presentation and interview in Whitefish. The final decision of the firm or team selected to negotiate a scope of work and contract will be made by the Whitefish Chamber of Commerce Board of Directors.

**Project Budget:**
It is anticipated that the project budget for the Housing Needs Assessment will be up to **$40,000 USD.** The actual amount of the contract for service will be determined by the

scope of work and project schedule agreed upon by the local project participants and the firm or team selected. Funding has been secured.

**Affordable/Workforce Housing Strategic Plan:**
Following successful completion of the Housing Needs Assessment and acceptance by the community, it is the intent of the local project participants to negotiate with the consultant a **separate scope of work and fee for an Affordable/Workforce Housing Strategic Plan**. The purpose of this plan will be to identify strategies and tools to address the housing needs identified in the needs assessment. Particular attention will be given to strategies and tools that address any supply and/or affordability issues for workforce housing.

For purposes of this plan, workforce housing means housing of a suitable type and at a suitable price (rent or purchase) to meet the needs of the wide range of occupations that make up the Whitefish area workforce. These occupations include seasonal workers in the visitation industry (waiters/waitresses, kitchen help, janitors, retail clerks, lift operators, etc.), essential service personnel (police officers, firemen, nurses, teachers, physician assistants/medical technicians), and professionals such as doctors, managers, administrators, banking and finance, IT, etc. Workforce housing may also include any underserved markets in which housing may be considered attainable by household earning 120% or more of the area median.

A link to an article on housing affordability in the March 2 edition of the Flathead Beacon is provided below:

http://flatheadbeacon.com/2016/03/02/the-affordability-gap/

**Project Timeline:**
- Monday, March 21 – Final RFQ approved by Council
- Friday, March 25 – Issue RFQ
- Friday, April 8 – Deadline for Questions
- Monday, April 11 – Answers Issued
- Monday, April 25 – Submissions Due
- Thursday, May 5 – Candidate interviews/presentations
- May 9-11 – Preferred Candidate Selection
- May 12-20 – Contract Negotiation
- Monday, May 23 – Contract Approval; Notice to Proceed
- Monday, June 6 – Kickoff meeting with Chamber, Council and Housing Authority
- Tuesday Nov. 1 (or earlier) – Completion

Qualifications must be received by 5 p.m. on Monday April 25, 2016. Submit qualifications to:

**Whitefish Chamber of Commerce**
Attn: Kevin Gartland, Executive Director
307 Spokane Avenue, Suite 103
P.O. Box 1120
Whitefish, MT 59937

For questions, contact Kevin Gartland at (406) 862-3501,
or via email at kevin@whitefishchamber.org.

Hall/Parking Structure project, just as there was past controversy over the location of the project. He said in most of the communities he has been in, building a $15-16M City Hall & Parking Structure without a general property tax increase or general obligation bonds, the public would consider it heroic and outstanding. Most communities would be very jealous that Whitefish can build this project while continually supporting other ongoing public projects in the community without raising property taxes, but sometimes we get vilified for our successes.

That being said, Manager Stearns said the Project Budget Summary spreadsheet reflects the current funding gap at $882,599 (including an increased contingency to $150,000), which is about a 5.9% cost overrun on the total project. If, as proposed by the Mayor and is supported by some, the City capitalizes three years of lease revenue from the retail space as a loan from the TIF fund and paid back over three years, reduces the gap $162,000 leaving a $720,699 gap. If not all or less of the $150,000 contingency is spent – the gap is further reduced. Cost saving measures may still come in and final costs are not yet set, the construction team is working very hard on that. The memo includes discussion points for options going forward, the city hall construction steering committee meets again this Friday as the architects, engineers and construction team continue their efforts seeking solutions with savings; but as construction continues – costs could go up or down. The memo in the packet included 10 discussion points for options for the Council's consideration as they move forward to final decisions at their next meetings; and Manager Stearns reviewed each of those 10 as they are listed on pages 206 and 207 in the packet. A couple questions from Council in follow-up and requests for rebidding was discussed; Manager Stearns said issues of fairness and equity may come up as the one current bid is now public – if the City goes out for new bids there is a known target to bid under. You would have to get agreement from the contractor as the Contract Amendment #3 that was approved in December included the concrete.

**11) COMMUNICATIONS FROM MAYOR AND COUNCILORS** (CD 1:35:35)

**a) Consideration of a letter from Chamber of Commerce requesting TIF Funds for funding of Workforce Housing Needs Assessment and plan (p. 216)**

Mayor Muhlfeld referred back to the Housing Summit held last fall, attended by many, and out of that Summit came a list of action items including the need to update the City's Housing Needs Assessment that was last updated about six or seven years ago. In addition, Affordable Housing has been on the Council' radar and on their Goal List as a top priority as long as he has been on Council and probably as far back as when Councilor Feury was the Mayor in the early 2000s. Mayor Muhlfeld said he agrees with the premise that the next step going forward is a current housing needs assessment that will define the next steps to address the issue; and the cost for that to come out of the TIF Fund is definitely appropriate and an eligible TIF Project as deteriorating housing and housing stock is a large element in the City's 1987 Urban Renewal Plan. He also agreed this is no time to delay, waiting for grant funds would cause further delay, the time to put a plan into action is now and the needs assessment will be the basis of that plan. Funding this request will hopefully get us ahead of the curve. (In addition to the letter from the Chamber of Commerce, a letter in support of the request was received after the packet from Brian Labuda, and is appended to the 1-4-2016 packet as after packet materials).

Council discussion. Councilor Hildner thought some sub-committees from the Summit were still doing research that would be helpful so he thought waiting two weeks for more information would be advisable and he wasn't ready to commit a firm dollar figure. Councilor Frandsen wanted Affordable Housing to be included in the study and Councilor Hildner said that is one of the items he wanted more information on. More discussion along these lines continued; and Manager Stearns pointed out that some public comment encouraged the study to be done in house, but if the Council wants the study to be the basis of future inclusionary zoning regulations or other regulatory

requirements it will have to be done by an out-of-house independent consultant.

**Councilor Frandsen made a motion, second by Councilor Barberis, to provide up to $60,000 from the TIF Fund for a Workforce and Affordable Housing Needs Assessment and plan, with the condition that the Council approves the scope covered by either the Request for Proposal (RFP) or the Request for Qualifications (RFQ) prior to its publication.**

Councilor Feury said this has been in front of the community for 20 years, and efforts providing this housing has failed for 20 years because of a number of reasons; but success will only be attained if this is embraced by the community. The community has to decide to increase density in neighborhoods and development has to embrace it and include it in new development. Councilor Hildner repeated his concerns that this is premature; should let the subcommittees do more work.

**The motion passed on a 5 to 1 vote, Councilor Hildner voting in the negative.**

b) **Discussion of upcoming proposed Boundary Line Adjustment for property by Water Treatment Plant to accommodate extension of the Whitefish Trail (p.217)** (CD 1:49:12)

Manager Stearns said this report is again just for background material for the Council to have in advance of a decision to be made at a future meeting. In conjunction with the Haskill Basin Conservation Easement a trailhead is proposed at the southwest corner of the City's water treatment plant property, seen at the bottom left hand corner of the map on page 217. Then the trail progresses north along the west boundary on the plant property (the yellow line on the map) to tie-in with the existing trail easement in Iron Horse. As proposed, a boundary line adjustment in the northwest corner of the plant property; and at the northeast corner of the property adjacent and to the west (Murr property), prevents an expensive removal and modification to the fence around the treatment plant property (estimated at up to $20,000), and the new route covers better topography for the trail. Whitefish Legacy Partners (WLP) have been negotiating with the Murrs for the boundary line adjustment, WLP will pay for the property and associated costs. Manager Stearns has signed a buy/sell agreement subject to Council's approval. This is planned to come forward to the Council along with all the other documents for the conservation easement at the January 19th meeting.

Mayor Muhlfeld said, in addition, the existing trail easement in Iron Horse was an old logging road, which isn't optimum for the single-track Whitefish Trail, so in addition to the Murr negotiation WLP has worked with Iron Horse and their homeowner's association (HOA) who have agreed for a better trail easement, also shown on the map in the packet, that takes advantage again, of better topography for the trail. He thanked the Iron Horse HOA, and staff Craig Workman and Maria Butts for all their work and assistance to WLP and himself, to help put this together. Mayor Muhlfeld said, for the record for full disclosure, the surveying of these changes to the trail and all the process to get it filed at the County is a donation from his company to the project and to WLP.

c) **Email from Ron and Linda Olson regarding the City Hall/Parking Structure project (p. 218)**

Councilor Feury said 'Thank you' for their support.

d) **Appointments of City Council Members to Various Boards, Commissions, and Committees (p.219)** (CD 1:54:22)

i) **Planning Board – City Council Appointment – Frank Sweeney was previous appointee**

March 22, 2013
Letter #2016-002

The Honorable Pam Holmquist, Chair, Gary Krueger, and Phil Mitchell
Board of County Commissioners
Flathead County
800 South Main
Kalispell, MT 59901

Dear Chair Holmquist and Commissioners:

At its work session on Monday, March 7, 2016, the City Council, staff, and I reviewed and discussed the various transportation plans which involve the South Whitefish area from Hwy 93 South and 6th Street all the way south to the Hwy 93 South and Hwy 40 intersection. We decided to write you to ask for your future cooperation on one specific transportation issue in this area and that is to help us plan for and provide another east-west connecting arterial road between Karrow Avenue and Hwy 93 South.

I am enclosing a copy of the Commissioners' Journal from February 3, 2000 wherein the Board of County Commissioners adopted the South Whitefish Transportation Plan. I am also enclosing a copy of the Map (Exhibit B) that is referenced in the Commissioners' Journal.

With Flathead County's resumption of planning in the area of Karrow Avenue, we feel it is important for both the City and the County to plan for another major east-west arterial between Karrow Avenue and Hwy 93 South because the only current east-west through street that currently exists is Hwy 93. Seventh Street is often used as an arterial street to access Karrow Avenue, but it ends at Baker Avenue, not Hwy 93 South.

As we discussed the enclosed map (Exhibit B) on March 7th, it is our consensus that the best alternatives for another east-west arterial road in this area are either an extension of Akers Lane or JP Road to the west to access Karrow Avenue. Each of those alternatives are discussed further below.

DRAFT

- Akers Lane – This road is a private road by the Whitefish Army-Navy Store and is used to access the Chalet Motel. Although three private parties own the private road that only extends a little way west of Hwy 93, after that private road ends, there are only three major property owners between the road and Karrow Avenue. The City of Whitefish owns 10 acres for our Public Works shop that is over 1/3 of the distance between the private Akers Lane and Karrow Avenue, leaving only two large landowners to deal with for a road extension. Of course the private owners of Akers Lane would also have to be involved in the planning and the project.
- JP Road – The City owns and has required the paving of the Right-of-Way (ROW) for JP Road from Hwy 93 West for 1/3 of the distance to Karrow Avenue and that road exists today. From the end of the JP Road ROW, there are only two other private property owners to Karrow Avenue.

If Flathead County is presented with a subdivision proposal in either or both of these areas, we would request that you require the developers of those lands to dedicate at least 60 feet of Right-of-Way to allow future connections to Akers Lane or JP Road. Good transportation planning for those connector roads is important and will serve both City and County residents well. This issue may be an area of planning that we can cooperate on for our mutual benefit.

Thank you for your consideration of this issue and our request.

Sincerely,

John M. Muhlfeld
Mayor

enclosures

cc: City Council Members
Chuck Stearns, City Manager
Dave Taylor, Planning Director
Craig Workman, Public Works Director
Mark Mussman, Flathead County Planning Director

DRAFT

February 3, 2000
(Continued)

00°13'51" W, 574.49 feet along said Westerly line to the point of beginning; containing 10.00 acres more or less.

BE IT FURTHER RESOLVED, that the change to the Columbia Falls Master Plan shall not take effect until approved by both the Board of Commissioners and the City Council of Columbia Falls, Montana.

DATED this 3rd day of February, 2000.

BOARD OF COUNTY COMMISSIONERS
Flathead County, Montana

By: /s/Robert W. Watne
Robert W. Watne, Chairman

By _____
Howard W. Gipe, Member

By: /s/Dale W. Williams
Dale W. Williams, Member

ATTEST:
Susan W. Haverfield, Clerk

By: /s/Beverly J. Goettlich
Deputy

Consideration of Adoption of Final Resolution: South Whitefish Neighborhood Plan/Whitefish City-County Master Plan

Present at the 9:15 A.M. Meeting were Chairman Watne, Commissioner Williams, and Clerk Goettlich.

Commissioner Williams made a motion to adopt the Final Resolution No. 677 K for the South Whitefish Neighborhood Plan/Whitefish City-County Master Plan. Chairman Watne seconded the motion. Aye - Watne and Williams. Motion carried by quorum.

RESOLUTION NO. 677 K

WHEREAS, the Whitefish City-County Planning Board has recommended that the Board of Commissioners and the Whitefish City Council revise the Whitefish City-County Master Plan by adding the "South Whitefish Transportation Planning Project" Report to Chapter 9 of that Master Plan, and would replace Exhibit B, "The Conceptual Major Street System for South Whitefish," with a new Exhibit B which is based upon the South Whitefish Transportation Planning Project Report to that Plan;

WHEREAS, the Board of Commissioners reviewed the proposed revision of the Whitefish City-County Master Plan; and

WHEREAS, the Board of Commissioners passed a resolution of intent (Resolution No. 677 J, dated January 20, 2000) to consider the adoption of the amendment to the Whitefish City-County Master Plan, as proposed by the Whitefish City-County Planning Board; and

WHEREAS, the Board of Commissioners has considered the comments presented to the Board since the adoption of that resolution of intent and has found that the revision of the Whitefish City-County Master Plan is appropriate.

NOW THEREFORE, BE IT RESOLVED, pursuant to Section 76-1-604, M.C.A., by the Board of Commissioners of Flathead County, Montana, that it hereby adopts the amendment to the Whitefish City-County Master Plan, as recommended by the Whitefish City-County Planning Board, to add the "South Whitefish Transportation Planning Project" Report to Chapter 9 of that Master Plan, and to replace the former Exhibit B titled "The Conceptual Major Street System for South Whitefish," with the new Exhibit B which is based upon the South Whitefish Transportation Planning Project Report.

DATED this 3rd day of February, 2000.

BOARD OF COUNTY COMMISSIONERS
Flathead County, Montana

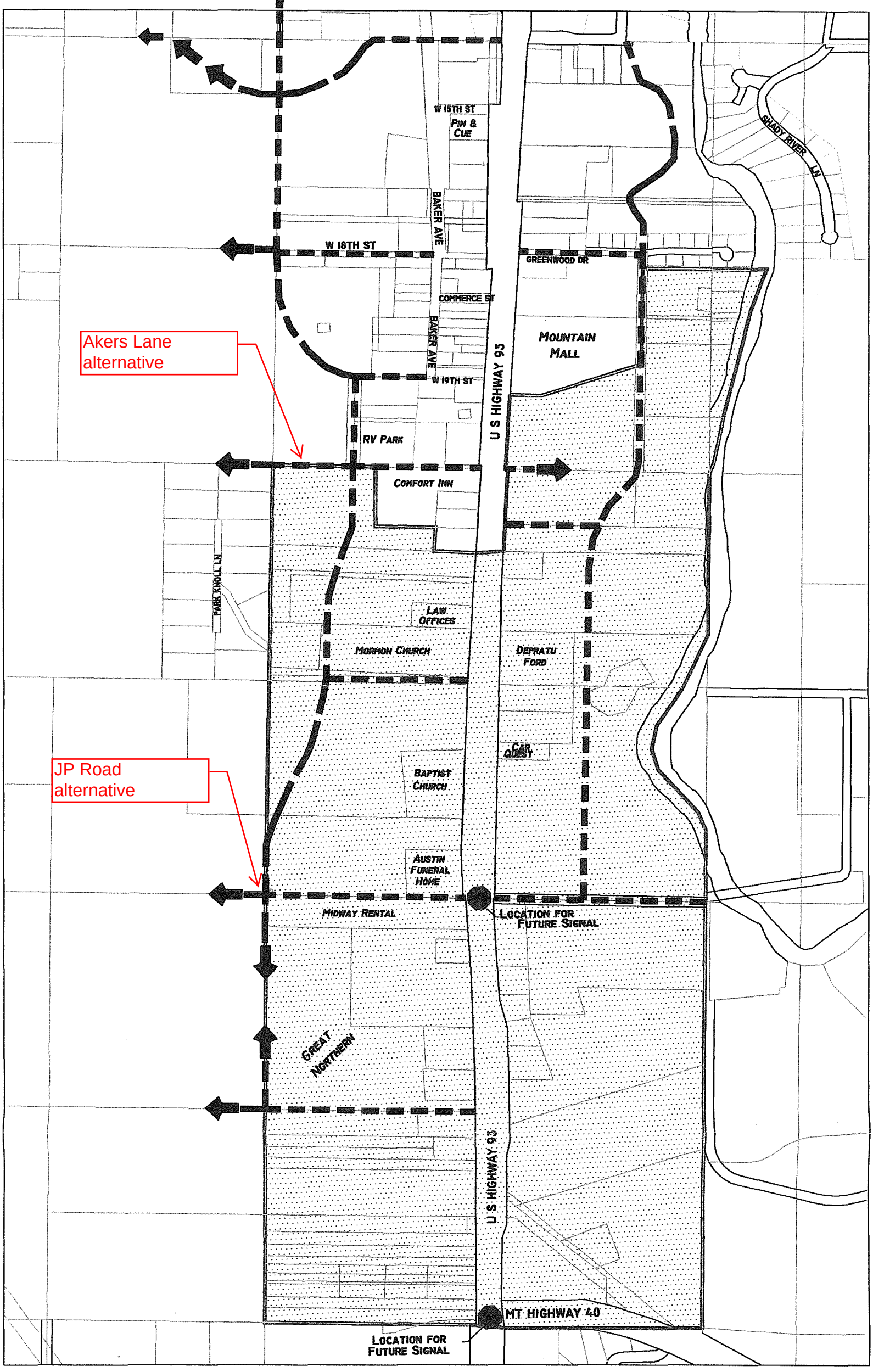
By: /s/Robert W. Watne
Robert W. Watne, Chairman

By: /s/Dale W. Williams
Dale W. Williams, Member

By _____
Howard W. Gipe, Member

ATTEST:
Susan W. Haverfield, Clerk
By: /s/Beverly J. Goettlich
Deputy

# EXHIBIT B
# SOUTH WHITEFISH NEIGHBORHOOD
## & CONCEPTUAL MAJOR STREET SYSTEM




**Adopted 2/7/00 City Res#00-04 County Res#677K**

0 miles .25
0 ft 660 ft 1320 ft

NEIGHBORHOOD BOUNDARY

PROPOSED MAJOR STREET ALIGNMENT

MAP CREATED 5/11/00
BY FLATHEAD REGIONAL DEVELOPMENT OFFICE
H:\GIS\NEIGH_PL\SOWF8IIA.DWG

**RESOLUTION NO. 16-___**

**A Resolution of the City Council of the City of Whitefish, Montana, establishing the Planned Unit Development Re-write Steering Committee.**

BE IT RESOLVED by the City Council of the City of Whitefish, Montana, as follows:

Section 1: There is hereby established the Planned Unit Development Re-Write Steering Committee (the "Committee").

Section 2: The general purpose of the Committee will be to re-write, as needed, the Planned Unit Development ordinances contained in Article S of Title 11, Chapter 2 of the City Code to remedy various concerns raised by the public, including the averaging of density across underlying zoning districts when a Planned Unit Development overlays more than one district.

Section 3: The Committee will consist of not less than five (5) but not more than seven (7) individuals with representation as follows: One (1) City Council Member; One (1) staff member from the City's Planning Department; One (1) member from the Whitefish development community; and Two (2) to Four (4) members who are either Whitefish residents or who own property within the City's boundaries or within one-half mile of the boundaries. The Committee members shall select a Chairperson and a Vice-Chairperson from the members of the Committee. The Committee shall appoint one member as Secretary of the Committee, who shall keep minutes of all meetings and submit them to the City Clerk. A majority of the members shall constitute a quorum. The Committee shall meet as often as necessary to accomplish its general purpose, as described above, but not less than bi-weekly. The Committee shall cease to exist as provided in Section 4.

Section 4: The Committee will begin its deliberations as soon as practical after creation of the Committee. The Committee shall meet not less than bi-weekly with the goal of having a finalized draft of the revised Planned Unit Development ordinances prepared and ready to present to the Planning Board by September 1, 2016. The Committee shall be disbanded as of the date the City Council passes an ordinance adopting the changes to Article S of Title 11, Chapter 2 of the City Code but, in any case, no later than August 16, 2018.

Section 5: A member of the Committee may be removed by the City Council, after a hearing for misconduct or nonperformance of duty. Absences from three (3) consecutive meetings, including regular and special work sessions, or absences from more than fifty percent (50%) of such meetings held during the calendar year shall constitute grounds for removal. The circumstances of the absences shall be considered by the City Council prior to removal. Any person who knows in advance of his or her inability to attend a specific meeting shall notify the Chairperson of the Committee at least twenty-four (24) hours prior to any scheduled meeting.

Section 6: Any vacancy occurring on the Committee will be filled in the same manner that the initial position was filled.

Section 7: The Committee will not have authority to make any expenditure on behalf of the City or disburse any funds provided by the City or to obligate the City for any funds.

Section 8: The Committee will have no authority to direct City staff with respect to any matter, but may request information and assistance from City staff.

Section 9: This Resolution will take effect immediately upon its adoption by the City Council, and signing by the Mayor thereof.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF WHITEFISH, MONTANA, ON THIS _____ DAY OF _____, 2016.

_____
John M. Muhlfeld, Mayor

ATTEST:

_____
Michelle Howke, City Clerk

WHEREAS, it is the considered and reasoned judgment of the City Council of the City of Whitefish that the City is able to provide municipal services to the area proposed for annexation. Further, it is hereby determined by the Whitefish City Council to be in the best interest of the City of Whitefish, and the inhabitants thereof, as well as the current and future inhabitants of the area to be annexed described herein, that the area be annexed into the City of Whitefish and it is hereby declared to be the intent of the City of Whitefish that the corporate boundaries of the City of Whitefish be extended to include the boundaries of the area described in the Petition for Annexation within the limits of the City of Whitefish.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Whitefish, Montana, as follows:

Section 1: The corporate boundaries of the City of Whitefish are hereby extended to annex the boundaries of the area herein described in the Petition for Annexation, according to the map or plat thereof, on file and of record in the Office of the Clerk and Recorder of Flathead County, Montana, legally described as:

> That portion of the Southwest one-quarter (SW1/4) of the Southeast one-quarter (SE1/4) of Section One (1), Township Thirty North (T.30 N.), Range Twenty-two West (R.22 W.), Principal Meridian Montana, Flathead County, Montana, more particularly described as follows:
> Beginning at the Northwest corner of Tract 1 of Certificate of Survey No. 16386, a map or plat of which is on file at the Clerk and Recorder's Office, Flathead County, Montana; thence S05°52'00"E 198.21 feet; thence N89°39'36"W 284.47 feet; thence N03°20'55"W 184.37 feet; thence N87°38'22"E 269.98 feet to the Point of Beginning and containing 1.203 acres of land more or less.

Section 2: The minutes of the City Council of the City of Whitefish, Montana, incorporate this Resolution.

Section 3: The City Clerk is hereby instructed to certify a copy of this Resolution so entered upon the February 16, 2016 Minutes of the City Council. Further that this document shall be filed with the office of the Clerk and Recorder of Flathead County. Pursuant to §7-2-4607, MCA, this annexation shall be deemed complete effective from and after the date of the filing of said document with the Flathead County Clerk and Recorder.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF WHITEFISH, MONTANA, ON THIS 16TH DAY OF FEBRUARY, 2015.

/S/ Richard S. Hildner, Deputy Mayor

ATTEST:
/S/Necile Lorang, City Clerk

**7) PUBLIC HEARINGS** (Items will be considered for action after public hearings) (Resolution No. 07-33 establishes a 30 minute time limit for applicant's land use presentations. Ordinances require 4 votes for passage – Section 1-6-2 (E)(3) WCC))

**a) Ordinance No. 16-05; An Interim Ordinance imposing a moratorium on allowing the averaging of residential density across underlying zoning districts when a Planned Unit Development overlays more than one district (First and only Reading) (p. 61)** (CD 47:09)

Planning and Building Director Taylor said this is on the agenda by request of the Council and no staff report was prepared. The public hearing was publically noticed, a copy of which is on page 64 in the packet following the proposed Ordinance. Director Taylor noted that the application for a PUD to include affordable housing for the property fronting Hwy 93 South just south of the mall and extends east to the Whitefish River on land that lies just south of the Rivers Edge Subdivision already has their application in and the fees are paid. The application does not include any request for blending or density averaging, but he would defer to the City Attorney whether or not the intent of this ordinance was to impact that project retroactively.

Deputy Mayor Hildner opened the public hearing.

Tom Tornow, 309 Wisconsin Avenue, said he was here representing Barbara Morris who lives on 1 Rock Creek Court, and spoke in favor of the moratorium. As stated in the proposed ordinance; §76-2-306, MCA provides for this process and the Council has authorized creating a committee to address these issues; and the public has the expectations that the re-written PUD section of the municipal will be a better document. He supported the Council's right; as provided by state law, to impose the moratorium but said the Council could have the option to change the scope in Section 2 of the proposed ordinance where it says "....a moratorium on allowing the averaging of residential density across underlying zoning districts...." to specifically narrow it down to density transfers between commercial and residential zones; as this is the situation that has caused the most protest from citizens. Tornow said he didn't think anyone was concerned about density transfers between only residential zones, or density transfers between only commercial zones. He was a proponent of narrowing down the language as he described.

Don Spivey, 117 Park Knoll Lane, said he was speaking for himself and others who have been involved in this issue for some time now, and spoke in favor of the proposed ordinance based on the following reasons:

1. Council requested the proposed ordinance from staff based on multiple public discussions.
2. Legal questions exist regarding 'Blending' in the current WPUD Regulations.
3. Council is considering direction for a WPUD rewrite, a moratorium is appropriate.
4. The City's Planning Staff has told him the Affordable Housing project mentioned by Director Taylor during his staff report is moving forward and does not include Density Transfers.

Spivey submitted a copy of his comments which have been appended to the February 16, 2016 Council Packet as after packet materials.

Michael Mormino, 732 Clearwater Drive, spoke in support of the proposed moratorium and said it should stay in effect until the rewrite of the PUD ordinance is completed. He disagreed that the current practice of blending densities was justified in the current code. City officials and boards are aware of the issues and a temporary moratorium until those issues are solved is appropriate.

Ed Moffatt, 733 Clearwater Drive, said he was reading a letter on behalf of his neighbor Dave Jochim, 719 Clearwater Drive. The letter referred to Planning Board action in January 2016 when they voted to forward to Council, a recommendation to rewrite the entire PUD chapter and recommend a moratorium on density averaging until that is finished. The letter supported the proposed moratorium until the PUD rewrite is completed for three reasons:

1. Legal questions exist regarding 'Blending' in the current WPUD Regulations. Council is considering direction for a WPUD rewrite. Because there are questions on legalities of past practice, a rewrite and a moratorium is appropriate.

2. In past instances where blending occurred the results were fairly benign, but where there is ambiguity the continued use could lead to lawsuits.
3. To continue allowing development to proceed during a rewrite is counter to acting in good faith so a moratorium is appropriate.

Susan Prilliman, 334 W. 3rd Street, spoke in support of the proposed moratorium on blending in PUDs because it could be a way to circumvent Council's decisions in the westside corridor and other neighborhoods. Instead of confusion and uncertainty, zoning needs to be predictable for residents and developers. Blending undermines predictability and could undermine Council's decisions.

Linda Stock, 707 Clearwater Drive, said she was speaking on behalf of herself, the River's Edge Homeowners Association and Barbara Morris in support of the proposed moratorium, until the PUD regulations are rewritten. Particularly of concern in the blending of densities between residentially zoned and commercially zoned properties; that type of blending has the potential of the most dramatic impact upon the intention of the original zoning. Because of potential lawsuits, it is appropriate for the Council to enact a moratorium. The practice of blending has been supported by the Planning Staff however in the past the resulting development have been less extreme than some of the more recent proposals. This has caused growing concern among citizens. Citizens have their expectations of development and likewise, investors and developers have expectations of development; either could develop in legal challenges. Regulations should be rewritten to clarify these issues and prevent further legal challenges, and impose a moratorium to prevent future risk until the rewritten regulations are complete.

Gail Linne, 106 Murray Avenue, spoke in support of the proposed moratorium.

Anne Moran, 432 W. 3rd Street, said she has been following this issue because it has been on a parallel track with the Highway 93 West Corridor Study and the micro-brewery debates along with related issues. She spoke in support of the proposed moratorium and spoke of the particular concern in the blending of densities between residentially zoned and commercially zoned properties. The City needed to protect itself from potential spot zoning and/or subsequent potential lawsuits.

Wendy Coyne, 3 Rock Creek Court, spoke in support of the proposed moratorium. She said in relation to the affordable housing development proposal that is south and adjacent to their subdivision, they will all be staying involved to make sure that does not include blending densities as it appears it may. She said she appreciated that there are so many citizens, community-wide, willing to be involved and help rewrite the regulations.

Mayre Flowers, Citizens for a Better Flathead (CBF), 35 4th Street West in Kalispell, said she echoes the previous comments. She was in support of adopting the proposed ordinance as written, without narrowing down any of the language.

There being no further public comment, Deputy Mayor Hildner closed the public hearing and turned the matter over to the Council for their consideration.

**Councilor Frandsen made a motion, second by Councilor Sweeney, to approve Ordinance No. 16-05; An Interim Ordinance imposing a moratorium on allowing the averaging of residential density across underlying zoning districts when a Planned Unit Development overlays more than one district on its First and only Reading.**

Discussion followed among Council and Staff and City Manager Stearns cautioned the Council about optimistically assuming a rewrite of the PUD ordinance can be done in six months and also to realize the Planning Department may have to move down other planned projects to accommodate this new assignment.

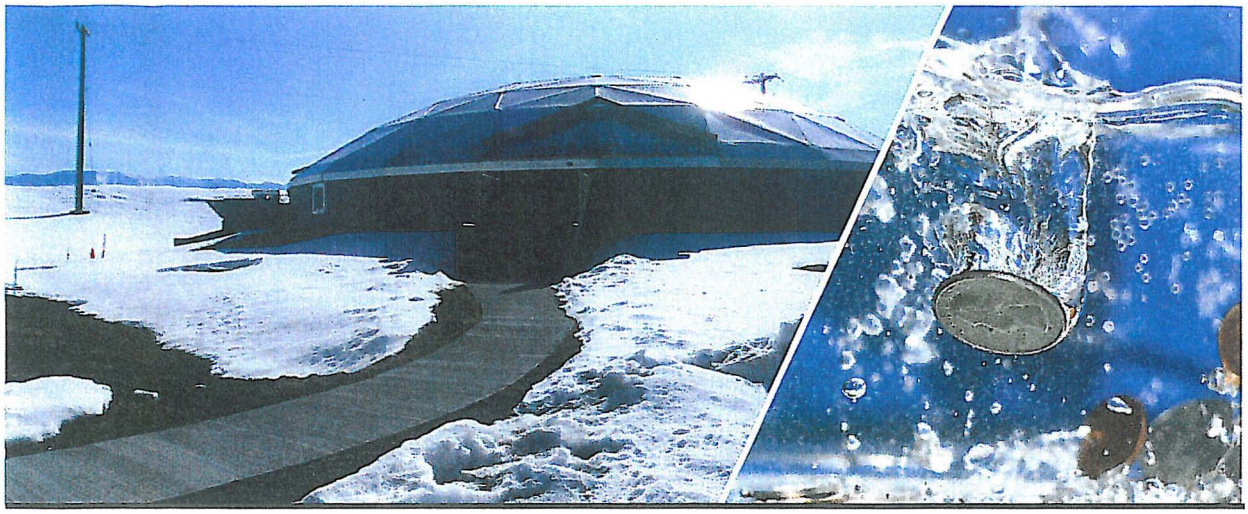
**Councilor Feury made a motion, second by Councilor Sweeney, to amend the first sentence in Section 2 of Ordinance 16-05 and replace '…averaging of residential density…' with '…..averaging of density between commercial and residential zones, but allowing averaging between residential zones and between commercial zones….'.** Deputy Mayor Hildner said a motion amending an ordinance needs four affirmative votes. **The motion to amend Ordinance 16-05 failed with three (3) councilors voting for the amendment (Feury, Sweeney and Williams) and two (2) against (Frandsen and Hildner).**

**The original motion to approve Ordinance 16-05, as proposed, passed unanimously.**

**b) Ordinance No. 16-06; An Ordinance amending Zoning Regulations in Whitefish City Code Title 11 to amend Section 11-2, Zoning Districts, to add 11-2W, WT-3 Neighborhood Mixed-Use Transitional District, and 11-2X WI-T Industrial Transitional District, as well as development requirements for Artisan Manufacturing, Micro-Breweries and Micro-Distilleries, and Live/Work Units in Special Provisions 11-3, and new definitions for Artisan Manufacturing, Business Incubators, Coffee Shops/Sandwich Shops, Live/Work Unit, Micro-Brewery, Micro-Distillery, Mixed-Use Environment, Mixed-Use Building, and Research Facilities in 11-9, as an implementation of the Highway 93 West Corridor Plan. Staff Report WZTA 15-03 (First Reading) (p.66)** (CS 1:20:55)

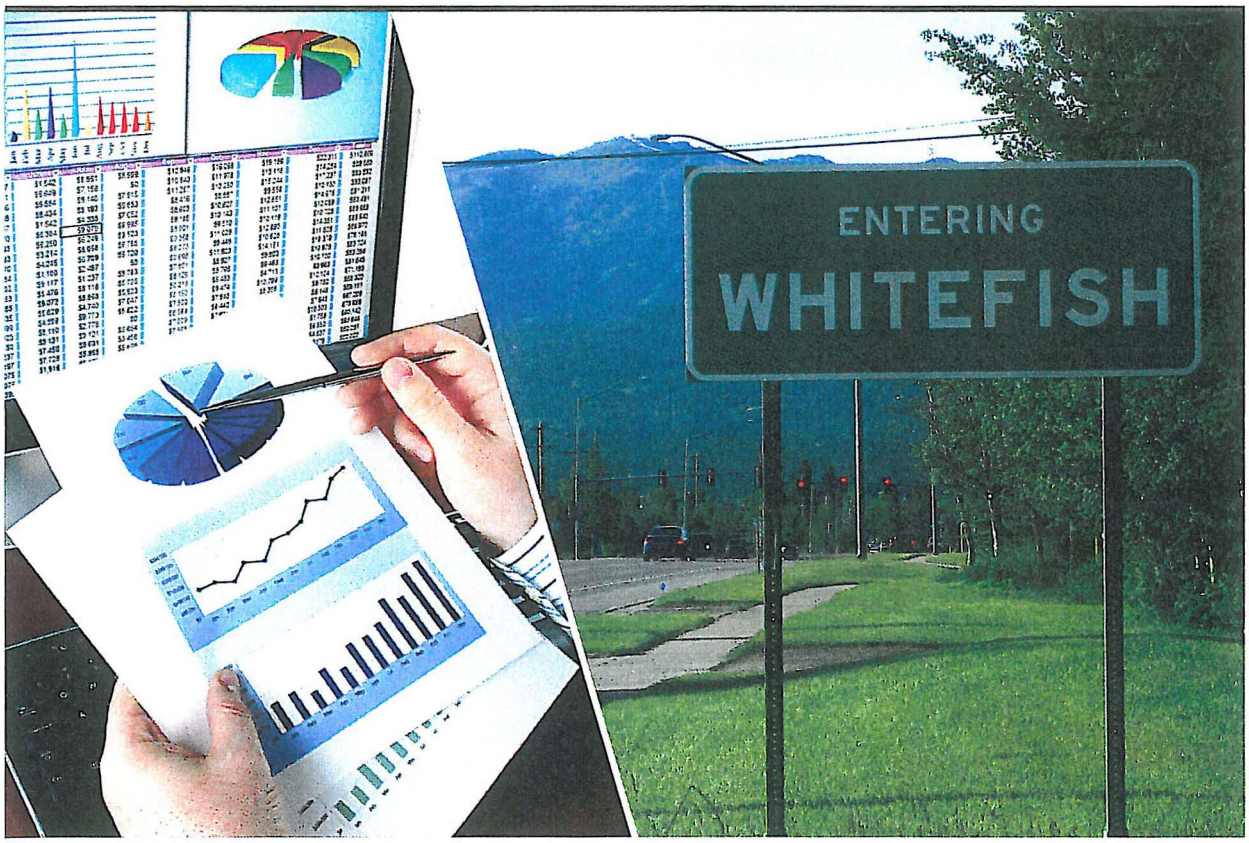
Director Taylor reviewed the staff report (page 78) that follows the proposed ordinance in the packet. The Highway 93W Corridor Plan was approved by Council in meetings in June of 2015. The plan included an implementation chapter which called out for the creation of two new zoning districts along with new definitions and development requirements. The two new zones are the WT-3 Neighborhood Mixed-Use Transitional District and WI-T Industrial Transitional District. The WT-3 Neighborhood Mixed-Use Transitional District is what could replace the current WR-3 on the north side of the highway to the Whitefish River. One of the new conditional uses in the district was the addition of Manufacturing, Artisan (with Special Provisions); and the Development Requirements are somewhat more restrictive than the WR-3. Hotel and motels are conditional uses within the WT-3 but are limited to a specific 300-foot strip adjacent to the river, north of 1st Street on the Idaho Timber property; subject to the requisite buffer and setback areas of the Whitefish River. The WI-T Industrial Transitional District is specific to the former Idaho Timber property and could replace the current WI District. Again, conditional uses include Manufacturing, Artisan (with Special Provisions) and Micro-breweries and micro-distilleries are permitted as a conditional use, with Special Provisions. Also new are Special Provisions for Live/Work Units which is a permitted use in WI-T. Following that introduction Director Taylor reviewed both new districts as they are described in the packet pages 81-90, along with discussions by the Planning Board during its final review of the document. The draft minutes of the Planning Board are included in the packet starting on page 91. He noted, in definitions, Manufacturing, Artisan does not include alcohol. Alcohol is only allowed by provisions for micro-breweries and micro-distilleries which are only allowed as conditional uses within the WI-T District. During discussions, it had been suggested that 'no alcohol' be added to Manufacturing, Artisan, but he felt it would have been redundant as it is only allowed as described above. The definitions of micro-brewery and micro-distillery are according to State Law. The staff report includes dates of workshops and public hearings for this document. Staff recommends approval of the ordinance and the Planning

The following pages were handed out at the City Council meeting the night of the meeting.  They are included here as an addendum to the packet.



# WASTEWATER UTILITY FINANCIAL PLAN AND RATE STUDY

**CITY OF WHITEFISH, MT | MARCH 2016**




AE2S Think Big. Go Beyond.

AE2S NEXUS The Financial Link

City of Whitefish

## Executive Summary – Wastewater

In May 2015, the City of Whitefish (City) retained AE2S to complete a Water and Wastewater Financial Plan and Rate Structure Study (Study). The completion of a comprehensive rate study is typically recommended every three (3) to five (5) years unless triggered by a major change to Utility operations or if significant capital improvements are planned. In line with these recommendations, the City initiated this Study for the following reasons:

- Greater than 10 years have passed since a comprehensive review of the water rates was completed and greater than 5 years have passed since wastewater rates were last comprehensively evaluated. The wastewater rates were last reviewed in 2009.
- The City desired a review of the equitability associated with current rates charged to different water service and wastewater service zones.
- The City is in the process of planning for a new wastewater treatment plant, which is expected to be commissioned in 2021. Based on preliminary engineering estimates for the facility, new debt associated with this facility is anticipated to be in the range of $15 million to $20 million.

The City of Whitefish provides wastewater service to approximately 3,530 customer accounts within City limits and 106 customer accounts located outside of City limits. Current policy requires that new users located outside of City limits are not eligible for connection unless annexation occurs. The City operates an extensive network of collection system gravity mains, forcemains, and lift stations. In addition, the City receives wastewater from areas with centralized septic-tank-effluent-pump (STEP) systems and Grinder systems that have additional service requirements. Certain areas within the collection system require significant pumping to convey the wastewater across the City to the wastewater treatment plant (WWTP). To address costs attributable to the various user types and service zones, the City's Wastewater rate schedule distinguishes between three different service classes in addition to the dedicated rates associated with providing service to Grinder and STEP users:

- Service Class 1 (SC-1): areas in which wastewater is conveyed by gravity pipelines to the main lift station, and is then pumped to the WWTP. Wastewater associated with users in SC-1 is pumped one time (1X);
- Service Class 2 (SC-2): areas in which wastewater is pumped by an intermediate pump station prior to the main lift station, where it is then pumped to the WWTP. In general, wastewater associated with users in SC-2 is pumped two times (2X);
- Service Class 3 (SC-3): areas in which wastewater is pumped either once or twice by an intermediate pump station prior to get to the main lift station, where it is then pumped to the WWTP. In general, wastewater associated with users in SC-3 is pumped a minimum of two times, and sometimes three times (2-3X) depending upon location.

The Wastewater rate schedule includes a monthly fixed component based on location and service type (i.e. SC1, SC2, SC3, Grinder, or STEP) and a volumetric component also based on location and service type that is charged per 1,000 gallons of winter water use. Tables ES.1 and ES.2 summarize the current volumetric and base rate structures, respectively, for the Wastewater Utility. In 2007, the City adopted a policy whereby the Wastewater rates can be increased annually, if necessary, by the US Department of Labor's Water, Sewer and Trash Collection Services Consumer Price Index for All Urban Consumers. For Fiscal Year 2016 (FY16), the Wastewater rates were increased by 2.3 percent.

| User Class | 2016 Rate $/thousand gallons |
|---|---|
| **Inside City Users** | |
| SC-1 | $3.55 |
| SC-2 | $6.31 |
| SC-3 | $8.86 |
| Grinder | $13.47 |
| STEP | $16.65 |
| **Outside City Users** | |
| SC-1 | $5.46 |
| SC-2 | $8.71 |
| SC-3 | $10.54 |
| Resthaven | $21.47 |
| Big Mountain | $8.71 |

**Table ES.1: 2016 Volumetric Wastewater Rate Structure**

| User Class | 2016 Monthly Base Rate | 2016 Monthly Base Rate - Discounted |
|---|---|---|
| **Inside City Users** | | |
| SC-1 | $21.17 | $5.29 |
| SC-2 | $37.02 | $9.27 |
| SC-3 | $43.17 | $10.79 |
| Grinder | $53.94 | $13.49 |
| STEP | $56.07 | $14.03 |
| **Outside City Users** | | |
| SC-1 | $24.73 | -- |
| SC-2 | $41.48 | -- |
| SC-3 | $47.58 | -- |
| Resthaven | $60.18 | -- |
| Big Mountain | $72.58 | -- |

**Table ES.2: 2016 Monthly Wastewater Base Rate Structure**

The City of Whitefish adopted a policy in 2006 that provides a 75 percent discount on the base (fixed) portion of the wastewater bill to low income customers that receive assistance from the Montana Department of Public Health and Human Services, and also to Senior Citizens age 65 and over.

**Cost of Service Analysis**

To evaluate the equitability of the existing rate structure, a Cost of Service Analysis (COSA) was completed to measure the cost attributable to each user class against the amount of revenue provided by each user class. The COSA comparison is made based on cost and revenue percentages calculated for a representative Test Year. For the purpose of this analysis, FY16 budget and capital expenditures were used as the basis for the Test Year. To develop Test Year revenue projections, the number of accounts and billed flow for calendar year 2014 were escalated to 2016. The FY16 Wastewater rates were then applied to the account and flow figures to develop Test Year revenues. Total Test Year 2016 revenue requirements are shown in Table ES.3.

| Revenue Requirement | Test Year 2016 |
|---|---|
| O&M-Related | $1,887,877 |
| Capital-Related | $1,005,865 |
| **Total Revenue Requirements** | **$2,893,742** |

**Table ES.3: Summary of Test Year 2016 Revenue Requirements**

During the development of the COSA assumptions, significant effort was spent evaluating the service zone classifications. Input from City staff indicated that the SC-3 areas were primarily associated with high-cost pumping facilities with a small user base. It was further noted that some of these facilities are in developing areas that with growth, will more closely resemble an SC-2 service area in the future. Based on this discussion and input from Council members in a Study Work Session, a revision to the approach to the Service Classes was made as part of the COSA, shown in Figure ES.1. The COSA results, which reflect the revised approach, are shown in Table ES.4. The COSA results were used to develop a recommended rate approach that would work to bring COSA percent difference percentages in line through the 2017 to 2026 planning period.

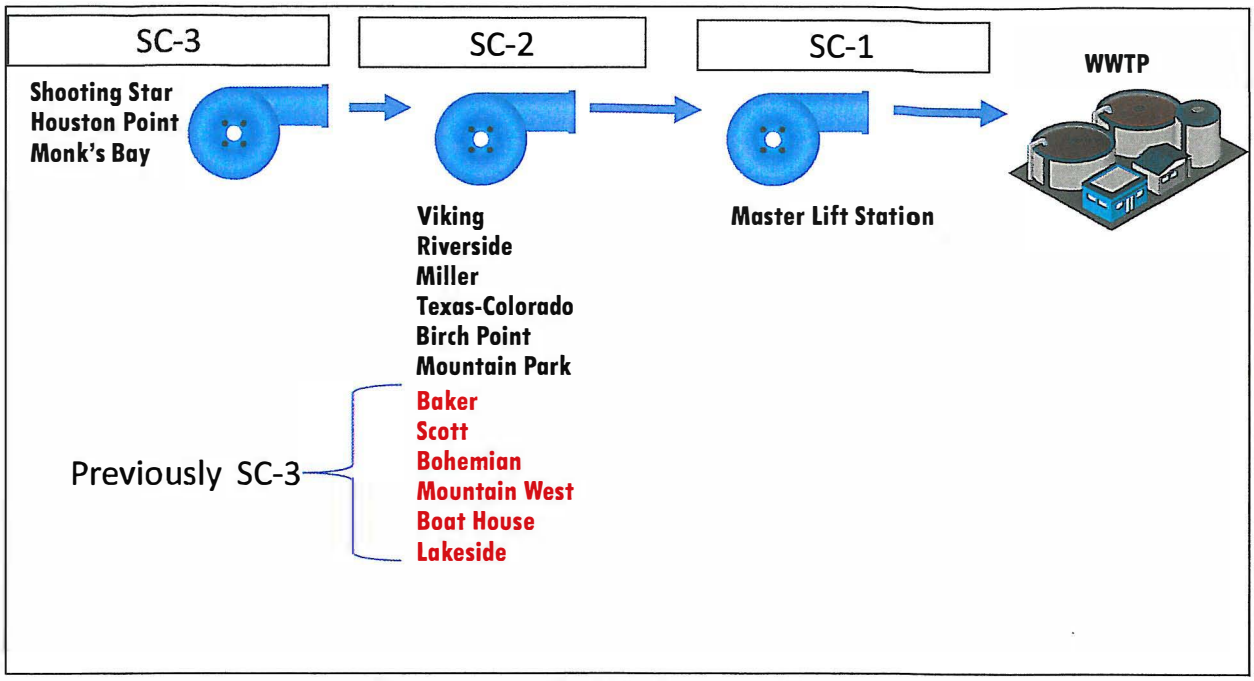



Figure ES.1: Revised Service Class Approach

| User Class | Test Year 2016 | | |
|---|---|---|---|
| | Cost Percentage | Revenue Percentage | % Difference |
| **Inside City Users** | | | |
| SC-1 | 48.5% | 43.7% | -9.9% |
| SC-2 | 35.3% | 40.1% | 13.7% |
| SC-3 | 2.9% | 3.0% | 5.7% |
| Grinder | 1.4% | 1.5% | 3.7% |
| STEP | 1.0% | 0.9% | -9.1% |
| **Outside City Users** | | | |
| SC-1 | 0.6% | 0.6% | -1.2% |
| SC-2 | 0.9% | 1.2% | 26.0% |
| SC-3 | -- | -- | -- |
| Resthaven | 3.1% | 2.8% | -9.3% |
| Big Mountain | 6.5% | 2.4% | -1.3% |
| **Total** | 100% | 100% | |

Table ES.4: Test Year 2016 Cost of Service Analysis Results

Given a typically recommended COSA target difference of ±10%, the detailed COSA results generally showed that based on the assumptions utilized, the revenues associated with each user class are generally in line with the cost. It does appear that the SC-2 user class is generating revenue at a higher percentage than its associated cost, and that the SC-1, STEP, and Resthaven user classes are generating revenue at a percentage less than the associated cost.

Correction of potential cost of service disparities were addressed in the rate design and revenue adequacy portions of the Study. It should be noted that Montana Law specifies that rate increases applied to users outside of City limits cannot exceed those applied to similar users located within City limits. As a result, the City has limited ability to correct cost of service disparities associated with outside users.

**Findings and Recommendations**

The COSA results identified potential slight inequities within the existing rate structure. Because the City will be bringing on a significant new facility within the planning period, it is important to note that the COSA relationships will change when the rate base changes. As a result, recommended rate adjustments throughout the planning period take into account anticipated annual shifts in the COSA across the evaluated period.

To address cost of service inequities, support the funding of target reserve levels, and achieve overall revenue adequacy for the Wastewater Utility, rate adjustments for the period of 2017 through 2026 were projected. Using the Test Year 2016 as the basis, revenue requirements were indexed to reflect inflationary effects and billed wastewater volumes and accounts were adjusted to reflect average increase in the user base over the past five years. Tables ES.5/ES.6 and ES.7/ES.8 summarize the projected monthly base and volumetric rates, respectively, for 2017 through 2026. Tables ES.9 and ES.10 summarize the projected revenue requirements, revenues, and overall revenue adequacy for the study period. Figure ES.2 projects the future cash balances associated with the information presented in Tables ES.5 through ES.10.

| User Class | 2016 Rates | 2017 Recommended | 2018 Projected | 2019 Projected | 2020 Projected | 2021 Projected |
|---|---|---|---|---|---|---|
| **Inside City Users** | | | | | | |
| SC-1 | $21.17 | $21.81 | $22.46 | $23.13 | $23.82 | $24.53 |
| SC-2 | $37.02 | $38.13 | $39.27 | $40.45 | $41.66 | $42.91 |
| SC-3 | $43.17 | $44.47 | $45.80 | $47.17 | $48.59 | $50.05 |
| Grinder | $53.94 | $55.56 | $57.23 | $58.95 | $60.72 | $62.54 |
| STEP | $56.07 | $57.75 | $59.48 | $61.26 | $63.10 | $64.99 |
| **Outside City Users** | | | | | | |
| SC-1 | $24.73 | $25.47 | $26.23 | $27.02 | $27.83 | $28.66 |
| SC-2 | $41.48 | $42.72 | $44.00 | $45.32 | $46.68 | $48.08 |
| SC-3 | $47.58 | $49.01 | $50.48 | $51.99 | $53.55 | $55.16 |
| Resthaven | $60.18 | $61.99 | $63.85 | $65.77 | $67.74 | $69.77 |
| Big Mountain | $72.58 | $74.76 | $77.00 | $79.31 | $81.69 | $84.14 |

**Table ES.5: Wastewater Utility Monthly Base Rate Projections – 2017-2021**

| User Class | 2022 Projected | 2023 Projected | 2024 Projected | 2025 Projected | 2026 Projected |
|---|---|---|---|---|---|
| **Inside City Users** | | | | | |
| SC-1 | $25.27 | $26.03 | $26.81 | $27.61 | $28.44 |
| SC-2 | $44.20 | $45.53 | $46.90 | $48.31 | $49.76 |
| SC-3 | $51.55 | $53.10 | $54.69 | $56.33 | $58.02 |
| Grinder | $64.42 | $66.35 | $68.34 | $70.39 | $72.50 |
| STEP | $66.94 | $68.95 | $71.02 | $73.15 | $75.34 |
| **Outside City Users** | | | | | |
| SC-1 | $29.52 | $30.41 | $31.32 | $32.26 | $33.23 |
| SC-2 | $49.52 | $51.01 | $52.54 | $54.12 | $55.74 |
| SC-3 | $56.81 | $58.51 | $60.27 | $62.08 | $63.94 |
| Resthaven | $71.86 | $74.02 | $76.24 | $78.53 | $80.89 |
| Big Mountain | $86.66 | $89.26 | $91.94 | $94.70 | $97.54 |

**Table ES.6: Wastewater Utility Monthly Base Rate Projections – 2022-2026**

| User Class | 2016 Rates | 2017 Recommended | 2018 Projected | 2019 Projected | 2020 Projected | 2021 Projected |
|---|---|---|---|---|---|---|
| **Inside City Users** | | | | | | |
| SC-1 | $3.55 | $4.44 | $5.55 | $6.94 | $8.40 | $10.16 |
| SC-2 | $6.31 | $7.07 | $7.92 | $8.87 | $9.93 | $11.12 |
| SC-3 | $8.86 | $9.92 | $10.91 | $12.00 | $13.20 | $14.52 |
| Grinder | $13.47 | $14.55 | $15.71 | $16.97 | $18.33 | $19.80 |
| STEP | $16.65 | $18.32 | $20.15 | $21.36 | $22.64 | $24.00 |
| **Outside City Users** | | | | | | |
| SC-1 | $5.46 | $6.83 | $8.54 | $10.68 | $12.92 | $15.63 |
| SC-2 | $8.71 | $9.76 | $10.93 | $12.24 | $13.71 | $15.36 |
| SC-3 | $10.54 | $11.80 | $12.98 | $14.28 | $15.71 | $17.28 |
| Resthaven | $21.47 | $23.62 | $25.98 | $27.54 | $29.19 | $30.94 |
| Big Mountain | $8.71 | $9.76 | $10.93 | $12.02 | $13.22 | $14.54 |

**Table ES.7: Wastewater Utility Volumetric Rate Projections – 2017-2021**

| User Class | 2022 Projected | 2023 Projected | 2024 Projected | 2025 Projected | 2026 Projected |
|---|---|---|---|---|---|
| **Inside City Users** | | | | | |
| SC-1 | $10.36 | $10.57 | $10.78 | $11.00 | $11.22 |
| SC-2 | $11.34 | $11.57 | $11.80 | $12.04 | $12.28 |
| SC-3 | $15.39 | $16.01 | $16.65 | $17.32 | $18.01 |
| Grinder | $20.99 | $21.62 | $22.27 | $22.94 | $23.63 |
| STEP | $25.44 | $26.97 | $28.59 | $28.59 | $28.59 |
| **Outside City Users** | | | | | |
| SC-1 | $15.63 | $15.63 | $15.63 | $15.63 | $15.63 |
| SC-2 | $15.67 | $15.98 | $16.30 | $16.63 | $16.96 |
| SC-3 | $18.32 | $19.05 | $19.81 | $20.60 | $21.42 |
| Resthaven | $32.80 | $34.77 | $36.86 | $36.86 | $36.86 |
| Big Mountain | $15.41 | $16.03 | $16.67 | $16.67 | $16.67 |

**Table ES.8: Wastewater Utility Volumetric Rate Projections – 2022-2026**

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|
| **Projected Revenue Requirements** | | | | | | |
| O&M | $1,887,877 | $1,945,860 | $2,005,873 | $2,067,994 | $2,132,301 | $2,673,253 |
| Capital (Cash-Funded) | $1,190,250 | $775,000 | $429,000 | $138,500 | $180,900 | $400,000 |
| Capital (Debt-Funded) | $2,190,527 | $0 | $0 | $19,587,500 | $0 | $0 |
| Debt Service | $250,541 | $338,976 | $333,017 | $336,197 | $1,678,455 | $1,679,249 |
| Future WWTP Capital Reserve | $0 | $335,324 | $670,649 | $1,005,973 | $0 | $0 |
| **Total Revenue Requirements** | **$5,519,195** | **$3,395,160** | **$3,438,539** | **$23,136,163** | **$3,991,656** | **$4,752,502** |
| **Projected Income and Funds from Other Sources** | | | | | | |
| Loan Proceeds | $2,190,527 | $0 | $0 | $19,587,500 | $0 | $0 |
| Other Revenue | $498,000 | $560,500 | $220,500 | $220,500 | $220,500 | $220,500 |
| Net Revenue Requirements | $2,830,668 | $2,834,660 | $3,218,039 | $3,328,163 | $3,771,156 | $4,532,002 |
| **Projected Revenue from Rates** | **$2,436,156** | **$2,714,483** | **$3,041,090** | **$3,422,787** | **$3,831,790** | **$4,308,042** |
| Revenue Surplus/(Deficiency) | ($394,511) | ($120,178) | ($176,948) | $94,624 | $60,634 | ($223,960) |

**Table ES.9: Projected Wastewater Utility Revenue Adequacy – 2017-2021**

| | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|
| **Projected Revenue Requirements** | | | | | |
| O&M | $2,760,137 | $2,850,007 | $2,942,974 | $3,039,154 | $3,138,666 |
| Capital (Cash-Funded) | $400,000 | $400,000 | $400,000 | $400,000 | $400,000 |
| Capital (Debt-Funded) | $0 | $0 | $0 | $0 | $0 |
| Debt Service | $1,674,901 | $1,668,177 | $1,664,930 | $1,663,373 | $1,665,700 |
| Future WWTP Capital Reserve | $0 | $0 | $0 | $0 | $0 |
| **Total Revenue Requirements** | **$4,835,038** | **$4,918,184** | **$5,007,904** | **$5,102,527** | **$5,204,366** |
| **Projected Income and Funds from Other Sources** | | | | | |
| Loan Proceeds | $0 | $0 | $0 | $0 | $0 |
| Other Revenue | $220,500 | $220,500 | $220,500 | $220,500 | $220,500 |
| Net Revenue Requirements | $4,614,538 | $4,697,684 | $4,787,404 | $4,882,027 | $4,983,866 |
| **Projected Revenue from Rates** | **$4,452,243** | **$4,595,802** | **$4,743,134** | **$4,880,527** | **$5,021,372** |
| Revenue Surplus/(Deficiency) | ($162,294) | ($101,882) | ($44,270) | ($1,501) | $37,506 |

**Table ES.10: Projected Wastewater Utility Revenue Adequacy – 2022-2026**

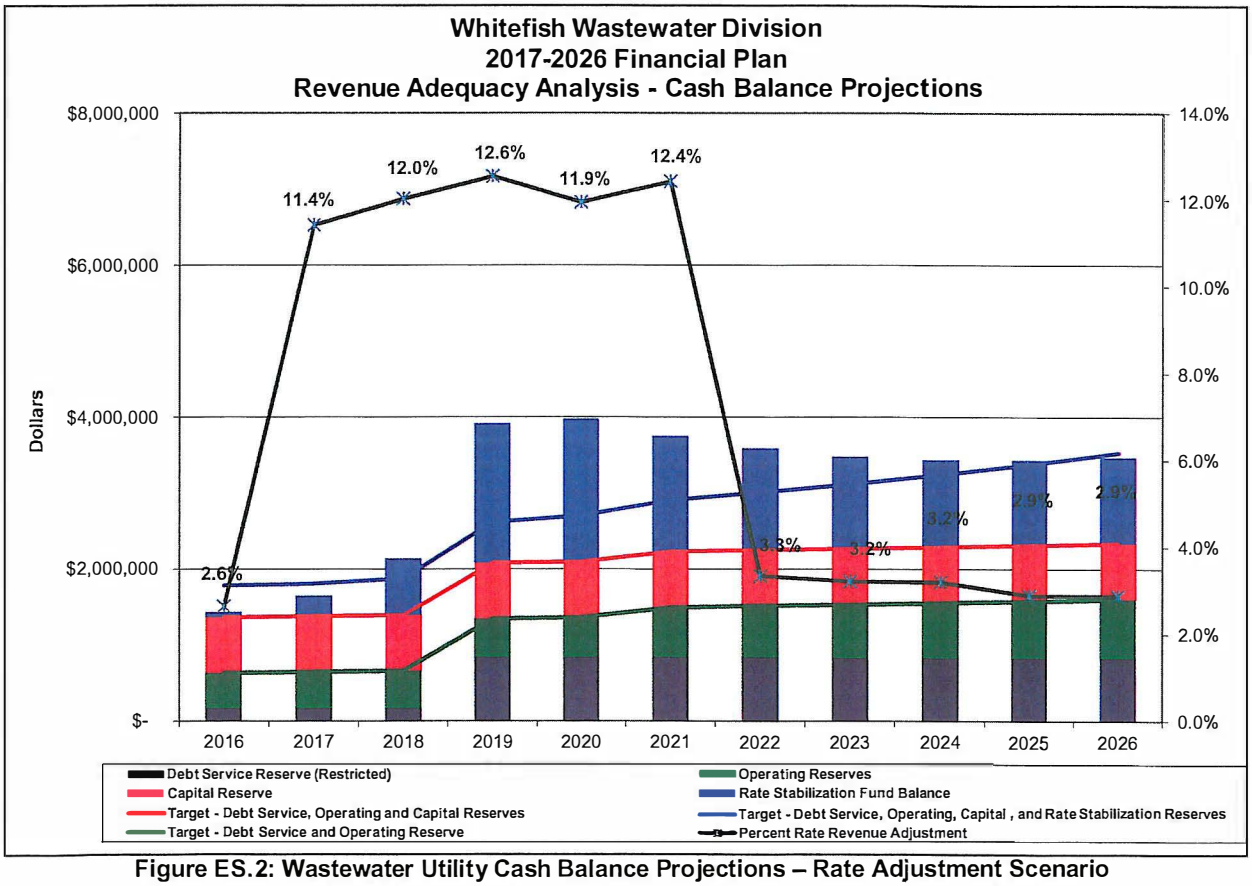



**Figure ES.2: Wastewater Utility Cash Balance Projections – Rate Adjustment Scenario**

Based on the COSA, rate design, and revenue adequacy analyses completed within this project, the following recommendations are offered for the Wastewater Utility:

- **Adopt a revised approach to the Service Classes.** Based on discussions with City Staff and Council Members, it is recommended that the City revise the lift station classifications as shown in Figure ES.1. The COSA completed as part of this study followed this approach.
- **Implement near-term adjustments to prepare the Utility for debt associated with the new WWTP.** By gradually increasing revenue requirements with the goal of generating adequate revenue to meet debt service and coverage requirements by 2020, the City can show a proactive approach to managing Utility finances. In the interim, reserve funds can be built that can potentially minimize necessary future rate increase, provided that coverage can be met at that time.
- **Closely monitor coverage as the new debt service comes online.** The required coverage associated with debt for the new WWTP will require rate increases beyond what is necessary to simply meet the debt payment.
- **Strive to correct cost of service inequities as adjustments are made to meet annual revenue requirements.** By implementing the recommended changes to the wastewater rates, the City will be making an effort to rectify any existing cost of service inequities. By updating usage characteristics, revenue requirements, and asset values on an annual basis, the model will make adjustments to the COSA relationships. This will be important when the new WWTP facility comes online. The model is currently set up based on projected asset values.
- **Link annual Outside user rate adjustments to adjustments to Inside user rates.** It is recommended that City continue to adjust rates to Outside users consistent with those to Inside users. Due to the relatively small number of Outside users, it is very difficult to correct any cost of service disparity.
- **Review Wastewater Revenue Adequacy annually.** The City of Whitefish has undertaken this project to develop a financial tool to assist in managing the financial health of the Wastewater Utility. Although the projections herein contain proposed rate adjustments through 2026, a change in actual revenues or expenses from those projected could significantly impact the Utility. As a result, it is strongly recommended that the City closely monitor revenues and expenses as compared to those projected in the rate model, making adjustments as necessary, and update the projected rate adjustments based on the desired objective of achieving consistent revenue adequacy and meeting cash reserve target balances.

- **Continue pursuit of grant dollars for construction of the new WWTP.** The City is actively exploring potential grant funds for the WWTP construction. As grant dollars are acquired, future projections can be adjusted to reflect reduced revenue requirements.
- **Monitor near-term revenue stability.** As the City implements rate increases designed to meet future debt service requirements, there is the potential for some users to decrease water use in an overall effort to lower the utility bill. Therefore, the City should closely monitor revenue stability associated with these multi-year changes.
- **Establish Target Levels and Fund Operating Reserves.** In addition to Debt Service reserves required by bond covenants, it is recommended that the City strive to achieve and maintain the following reserve levels:
    - Operating Reserves: Target = 90 days of operating expenses
    - Capital Reserve: Target = 15 percent of average annual cash-funded capital expenditures
    - Rate Stabilization: Target = 15 percent of annual rate revenue.
- **Continue the policy of rate indexing as a minimum annual adjustment.** Although future rate adjustment projections contained herein are, for some user classes, less than average inflation, it is recommended that the City maintain its rate indexing policy, even though it is likely with an up-to-date financial model that in most years the City will be able to specifically dial in the necessary percentage.
- **Revise the existing Low Income/Senior Discount Policy.** It is recommended that the City revise its policy to require income-based qualification through the LIEAP to receive the discounted Utility rates.
- **Proactively communicate changes to the rate structure and increases to the periodic utility bills to the public.** It is recommended that once the City has approved Utility rates for 2017, it continue its proactive community outreach program to educate customers as to the new rates and rate impacts. It is suggested that outreach efforts involve information on the City website, press releases, and mailings. Table ES.11 presents the monthly change in dollar amount associated with wastewater rate projections. The change is compared to the monthly charge for the amount of wastewater listed in the second column. The calculation has been completed for each year, with reference back to FY16 charges for service. Therefore, the monthly increase in the last column represents the projected monthly increase in

2026 as compared to the monthly charge in 2016. Table ES.12 presents the same information in percentage format.

It is important to remember that the cost of service is a one-time snapshot of cost causation associated with users of the Utility. Setting rates for one to five years based on a cost of service analysis utilizing a Test Year costs and usage characteristics is a generally accepted practice. Corrections are then made periodically as COSA assumptions are updated. It is becoming more common to incorporate COSA into annual rate setting, which has been done for this project. This approach should help the City to adjust more quickly to changes in how the Utility is operated and how users are driving cost, thereby managing rate equitability on an on-going basis.

| | Avg Monthly Gallons | Existing Bill FY16 | 2017 Monthly Increase from 2016 | 2018 Monthly Increase from 2016 | 2019 Monthly Increase from 2016 | 2020 Monthly Increase from 2016 | 2021 Monthly Increase from 2016 | 2022 Monthly Increase from 2016 | 2023 Monthly Increase from 2016 | 2024 Monthly Increase from 2016 | 2025 Monthly Increase from 2016 | 2026 Monthly Increase from 2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SC-1 | | | | | | | | | | | | |
| Inside | 3,000 | $ 31.82 | $ 3.31 | $ 7.29 | $ 12.13 | $ 17.20 | $ 23.19 | $ 24.53 | $ 25.92 | $ 27.33 | $ 28.79 | $ 30.28 |
| Inside Low Income | 3,000 | $ 15.94 | $ 2.83 | $ 6.32 | $ 10.66 | $ 15.21 | $ 20.67 | $ 21.45 | $ 22.27 | $ 23.10 | $ 23.96 | $ 24.83 |
| Outside | 3,000 | $ 41.11 | $ 4.85 | $ 10.74 | $ 17.95 | $ 25.48 | $ 34.44 | $ 35.30 | $ 36.19 | $ 37.10 | $ 38.04 | $ 39.01 |
| Inside | 6,000 | $ 42.47 | $ 5.98 | $ 13.29 | $ 22.30 | $ 31.75 | $ 43.02 | $ 44.96 | $ 46.98 | $ 49.02 | $ 51.14 | $ 53.29 |
| Inside Low Income | 6,000 | $ 26.59 | $ 5.50 | $ 12.32 | $ 20.83 | $ 29.76 | $ 40.50 | $ 41.88 | $ 43.33 | $ 44.79 | $ 46.31 | $ 47.84 |
| Outside | 6,000 | $ 57.49 | $ 8.96 | $ 19.98 | $ 33.61 | $ 47.86 | $ 64.95 | $ 65.81 | $ 66.70 | $ 67.61 | $ 68.55 | $ 69.52 |
| SC-2 | | | | | | | | | | | | |
| Inside | 3,000 | $ 55.95 | $ 3.39 | $ 7.08 | $ 11.11 | $ 15.50 | $ 20.32 | $ 22.27 | $ 24.29 | $ 26.35 | $ 28.48 | $ 30.65 |
| Inside Low Income | 3,000 | $ 28.20 | $ 2.56 | $ 5.40 | $ 8.55 | $ 12.03 | $ 15.91 | $ 16.89 | $ 17.91 | $ 18.94 | $ 20.01 | $ 21.09 |
| Outside | 3,000 | $ 67.61 | $ 4.39 | $ 9.18 | $ 14.43 | $ 20.20 | $ 26.55 | $ 28.92 | $ 31.34 | $ 33.83 | $ 36.40 | $ 39.01 |
| Inside | 6,000 | $ 74.88 | $ 5.67 | $ 11.91 | $ 18.79 | $ 26.36 | $ 34.75 | $ 37.36 | $ 40.07 | $ 42.82 | $ 45.67 | $ 48.56 |
| Inside Low Income | 6,000 | $ 47.13 | $ 4.84 | $ 10.23 | $ 16.23 | $ 22.89 | $ 30.34 | $ 31.98 | $ 33.69 | $ 35.41 | $ 37.20 | $ 39.00 |
| Outside | 6,000 | $ 93.74 | $ 7.54 | $ 15.84 | $ 25.02 | $ 35.20 | $ 46.50 | $ 49.80 | $ 53.15 | $ 56.60 | $ 60.16 | $ 63.76 |
| SC-3 | | | | | | | | | | | | |
| Inside | 3,000 | $ 69.75 | $ 4.48 | $ 8.78 | $ 13.42 | $ 18.44 | $ 23.86 | $ 27.97 | $ 31.38 | $ 34.89 | $ 38.54 | $ 42.30 |
| Inside Low Income | 3,000 | $ 37.37 | $ 3.50 | $ 6.80 | $ 10.41 | $ 14.36 | $ 18.68 | $ 21.66 | $ 23.91 | $ 26.23 | $ 28.65 | $ 31.14 |
| Inside | 6,000 | $ 96.33 | $ 7.66 | $ 14.93 | $ 22.84 | $ 31.46 | $ 40.84 | $ 47.56 | $ 52.83 | $ 58.26 | $ 63.92 | $ 69.75 |
| Inside Low Income | 6,000 | $ 63.95 | $ 6.68 | $ 12.95 | $ 19.83 | $ 27.38 | $ 35.66 | $ 41.25 | $ 45.36 | $ 49.60 | $ 54.03 | $ 58.59 |
| Grinder | | | | | | | | | | | | |
| Inside | 3,000 | $ 94.35 | $ 4.86 | $ 10.01 | $ 15.51 | $ 21.36 | $ 27.59 | $ 33.04 | $ 36.86 | $ 40.80 | $ 44.86 | $ 49.04 |
| Inside Low Income | 3,000 | $ 53.90 | $ 3.64 | $ 7.54 | $ 11.75 | $ 16.27 | $ 21.14 | $ 25.18 | $ 27.55 | $ 30.00 | $ 32.52 | $ 35.12 |
| Inside | 6,000 | $ 134.76 | $ 8.10 | $ 16.73 | $ 26.01 | $ 35.94 | $ 46.58 | $ 55.60 | $ 61.31 | $ 67.20 | $ 73.27 | $ 79.52 |
| Inside Low Income | 6,000 | $ 94.31 | $ 6.88 | $ 14.26 | $ 22.25 | $ 30.85 | $ 40.13 | $ 47.74 | $ 52.00 | $ 56.40 | $ 60.93 | $ 65.60 |
| STEP | | | | | | | | | | | | |
| Inside | 3,000 | $ 106.02 | $ 6.69 | $ 13.91 | $ 19.32 | $ 25.00 | $ 30.97 | $ 37.24 | $ 43.84 | $ 50.77 | $ 52.90 | $ 55.09 |
| Resthaven | 3,000 | $ 124.59 | $ 8.26 | $ 17.20 | $ 23.80 | $ 30.72 | $ 38.00 | $ 45.67 | $ 53.74 | $ 62.23 | $ 64.52 | $ 66.88 |
| Inside | 6,000 | $ 155.97 | $ 11.70 | $ 24.41 | $ 33.45 | $ 42.97 | $ 53.02 | $ 63.61 | $ 74.80 | $ 86.59 | $ 88.72 | $ 90.91 |
| Resthaven | 6,000 | $ 189.00 | $ 14.71 | $ 30.73 | $ 42.01 | $ 53.88 | $ 66.41 | $ 79.66 | $ 93.64 | $ 108.40 | $ 110.69 | $ 113.05 |
| Big Mountain | | | | | | | | | | | | |
| Big Mountain | 1,470,000 | $ 12,876.28 | $ 1,545.68 | $ 3,267.82 | $ 4,872.43 | $ 6,638.81 | $ 8,581.66 | $ 9,863.08 | $ 10,777.08 | $ 11,720.56 | $ 11,723.32 | $ 11,726.16 |

**Table ES.11: Monthly Wastewater Rate Increases Associated with Projected Rate Adjustments – Referenced to FY16**

| | Avg Monthly Gallons | Existing Bill FY16 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | % Increase from 2016 | % Increase from 2016 | % Increase from 2016 | % Increase from 2016 | % Increase from 2016 | % Increase from 2016 | % Increase from 2016 | % Increase from 2016 | % Increase from 2016 | % Increase from 2016 |
| SC-1 | | | | | | | | | | | | |
| Inside | 3,000 | $ 31.82 | 10.4% | 22.9% | 38.1% | 54.1% | 72.9% | 77.1% | 81.5% | 85.9% | 90.5% | 95.2% |
| Inside Low Income | 3,000 | $ 15.94 | 17.8% | 39.6% | 66.9% | 95.4% | 129.7% | 134.6% | 139.7% | 144.9% | 150.3% | 155.8% |
| Outside | 3,000 | $ 41.11 | 11.8% | 26.1% | 43.7% | 62.0% | 83.8% | 85.9% | 88.0% | 90.2% | 92.5% | 94.9% |
| Inside | 6,000 | $ 42.47 | 14.1% | 31.3% | 52.5% | 74.8% | 101.3% | 105.9% | 110.6% | 115.4% | 120.4% | 125.5% |
| Inside Low Income | 6,000 | $ 26.59 | 20.7% | 46.3% | 78.3% | 111.9% | 152.3% | 157.5% | 163.0% | 168.4% | 174.2% | 179.9% |
| Outside | 6,000 | $ 57.49 | 15.6% | 34.8% | 58.5% | 83.2% | 113.0% | 114.5% | 116.0% | 117.6% | 119.2% | 120.9% |
| SC-2 | | | | | | | | | | | | |
| Inside | 3,000 | $ 55.95 | 6.1% | 12.7% | 19.9% | 27.7% | 36.3% | 39.8% | 43.4% | 47.1% | 50.9% | 54.8% |
| Inside Low Income | 3,000 | $ 28.20 | 9.1% | 19.1% | 30.3% | 42.7% | 56.4% | 59.9% | 63.5% | 67.2% | 71.0% | 74.8% |
| Outside | 3,000 | $ 67.61 | 6.5% | 13.6% | 21.3% | 29.9% | 39.3% | 42.8% | 46.4% | 50.0% | 53.8% | 57.7% |
| Inside | 6,000 | $ 74.88 | 7.6% | 15.9% | 25.1% | 35.2% | 46.4% | 49.9% | 53.5% | 57.2% | 61.0% | 64.9% |
| Inside Low Income | 6,000 | $ 47.13 | 10.3% | 21.7% | 34.4% | 48.6% | 64.4% | 67.9% | 71.5% | 75.1% | 78.9% | 82.7% |
| Outside | 6,000 | $ 93.74 | 8.0% | 16.9% | 26.7% | 37.6% | 49.6% | 53.1% | 56.7% | 60.4% | 64.2% | 68.0% |
| SC-3 | | | | | | | | | | | | |
| Inside | 3,000 | $ 69.75 | 6.4% | 12.6% | 19.2% | 26.4% | 34.2% | 40.1% | 45.0% | 50.0% | 55.3% | 60.6% |
| Inside Low Income | 3,000 | $ 37.37 | 9.4% | 18.2% | 27.9% | 38.4% | 50.0% | 58.0% | 64.0% | 70.2% | 76.7% | 83.3% |
| Inside | 6,000 | $ 96.33 | 8.0% | 15.5% | 23.7% | 32.7% | 42.4% | 49.4% | 54.8% | 60.5% | 66.4% | 72.4% |
| Inside Low Income | 6,000 | $ 63.95 | 10.4% | 20.3% | 31.0% | 42.8% | 55.8% | 64.5% | 70.9% | 77.6% | 84.5% | 91.6% |
| Grinder | | | | | | | | | | | | |
| Inside | 3,000 | $ 94.35 | 5.2% | 10.6% | 16.4% | 22.6% | 29.2% | 35.0% | 39.1% | 43.2% | 47.5% | 52.0% |
| Inside Low Income | 3,000 | $ 53.90 | 6.8% | 14.0% | 21.8% | 30.2% | 39.2% | 46.7% | 51.1% | 55.7% | 60.3% | 65.2% |
| Inside | 6,000 | $ 134.76 | 6.0% | 12.4% | 19.3% | 26.7% | 34.6% | 41.3% | 45.5% | 49.9% | 54.4% | 59.0% |
| Inside Low Income | 6,000 | $ 94.31 | 7.3% | 15.1% | 23.6% | 32.7% | 42.6% | 50.6% | 55.1% | 59.8% | 64.6% | 69.6% |
| STEP | | | | | | | | | | | | |
| Inside | 3,000 | $ 106.02 | 6.3% | 13.1% | 18.2% | 23.6% | 29.2% | 35.1% | 41.4% | 47.9% | 49.9% | 52.0% |
| Resthaven | 3,000 | $ 124.59 | 6.6% | 13.8% | 19.1% | 24.7% | 30.5% | 36.7% | 43.1% | 49.9% | 51.8% | 53.7% |
| Inside | 6,000 | $ 155.97 | 7.5% | 15.7% | 21.4% | 27.6% | 34.0% | 40.8% | 48.0% | 55.5% | 56.9% | 58.3% |
| Resthaven | 6,000 | $ 189.00 | 7.8% | 16.3% | 22.2% | 28.5% | 35.1% | 42.1% | 49.5% | 57.4% | 58.6% | 59.8% |
| Big Mountain | | | | | | | | | | | | |
| Big Mountain | 1,470,000 | $ 12,876.28 | 12.0% | 25.4% | 37.8% | 51.6% | 66.6% | 76.6% | 83.7% | 91.0% | 91.0% | 91.1% |

**Table ES.12: Monthly Wastewater Rate Percentage Increase Associated with Projected Rate Adjustments – Referenced to FY16**

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# 1.0 Introduction

In May 2015, AE2S was retained by the City of Whitefish to complete a Water and Wastewater Rate Study. Data from the 2014 Fiscal Year (FY14), which began July 1, 2013 and ended June 30, 2014, was utilized to develop the Test Year for the study. This Technical Memorandum summarizes the assumptions, analysis, results, and recommendations for the portion of the study related to the Wastewater Utility.

## 1.1 Project Objectives

Primary objectives for completion of the Wastewater Rate study included the following:

- Review appropriateness of rate structure given assumptions related to customer usage characteristics and the manner in which the different user classes drive cost (cost causation);
- Develop rate plan for 2017-2026; and
- Obtain a customized rate model that can be used by the City for future rate-setting activities.

## 1.2 Study Process and Deliverables

To meet the City's objectives, AE2S completed a study consisting of the following components:

- Develop Test Year Revenue Adequacy Requirements
- Evaluate Wastewater Utility Rate Base
- Complete Cost of Service Analysis (COSA)
- Evaluate Rate Design Alternatives
- Project Five-Year Revenue Adequacy based on Recommended Rate Design

Throughout the study, the AE2S and City project team met via GoToMeeting or teleconference to discuss assumptions and intermediate results. In addition, AE2S participated in two (2) City Council Workshops to: 1) educate policy makers on the purpose and steps involved in a rate study, as well as what to the do with the results, and 2) to present preliminary results and solicit policy-related direction prior to developing final results and recommendations. A final presentation of the results and recommendations will also be made by AE2S at a City Council meeting concurrent with the delivery of this final report.

A primary objective of this study was to develop tools specifically tailored to the City of Whitefish that can be used annually by the City for rate planning and financial management of the utilities. The following deliverables for the Wastewater Utility have been developed as part of this project:

- Wastewater Utility Cost of Service and Revenue Adequacy Spreadsheet Model;

- Technical Memorandum for Wastewater Rate Study (this memo); and
- Rates 101 Worksheet – to be used by City staff in explaining Wastewater rate analyses and Wastewater rate structure.

## 2.0 System Description, Customer Usage, and Rate Structure

### 2.1 Overview of System

The City of Whitefish currently operates wastewater treatment facilities consisting of three (3) partially mixed lagoons for biological treatment, from which flows are sent through a flocculating clarifier prior to discharge to the Whitefish River. The design capacity for the clarifier portion of the system is 1.8 MGD. The City is the process of planning for construction of a new facility to address more stringent permit requirement and overall treatment objectives for the system. The new facility is scheduled to be commissioned in 2021. Table 2.1 summarizes details related to the treatment options under consideration at the time of this project, as provided by Anderson-Montgomery Consulting Engineers.

| Alternative | Capital Cost | Annual O&M | 20-Year Salvage Value | Total Net Present Worth |
|---|---|---|---|---|
| **Biolac and Existing Clarifier** | $15,175,800 | $642,370 | $2,151,500 | $22,923,700 |
| **Sequencing Batch Reactor** | $14,355,500 | $780,500 | $4,115,000 | $23,084,200 |
| **Oxidation Ditch (Lakeside)** | $19,587,500 | $928,000 | $5,727,500 | $29,585,300 |

**Table 2.1: Summary of Wastewater Treatment Plant Alternatives**

The City operates an extensive collection and pumping system to convey wastewater to the existing wastewater treatment plant. The following bullets summarize system components.

- Greater than 57 miles of gravity mains ranging in size from eight (8) to 30-inch diameter;
- Greater than 13 miles of Forcemain ranging in size from 1.5 to 16-inch diameter;
- Fifteen (15) raw wastewater lift stations at locations throughout the system;
- Seventy-one (71) individual and one (1) centralized septic-tank-effluent-pump (STEP) station;
- One (1) centralized grinder pump station; and
- One (1) main lift station near the wastewater treatment plant, through which all wastewater is pumped enroute to the treatment facilities.

The Whitefish wastewater system has three (3) service zones throughout the City, some of which require substantial pumping. Figure 2.1 illustrates the current definition of the Service Classes 1, 2, and 3 (SC-1, SC-2, and SC-3). The City's rate structure designates different rates for the Service Zones 1 through 3 based on the amount of pumping required to convey the wastewater from the service zones to the main lift station.

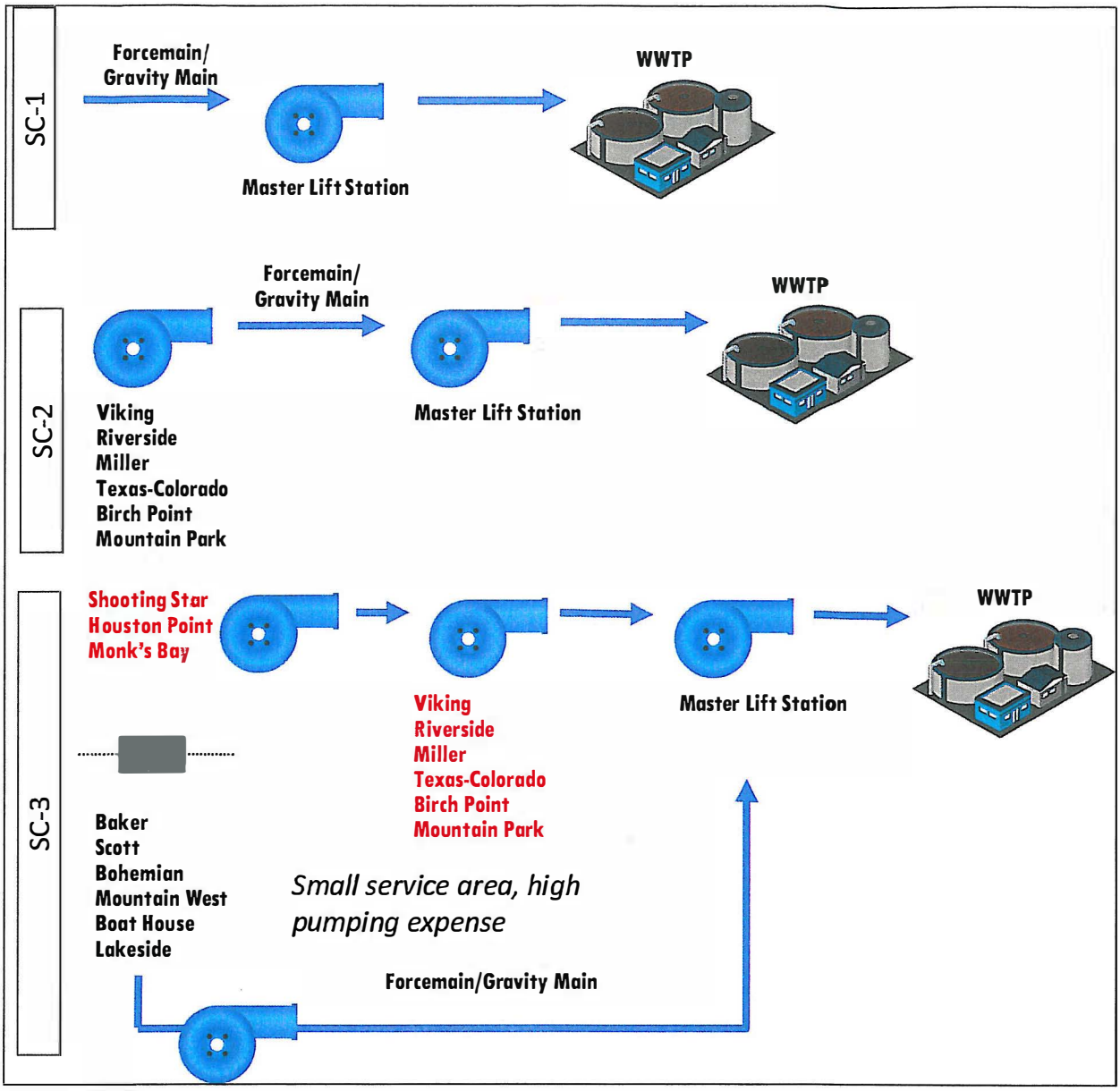



**Figure 2.1: Summary of Existing Wastewater Service Zone Philosophy**

As shown in Figure 2.1, customers in the SC-1 class are generally located in areas where the wastewater flows by gravity to the main lift station. It is then pumped one time to the wastewater treatment facilities. Similarly, the customers in the SC-2 class are located in areas where the wastewater must be pumped through an intermediate pump station to be delivered to the main lift station, where it is then pumped to the wastewater treatment facilities. Currently, the customers in SC-3 user class are associated with locations in which the lift station collects from a small service area, and incurs significant pumping cost to deliver the wastewater flow to either an intermediate lift station and then to the main lift station, or directly to the main lift station. Some of the locations classified as SC-3 are in newly developing areas that will

eventually have a greater user base, and some are in areas where terrain is such that significant pumping is required.

In addition to traditional domestic wastewater customers, the City also conveys and treats wastewater from STEP and grinder systems. These systems require additional maintenance by City employees at the locations of the STEP and grinder equipment, some of which are on private property and can be difficult to access at times. This results in additional cost allocation on top of the share of collection system and treatment system costs associated with conveyance and treatment. Figure 2.1 illustrates the types of facilities involved in the conveyance of STEP and Grinder wastewater to the wastewater treatment plant.

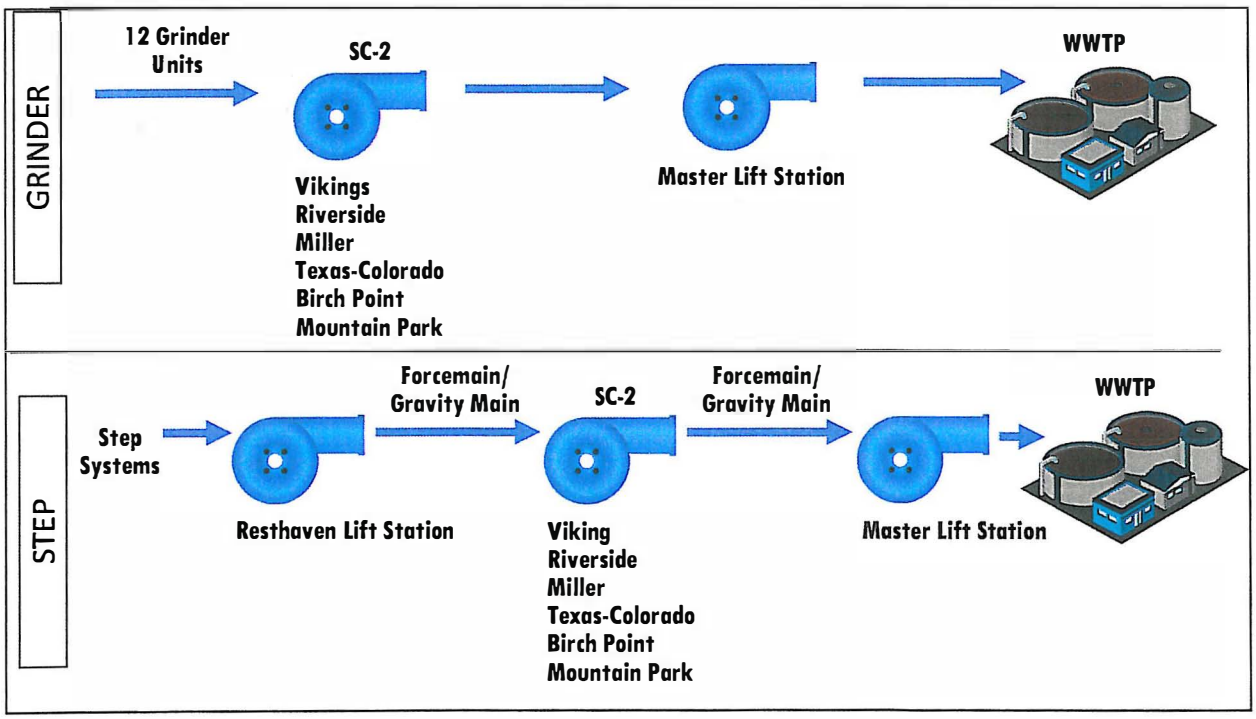



Figure 2.2: Summary of Existing Grinder and STEP System Conveyance

## 2.2 Customers and Usage

The City of Whitefish provides wastewater service to approximately 3,530 user accounts within City limits and 46 user accounts outside of the City. In addition, the City provides service to approximately 59 accounts associated with the Resthaven STEP system, and Big Mountain, a large resort located north of the City. Based on a review of billed flow and account data from FY10 through FY14, FY14 accounts were increased by one (1) percent annually to estimated total account for Test Year 2016. Similarly, FY14 flow data was grown by one-half percent annually to project flow for Test Year 2016. The City's rate structure does not distinguish between residential and commercial customers and the City does not serve any large industrial users. The number of accounts by user type and billed flow for the 2014 is shown in Table 2.1. In

addition to the billed flow totals in Table 2.2, it should be noted that the City of Whitefish is working to address what has been a significant amount of Inflow/Infiltration (I/I). Table 2.2 includes an I/I value based on the average reported value of 34 percent for the period of 2010 through 2014.

| User Type | Number of Accounts | Billed Flow (gallons) |
|---|---|---|
| **Inside Users** | | |
| SC-1 | 1,931 | 149,369,310 |
| SC-1 – Low Income | 200 | 6,546,240 |
| SC-2 | 1,092 | 64,866,120 |
| SC-2 – Low Income | 115 | 3,930,340 |
| SC-3 | 141 | 4,817,370 |
| SC-3 – Low Income | 410 | 231,570 |
| Grinders | 22 | 1,382,730 |
| Grinders – Low Income | 4 | 137,170 |
| STEP | 14 | 701,410 |
| STEP – Low Income | 0 | 0 |
| **Outside Users** | | |
| SC-1 | 11 | 1,850,390 |
| SC-2 | 35 | 1,249,680 |
| Resthaven | 59 | 1,160,953 |
| Big Mountain | 1 | 17,640,000 |
| **Total** | **3,635** | **253,883,283** |
| **Inflow/Infiltration** | | **109,791,688** |

**Table 2.2: 2014 Accounts and Billed Wastewater Flow Data**

## 2.3 Existing Wastewater Rate Structure

The City's Wastewater rate structure contains two components: a fixed monthly base charge and a volumetric rate based on service class. The City provides Wastewater service to residents and businesses within City limits, as well as to some users located outside City limits. Current policy is such that the City does not provide service to new users outside City limits unless the area becomes annexed. The existing volumetric and monthly base rate structures are shown in Tables 2.3 and 2.4, respectively.

In 2006, the City adopted a policy regarding Low Income and Senior Citizen discounts on water, sewer, and solid waste bills. Qualification for the discounts was based on eligibility for low income assistance from the Montana Department of Public Health and Human Services or proof of age 65 or over. Those eligible for the discount receive a 75 percent reduction in the monthly

base rate for water, wastewater, and solid waste. Table 2.4 also includes the Low Income/Senior Citizen base rates for 2016, as listed in the City's rate schedule.

| User Class | 2016 Rate $/thousand gallons |
|---|---|
| **Inside City Users** | |
| SC-1 | $3.55 |
| SC-2 | $6.31 |
| SC-3 | $8.86 |
| Grinder | $13.47 |
| STEP | $16.65 |
| **Outside City Users** | |
| SC-1 | $5.46 |
| SC-2 | $8.71 |
| SC-3 | $10.54 |
| Resthaven | $21.47 |
| Big Mountain | $8.71 |

**Table 2.3: 2016 Volumetric Wastewater Rate Structure**

| User Class | 2016 Monthly Base Rate | 2016 Monthly Base Rate - Discounted |
|---|---|---|
| **Inside City Users** | | |
| SC-1 | $21.17 | $5.29 |
| SC-2 | $37.02 | $9.27 |
| SC-3 | $43.17 | $10.79 |
| Grinder | $53.94 | $13.49 |
| STEP | $56.07 | $14.03 |
| **Outside City Users** | | |
| SC-1 | $24.73 | -- |
| SC-2 | $41.48 | -- |
| SC-3 | $47.58 | -- |
| Resthaven | $60.18 | -- |
| Big Mountain | $72.58 | -- |

**Table 2.4: 2016 Monthly Wastewater Base Rate Structure**

In addition to domestic base and volumetric rates, the City also has rates on file for high strength concentrations of biochemical oxygen demand (BOD) and total suspended solids (TSS). The user base does not currently include a user that provides wastewater with strength that exceeds the domestic limits of 200 milligrams per liter (mg/L) BOD or 250 mg/L TSS. This is partly due to the absence of a major industrial or food processing industry. Because no revenue is generated from the strength components of the Wastewater rate structure, those rates are not addressed herein. However, the rate model does calculate the cost of service-based charges for BOD and TSS should the City have the need for updated strength rates. Because the City's permit for the new WWTP includes nitrogen and phosphorous limits, the City may want to consider whether establishing rates for these components are appropriate in the future if the City begins to serve or identifies any user(s) which are believed to be discharging nutrients in excess of established typical domestic strengths.

## 3.0 Test Year Revenue Requirements and Revenues

Revenue requirements consist of expenses incurred for operation and maintenance (O&M) of the Wastewater Utility, as well capital-related expenses such as debt service principal, capital outlays, and contributions to reserves. Because the City of Whitefish serves customers located outside of City limits, the utility method of determining revenue requirements was used. Based on the FY16 budget and the current CIP, Test Year revenue requirements were developed. The Test Year revenue requirements were then projected annually through 2026 based on assumed escalation factors, cash-funded capital in the CIP, and future debt associated with the CIP. It should be noted that the planning period for the corresponding Water Rate Study was a five-year period, which is typical. Because the Wastewater Utility is planning a major capital investment at approximately the five-year mark of the planning period, the Wastewater Rate analysis was extended to 10 years to enable the City to not just plan for the first year of a significant new debt service payment, but through the first years of such payment.

In addition to revenues, the COSA result also requires the development of Test Year revenues. These are presented in Section 3.4.

### 3.1 Operation and Maintenance Costs

For the purpose of developing water rates for FY17 through 2026, the O&M component of revenue requirements was based on the FY16 Wastewater Budget. In determining net O&M revenue requirements, consideration is also normally given to non-rate operating revenue, which is applied to offset the operating costs. In this case, the annual O&M-related non-rate revenues would be approximately $10,000, and are not included in the analysis. Table 3.1 summarizes total projected net O&M revenue requirements.

### 3.2 Capital Costs

Total capital-related revenue requirements were evaluated in terms of the cash-basis for the purpose of establishing the utility-basis capital requirements to be met with rate revenue. Completion of the Cost of Service Analysis (COSA) utilizing capital revenue requirements established on the utility basis is the recommended approach when a system provides service to users located outside of City limits, such as the case for the City of Whitefish. These steps are described below.

#### 3.2.1 Development of Cash-Basis Capital-Related Revenue Requirements

The City provided information related to existing and anticipated debt service requirements, the five-year Capital Improvement Plan (CIP), and cash-funded capital outlays within the CIP. For the purpose of developing a representative Test Year, the annual average cash-funded CIP value was calculated. This average value was also used in subsequent years. In addition, to prepare the

Utility for the future debt payment associated with the new wastewater treatment plant, 25 percent of the future annual debt payment associated with a $20 million WWTP was included in the Test Year 2016 revenue requirements. By adding an additional 25 percent of the annual debt payment to the revenue requirements each year (25 percent in 2017, 50 percent in 2018, and 75 percent in 2019), the Utility rates can be slowly increased to a level that will support the new debt-related revenue requirement when it becomes effective in 2020. This allows the Utility to grow into the rate adjustments necessary to meet the future debt payment, and in the interim builds reserves that can potentially be used to minimize the future rate adjustments, if coverage requirements can still be met. The Capital-related revenue requirements for the Test Year 2016 are shown in Table 3.2.

| Budget Line Item | 2016 Budget |
|---|---|
| Personnel Services | $929,386 |
| Office Supplies/Materials | $3,000 |
| Operating Supplies | $27,125 |
| Chemicals | $114,000 |
| Repair/Maintenance Supplies | $149,709 |
| Postage & Freight | $13,000 |
| Printing | $600 |
| Publicity/Subscription | $12,503 |
| Utility Services | $13,132 |
| Electrical | $95,000 |
| Professional Services | $275,200 |
| Repair & Maintenance Services | $52,000 |
| Travel & Training | $11,500 |
| Other Purchased Services | $8,000 |
| Contract Services | $2,500 |
| Insurance | $27,000 |
| Rent | $5,210 |
| Special Assessments | $400 |
| State Assessments and Fees | $3,500 |
| Wastewater Utility ROW Fee | $120,000 |
| Whitefish Lake Institute | $6,667 |
| Administrative Expense | $18,445 |
| New WWTP O&M | $0 |
| **Total O&M Revenue Requirements** | **$1,887,877** |

**Table 3.1: Summary of Net Wastewater O&M Revenue Requirements – Test Year 2016**

| Capital Revenue Requirement | Test Year 2016 |
|---|---|
| Debt Service (Existing) | $250,541 |
| Debt Service (25% of Future WWTP Payment) | $335,324 |
| Rate-Funded Capital | $420,000 |
| **Total Capital Revenue Requirements** | $1,005,865 |

**Table 3.2: Summary of Test Year 2016 Capital-Related Cash-Basis Wastewater Revenue Requirements**

### 3.2.2 Development of Utility-Basis Capital-Related Revenue Requirements

To fairly assign the cost of only those assets in service and utilized by outside City user classes, the Utility-basis methodology was used to determine the capital-related portion of the revenue requirements to be recovered from rates. The Utility-basis methodology calculates the capital-related component of revenue requirements based on depreciation of system assets in service and a return on capital investment made by the owners of the system. To complete this calculation, the City provided a listing of all assets, annual depreciation, and undepreciated asset value. Once capital-related revenue requirements have been established, methodology used throughout the industry and promoted by the American Water Works Association (AWWA) and Water Environment Federation was followed to appropriately allocate the Utility-basis capital-related revenue requirements to all users classes. For Test Year 2016, the depreciation and calculated return on rate base are $702,153 and $303,712, respectively, and are shown in Table 3.3.

| Revenue Requirement | Cash Basis | Utility Basis |
|---|---|---|
| O&M | $1,887,877 | $1,887,877 |
| Debt Service (Existing) | $250,541 | -- |
| WWTP Capital Reserve | $335,324 | -- |
| Rate-Funded CIP | $420,000 | -- |
| Depreciation | -- | $702,153 |
| Return on Rate Base | -- | $303,712 |
| **Total Revenue Requirements** | **$2,893,742** | **$2,893,742** |

**Table 3.3: Summary of Test Year 2016 Cash- and Utility-Basis Total Wastewater Revenue Requirements**

As shown in Table 3.3, the cash- and utility-basis capital-related revenue requirements are equal. This is because in practice, the Wastewater Utility must generate enough rate revenue to meet its cash-basis revenue requirements. It is how the cash-and utility-basis capital revenue requirements are ultimately allocated to user classes that distinguishes between the two approaches. Under the cash-basis, capital-related revenue requirements are ultimately assigned to user classes based on the specific application of the cost each year (collection, pumping, treatment, etc.), while under the utility-basis, capital-related revenue requirements are assigned to specific user classes based on the value of the system from which the user classes benefit.

## 3.3 Total Revenue Requirements

Table 3.4 summarizes the total revenue requirements developed for the Test Year 2016. These form the basis for the Cost of Service Analysis (COSA) addressed in Section 4.0, and will be adjusted for anticipated future changes in the Revenue Adequacy Analysis in Section 6.0.

| Revenue Requirement | Test Year 2016 |
|---|---|
| O&M-Related | $1,887,877 |
| Capital-Related | $1,005,865 |
| **Total Revenue Requirements** | **$2,893,742** |

**Table 3.4: Summary of Test Year 2016 Wastewater Revenue Requirements**

## 3.4 Rate Revenues

Table 3.5 summarizes the Test Year 2016 rate revenues, based on FY16 Wastewater rates and projected FY16 accounts and billed flow. To estimate Test Year 2016 accounts and billed flow, the following assumptions were applied to the values in Table 2.2:

- The number of Inside City accounts was indexed by 1.0 percent per year from 2014 to 2016;
- The number of Outside City accounts was not indexed (new outside users will not be added without annexation); and
- Billed flow growth for Inside City accounts, Resthaven, and Big Mountain were indexed by 0.5 percent per year from 2014 to 2016.

| User Class | Test Year 2016 Rate Revenue |
|---|---|
| **Inside City Users** | |
| SC-1 | $1,064,545 |
| SC-2 | $976,553 |
| SC-3 | $73,511 |
| Grinder | $35,463 |
| STEP | $21,157 |
| **Outside City Users** | |
| SC-1 | $13,451 |
| SC-2 | $28,535 |
| SC-3 | $0 |
| Resthaven | $67,658 |
| Big Mountain | $155,284 |
| **Total** | **$2,436,156** |

**Table 3.5: Summary of Test Year 2016 Wastewater Rate Revenues**

## 4.0 Cost of Service Analysis

This section summarizes the cost of service assumptions, analysis and results. Detailed tables summarizing the costs by ownership, cost type, and cost allocation to the user classes are found in the rate model.

### 4.1 Methodology

Following the establishment of total O&M and capital revenue requirements, the revenue requirements were taken through a series of steps to result in allocation to each user class. In the first step, revenue requirements were categorized into functional components based on information provided by City staff from the budget and from knowledge of operational practices. In the second step, costs were classified as to how the cost is related to usage characteristics – Capacity (Max flow), Average Day (Commodity), Customer, Assigned – Grinder, or Assigned - STEP applicability. In the third step, costs were allocated to customer classes based on the system usage characteristics of each class. The following subsections describe the steps utilized in the Wastewater COSA.

### 4.2 Analysis of O&M Component

#### 4.2.1 Functionalization

Under the Utility-basis methodology, it is important to identify which costs are applicable to outside users and which are not. As a result, the functionalization is completed in two steps: evaluation of applicability of cost to inside and outside users and then categorization into functional components. Table 4.1 summarizes the functions associated with the O&M revenue requirements for the Whitefish Wastewater Utility, and the applicability to each type of user.

| O&M Function | All Users | SC-2 Only | SC-3 Only | Assigned – Grinder | Assigned – STEP |
|---|---|---|---|---|---|
| **Treatment – Fixed** | 100% | | | | |
| **Treatment – Variable** | 100% | | | | |
| **Collection** | 100% | | | | |
| **Pumping – SC-2** | | 100% | | | |
| **Pumping – SC-3** | | | 100% | | |
| **Assigned - Grinder** | | | | 100% | |
| **Assigned – STEP** | | | | | 100% |
| **Admin** | 100% | | | | |

**Table 4.1: Applicability of Wastewater O&M Revenue Requirements to Users by Type**

The following assumptions form the basis for the values in Table 4.1:

- Revenue requirements related to operation of the main lift station, wastewater treatment facility, the collection system pipelines, and Admin are driven by all system users, regardless of location.
- Cost related to the main lift station was functionalized with treatment.
- Costs associated with lift stations in SC-2 are applicable to SC-2 users located Inside and Outside of City limits, as well as to Resthaven and Big Mountain.
- Costs associated with lift stations in SC-3 are applicable only to SC-3 users located Inside and Outside of City limits.
- Costs functionalized as Assigned – Grinder are applicable only to the Grinder user classes.
- Costs functionalized as Assigned – STEP are applicable only to the STEP user classes, including Resthaven.
- Based on the scattered location of Outside City users and the City's current policy of annexation for service, it was assumed the Outside users benefit from the total collection system network in the same manner as inside City users.

In addition, input from City staff indicated that the SC-3 areas were primarily associated with high-cost pumping facilities with a small user base. It was further noted that some of these facilities are in developing areas that with growth, will more closely resemble an SC-2 service area in the future. Based on this discussion and input from Council members in a Study Work Session, a revision to the approach to the Service Classes was made as part of the COSA, shown in Figure 4.1.

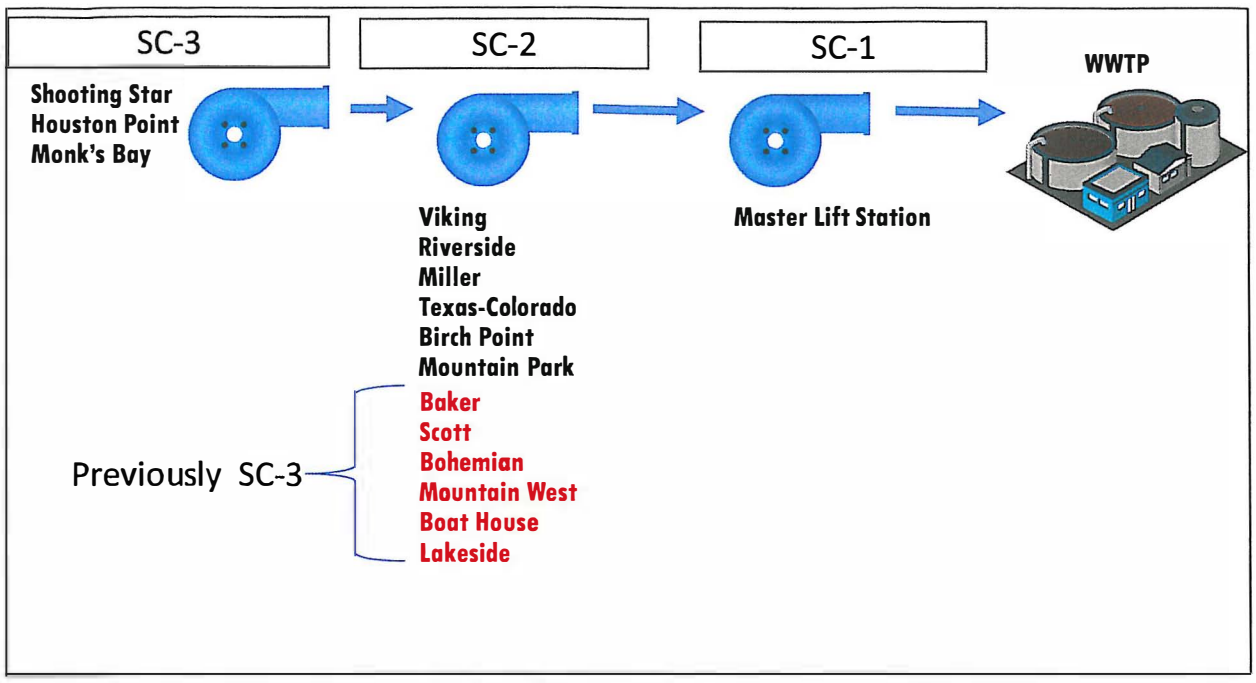



Figure 41: Revised Wastewater Service Class Approach

To determine functionalization factors for fixed and variable O&M costs associated with pumping, Grinders, and STEP, an analysis of lift station operations was completed. The purpose was to develop fixed and variable functionalization percentages to be applied to the values and functions in Table 4.2. Note that the variable costs associated with the WWTP were not included in the analysis, as those were functionalized 100 percent to the treatment function. City staff provided information regarding the assignable cost associated with maintaining equipment benefitting only the Grinder or STEP user classes.

| Function | Test Year Fixed Cost | Test Year Fixed Cost – Assigned | Test Year Variable Cost |
|---|---|---|---|
| Treatment – Variable (Electricity Only) | $286,611 | $0 | $95,000 |
| Pumping – SC-2 | | $0 | |
| Pumping – SC-3 | | $0 | |
| STEP | | $26,000 | |
| Grinder | $0 | $9,500 | |
| **Total** | **$286,611** | **$35,500** | **$95,000** |

Table 4.2: Test Year Wastewater O&M Revenue Requirements – Pumping System, Grinders, and STEP

To determine the portion of fixed costs associated with the SC2 and SC-3 service zones, Grinders, and STEP, an analysis of the lift stations was completed. Table 4.3 shows the breakdown of 2014 electrical costs by facility type. This information helped to determine the portion of electrical cost associated with the main lift station and WWTP. The remainder was then evaluated in terms of lift station pump hours and criticality factors to develop

functionalization percentages for SC-2, SC-3, Grinders, and STEP. It was assumed that a portion of the cost associated with a particular lift station can be based on criticality of the facility, while another portion can be based on capacity of each facility. The assigned criticality factor was based on the severity of the consequence assumed to be associated with failure of the facility. The criticality was weighted as 25 percent of the allocation and capacity was weighted as 75 percent to calculate an overall allocation for each facility. This analysis is shown in Table 4.4.

| Facility Type | Kilowatt Hrs | % |
|---|---|---|
| Main Lift Station | 262,640 | 26.3% |
| WWTP | 619,600 | 62.0% |
| Lift Stations/Grinders/STEP | 117,169 | 11.7% |
| **Total** | **999,409** | **100%** |

**Table 4.3: Summary of Electrical Costs by Wastewater Facility Type – 2014**

| Lift Station | Service Class | Criticality Factor | Criticality % | Capacity (gpm) | Capacity % | Overall % (25% Criticality/ 75% Capacity) |
|---|---|---|---|---|---|---|
| Birch Point | SC-2 | 1.5 | 7.5% | 160 | 5.2% | 5.8% |
| Texas-Co | SC-2 | 1 | 5.0% | 170 | 5.5% | 5.4% |
| Miller/City Beach | SC-2 | 1.5 | 7.5% | 345 | 11.3% | 10.3% |
| Riverside | SC-2 | 1 | 5.0% | 301 | 9.8% | 8.6% |
| Viking | SC-2 | 1.5 | 7.5% | 425 | 13.9% | 12.3% |
| Mountain Park | SC-2 | 1 | 5.0% | 422 | 13.8% | 11.6% |
| Mountain West | SC-2 | 1.25 | 6.25% | 82 | 2.7% | 3.6% |
| Boat House | SC-2 | 1.5 | 7.5% | 225 | 7.3% | 7.4% |
| Bohemian | SC-2 | 1 | 5.0% | 75 | 2.4% | 3.1% |
| Scott | SC-2 | 1.5 | 7.5% | 350 | 11.4% | 10.4% |
| Baker | SC-2 | 1.25 | 6.25% | 98 | 3.2% | 4.0% |
| Monk's Bay | SC-3 | 1.5 | 7.5% | 100 | 3.3% | 4.3% |
| Houston Pt | SC-3 | 1 | 5.0% | 200 | 6.5% | 6.1% |
| Shooting Star | SC-3 | 1 | 5.0% | 54 | 1.8% | 2.6% |
| Lakeside/City Beach | SC-2 | 1.5 | 7.5% | 14 | 0.5% | 2.2% |
| Rest Haven | STEP | 1 | 5.0% | 45 | 1.5% | 2.4% |
| **Total** | | | 100.0% | | 100.0% | 100.0% |

**Table 4.4: Wastewater Lift Station Analysis**

Based on the evaluation in Table 4.4, the percentages shown in Table 4.5 were used to functionalize non-treatment fixed O&M costs to the Pumping, Grinder, and STEP functions. There is no lift station directly assignable to the Grinder function. As a result, the assigned Grinder cost reported by the City in Table 4.2 was used for the functionalized fixed costs associated with the Grinder function. The percentages in the last column of Table 4.4 were applied to the reminder of fixed costs not assigned to Grinder or STEP.

| Function | Fixed Cost | Functionalization % | Functionalized Cost | Assigned Cost |
|---|---|---|---|---|
| Pumping – SC-2 | $286,611 | 84.6% | $242,515 | |
| Pumping – SC-3 | | 13.0% | $37,358 | |
| Assigned – Grinder | | -- | -- | $9,500 |
| Assigned – STEP | | 2.4% | $6,738 | $26,000 |
| **Total** | **$286,611** | **100.0%** | **$286,611** | **$35,500** |

**Table 4.5: Summary of Fixed Lift Station Cost Functionalization**

Table 4.6 summarizes the functionalization of O&M budget line items based on how operations of various portions of the system drive the budgeted O&M expenditures, accounting for the percentages calculated in Tables 4.4 and 4.5. Table 4.7 summarizes the total functionalized net O&M revenue requirements for the Test Year 2016.

### 4.2.2 Classification

Table 4.8 summarizes the classification percentages applied to functionalized O&M revenue requirements for the Test Year 2016. Table 4.9 summarizes the classified O&M revenue requirements. The following bullets highlight the assumptions behind the O&M classification percentages.

- Treatment – Fixed: These expenses are associated with meeting maximum day demands as well as treating strength, and are split evenly between Capacity and strength (BOD and TSS). The model was set up this way in the event that a user comes online in the future that exceeds the domestic limit and therefore is subject to BOD and/or strength surcharges. Because the City currently does not have a high strength user, the BOD and TSS costs are treated as Capacity costs. As a result, Treatment – Fixed costs are treated classified 100 percent to the Capacity class for the purpose of this study.
- Treatment – Variable: This expense varies directly with wastewater flow volume and is assigned as a 100 percent Commodity cost.
- Collection, Pumping – SC-2, and Pumping – SC-3: Wastewater system costs are largely flow-driven. As a result, these cost functions were classified 100 percent to the Commodity class.

| ıdget Line em | Treatment Fixed | Treatment Variable | Collection | Pumping SC-2 | Pumping SC-3 | Assigned – Grinder | Assigned - STEP | Admin |
|---|---|---|---|---|---|---|---|---|
| rsonnel Services | 30.7% | | 15.3% | 23.1% | 3.6% | 0.9% | 3.1% | 23.3% |
| ffice ıpplies/Materials | 25% | | | | | | | 75% |
| perating Supplies | 35% | | 20% | 33.9% | 5.2% | 1.3% | 4.6% | |
| ıemicals | | 100% | | | | | | |
| pair/Maintenance ıpplies | | | 51% | | | | | 49% |
| stage & Freight | 5% | | | | | | | 95% |
| inting | 50% | | | | | | | 50% |
| ıblicity/Subscription | 50% | | 25% | | | | | 25% |
| ility Services | 24% | | 34% | | | | | 42% |
| ectrical | | 88.3% | | 3% | 0.2% | 5.3% | 3.2% | |
| ofessional Services | 80% | | | | | | | 20% |
| pair & Maintenance rvices | 35% | | 20% | 30.1% | 4.6% | 1.2% | 4.1% | 5% |
| avel & Training | 50% | | | | | | | 50% |
| her Purchased rvices | | | | | | | | 100% |
| ntract Services | | | | | | | | 100% |
| surance | 51.7% | | 33% | 10.3% | 0.1% | 0.7% | 3.1% | 1% |
| nt | | | 100% | | | | | |
| ecial Assessments | | | | | | | | 100% |
| ate Assessments and es | | | | | | | | 100% |
| astewater Utility DW Fee | | | | | | | | 100% |
| hitefish Lake stitute | | | | | | | | 100% |
| dministrative Expense | | | | | | | | 100% |
| ew WWTP O&M | 100% | | | | | | | |

**Table 4.6: Functionalization of Test Year 2016 Wastewater O&M**

| O&M Function | All Users | SC-2 Only | SC-3 Only | Assigned – Grinder | Assigned – STEP |
|---|---|---|---|---|---|
| Treatment – Fixed | $563,955 | | | | |
| Treatment – Variable | $197,885 | | | | |
| Collection | $256,722 | | | | |
| Pumping – SC-2 | | $245,217 | | | |
| Pumping – SC-3 | | | $37,163 | | |
| Assigned – Grinder | | | | $14,588 | |
| Assigned - STEP | | | | | $36,259 |
| Admin | $536,088 | | | | |
| **Total O&M** | **$1,554,651** | **$245,217** | **$37,163** | **$14,588** | **$36,259** |

**Table 4.7: Functionalized Wastewater O&M – Test Year 2016**

- Assigned – Grinder: These costs are those directly attributable to only those users benefitting from the Grinder systems. As a result these are directly assigned to the Grinder class.
- Assigned – STEP: These costs are those directly attributable to only those users benefitting from the STEP systems. As a result these are directly assigned to the STEP class.
- Admin: Admin costs are associated with providing service to each account, and are classified 100 percent to the Customer class.

| O&M Function | Capacity | Commodity | Customer | Assigned – Grinder | Assigned - STEP |
|---|---|---|---|---|---|
| Treatment – Fixed | 100% | | | | |
| Treatment – Variable | | 100% | | | |
| Collection | | 100% | | | |
| Pumping – SC-2 | | 100% | | | |
| Pumping – SC-3 | | 100% | | | |
| Assigned – Grinder | | | | 100% | |
| Assigned - STEP | | | | | 100% |
| Admin | | | 100% | | |

**Table 4.8: Wastewater Classification Percentages – Test Year 2016**

| O&M Function | All Users | SC-2 Only | SC-3 Only | Assigned – Grinder | Assigned – STEP |
|---|---|---|---|---|---|
| Capacity | $736,585 | | | | |
| Commodity | $454,607 | $245,217 | $37,163 | | |
| Customer | $536,088 | | | | |
| Assigned – Grinder | | | | $14,588 | |
| Assigned – STEP | | | | | $36,259 |
| **Total O&M** | **$1,554,651** | **$245,217** | **$37,163** | **$14,588** | **$36,259** |

**Table 4.9: Classified Wastewater O&M – Test Year 2016**

### 4.2.3 Allocation

The final step in the analysis of O&M revenue requirements was to allocate the classified costs to the user classes. The capacity cost factors took into account the contracted capacity associated with service to Big Mountain. Total WWTP capacity is currently 1.8 million gallons per day (MGD). Big Mountain has a contracted capacity of 0.264 MGD, but a review of historical monthly data showed the maximum demand this customer has placed on the system is 0.116 MGD. Although the City could rightfully charge the full share of contracted capacity to this user, it is likely that if the COSA was calculated with the contracted number, the user would elect to renegotiate the contracted value due to excessive cost assignment. To better reflect how Big Mountain actually uses the system, the contracted maximum was assumed to be 0.116 MGD for the purpose of this analysis. This value can be updated in the future if usage patterns for this user change. The remainder of the capacity was allocated to the other user classes based on flow.

A second consideration in the calculation of allocation factors was that of I/I. As previously noted and shown in Table 2.2, the City has experienced average I/I values of roughly 34 percent. The cost associated with this excess flow becomes a system-wide cost that is most appropriately apportioned based on number of users on the system rather than flow. As a result, the Commodity allocation factors, which are typically based on average flow for the Test Year, have been adjusted to include an allocation to each user class based on the number of accounts associated with each user class.

Table 4.10 summarizes the allocation factors applied to the O&M revenue requirements. Table 4.11 summarizes the O&M Revenue Requirements for Test Year 2016 based on the allocation factors in Table 4.10. Detailed allocation tables are found in the rate model.

| User Class | Capacity | Commodity | Customer | Assigned – Grinder | Assigned - STEP | SC-2 Only | SC-3 Only |
|---|---|---|---|---|---|---|---|
| **Inside City Users** | | | | | | | |
| SC-1 | 59.6% | 60.6% | 58.6% | | | | |
| SC-2 | 29.4% | 29.9% | 34.8% | | | 82.6% | |
| SC-3 | 1.6% | 1.6% | 2.6% | | | | 100% |
| Grinder | 0.6% | 0.6% | 0.7% | 100% | | | |
| STEP | 0.3% | 0.3% | 0.4% | | 27.7% | | |
| **Outside City Users** | | | | | | | |
| SC-1 | 0.6% | 0.6% | 0.3% | | | | |
| SC-2 | 0.6% | 0.6% | 1.0% | | | 1.7% | |
| Resthaven | 0.8% | 0.8% | 1.6% | | 72.3% | 2.2% | |
| Big Mountain | 6.4% | 4.87% | 0.03% | | | 13.4% | |
| **Total** | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

**Table 4.10: Factors for Allocation of Wastewater O&M Revenue Requirements – Test Year 2016**

| User Class | Capacity | Commodity | Customer | Assigned – Grinder | Assigned - STEP | SC-2 Only | SC-3 Only |
|---|---|---|---|---|---|---|---|
| **Inside City Users** | | | | | | | |
| SC-1 | $335,967 | $275,394 | $314,364 | | | | |
| SC-2 | $166,014 | $136,083 | $186,318 | | | $202,563 | $37,163 |
| SC-3 | $9,118 | $7,474 | $14,014 | | | | |
| Grinder | $3,503 | $2,871 | $3,798 | $14,588 | | | |
| STEP | $1,708 | $1,400 | $2,045 | | $10,047 | | |
| **Outside City Users** | | | | | | | |
| SC-1 | $3,331 | $2,731 | $1,623 | | | | |
| SC-2 | $3,5165 | $2,881 | $5,163 | | | $4,290 | |
| Resthaven | $4,455 | $3,652 | $8,618 | | $26,212 | $5,436 | |
| Big Mountain | $36,344 | $22,121 | $146 | | | $32,928 | |
| **Total** | **$563,955** | **$454,607** | **$536,088** | **$14,588** | **$36,259** | **$245,217** | **$37,163** |

**Table 4.11: Allocated Wastewater O&M Revenue Requirements – Test Year 2016**

## 4.3 Analysis of Capital Component

Section 4.2 described the COSA approach applied to the O&M-related revenue requirements. The COSA also involved the application of the same methodology to the capital-related revenue requirements. To do so, an additional step was first taken to evaluate the fixed asset base to determine which portions of the rate base provide a benefit to users located outside of City limits.

### 4.3.1 Fixed Asset Analysis

Section 3.2.2 presented the approach to determining the component of capital-related revenue requirements associated with the return on rate base. The rate base represents the total undepreciated value of the wastewater system. Under the Utility method, it is only appropriate to include those assets that are in service during the year for which rates are calculated. Table 4.12 summarizes the total rate base by asset type for Test Year 2016. The asset types represent the functions that were evaluated as part of the COSA. Tables 4.12 and 4.13 also show projected future rate base adjusted for new capital placed in service and annual depreciation.

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|
| Treatment | $6,518,352 | $6,327,474 | $5,931,095 | $5,272,198 | $4,881,971 | $23,589,791 |
| Collection | $4,161,163 | $5,753,197 | $6,189,799 | $6,162,893 | $5,920,922 | $5,701,523 |
| Pumping – SC-2 | $1,296,031 | $1,931,197 | $1,794,708 | $1,658,219 | $1,521,730 | $1,385,241 |
| Pumping – SC-3 | $7,729 | $17,005 | $13,913 | $10,821 | $7,729 | $4,638 |
| Assigned - Grinder | $93,760 | $84,620 | $75,480 | $66,340 | $57,200 | $55,440 |
| Assigned - STEP | $394,377 | $371,026 | $347,674 | $324,323 | $300,972 | $277,620 |
| Administrative | $128,227 | $130,096 | $116,262 | $172,427 | $136,593 | $107,891 |
| **Total Asset Value** | **$12,599,640** | **$14,614,615** | **$14,468,931** | **$13,667,222** | **$12,827,117** | **$31,122,145** |

**Table 4.12: Wastewater Rate Base Projections – Test Year 2016 through 2021**

| | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|
| Treatment | $22,713,312 | $21,836,833 | $20,979,000 | $20,156,802 | $19,336,632 |
| Collection | $5,702,819 | $5,696,524 | $5,683,828 | $5,671,056 | $5,662,949 |
| Pumping – SC-2 | $1,268,506 | $1,152,280 | $1,036,055 | $919,829 | $833,130 |
| Pumping – SC-3 | $3,092 | $1,546 | $0 | $0 | $0 |
| Assigned - Grinder | $53,680 | $51,920 | $50,160 | $48,400 | $46,640 |
| Assigned - STEP | $254,269 | $230,918 | $207,567 | $184,215 | $160,864 |
| Administrative | $76,268 | $46,646 | $37,023 | $29,400 | $25,000 |
| **Total Asset Value** | **$30,071,946** | **$29,016,666** | **$27,993,633** | **$27,009,703** | **$26,065,215** |

**Table 4.13: Wastewater Rate Base Projections –2022 through 2026**

To determine the amount of the rate base upon which a rate of return can be fairly charged to outside users, the rate base in Tables 4.12 and 4.13 was classified and allocated using the classification and allocation factors presented in Tables 4.8 and 4.10, respectively. The result of this process, for which detailed tables can be found in the rate model, is summarized in Table 4.14.

| User Classes | Test Year 2016 Rate Base |
|---|---|
| **Inside City Users** | |
| SC-1 | $6,479,152 |
| SC-2 | $4,279,612 |
| SC-3 | $184,883 |
| Grinder | $161,444 |
| STEP | $142,318 |
| **Outside City Users** | |
| SC-1 | $63,883 |
| SC-2 | $90,917 |
| Resthaven | $400,811 |
| Big Mountain | $796,620 |
| **Total** | **$12,599,640** |

**Table 4.14: Allocation of Test Year 2016 Wastewater Rate Base**

Table 3.3 showed the return on rate base needed to match cash requirements for the Test Year 2016 as $303,712. Standard rate-setting methodology allows a system to charge outside (non-owner) system users a higher percentage return on rate base than is charged for City (owner) system users to account for risk associated with serving a user that is not invested in the system, and to bring a reasonable return on investment to system owners. Rate of return percentages are often established in contracts for service to outside users. In the absence of a specified differential rate of return for outside users, measures such as the weighted average cost of capital (WACC) or the US Treasury rate are often used. For the purpose of this analysis, the WACC was calculated and applied as the difference in rate of return percentage for the outside users versus the inside users. When calculating the total asset base, it is common to include working capital and work in progress. Per industry standard, a working capital amount of 12.5 percent was used. This WACC calculation is shown in Table 4.15. The following information was needed for this calculation:

- Total Outstanding Debt (2016) = $4,225,006
- Effective Interest Rate on Debt (2016) = 1.8%
- Working Capital for 2016 (12.5%) = $235,985
- Work in Progress (2016) = $3,380,777
- 30-Year US Treasury Rate as of June 30, 2015 = 3.11%

| | | Test Year 2016 | Calculation |
|---|---|---|---|
| A | Outstanding Debt | $4,225,006 | |
| B | Effective Interest Rate on Debt | 1.8% | |
| | | | |
| C | Rate Base | $12,599,640 | |
| D | Working Capital | $235,985 | |
| E | Work in Progress | $3,380,777 | |
| F | Total Asset Value | $16,216,402 | C + D + E |
| G | 30-Year Treasury Rate | 3.11% | |
| | | | |
| | **WACC** | **2.8%** | A/(A+F)*B+F/(A+F)*G |

**Table 4.15: Calculation of WACC for Test Year 2016 – Wastewater**

The calculated WACC was used as the difference between the return on rate base percentages for the inside and outside City users. Based on a total rate base of $16,216,402 (including working capital and work in progress), a total return of return of $303,712 results in an overall return on rate base percentage of 1.9 percent. Table 4.16 shows the calculated return on rate base for the inside and outside users.

| | Test Year 2016 |
|---|---|
| Total Rate Base | $16,216,402 |
| Inside User Rate Base | $14,543,407 |
| Outside User Rate Base | $1,672,995 |
| | |
| Inside User Return on Rate Base % | 1.6% |
| Outside User Return on Rate Base % | 4.4% |
| | |
| **Inside User Return** | **$229,793** |
| **Outside User Return** | **$73,919** |
| Total Return on Rate Base | $303,712 |

**Table 4.16: Summary of Calculation of Return on Wastewater Rate Base – Test Year 2016**

Once the value of the return on rate base is established, it along with the depreciation, can be functionalized, classified, and allocated in a similar manner as the O&M revenue requirements.

### 4.3.2 Depreciation Analysis

Functionalization of the projected annual depreciation values are shown in Tables 4.17 and 4.18. The values for 2017 through 2026 were developed based on existing depreciation, work in progress, and the CIP.

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|
| Treatment | $377,979 | $396,379 | $391,397 | $390,227 | $389,992 | $879,679 |
| Collection | $185,719 | $301,398 | $319,877 | $354,057 | $369,809 | $388,704 |
| Pumping – SC-2 | $87,683 | $136,489 | $136,489 | $136,489 | $136,489 | $131,735 |
| Pumping – SC-3 | $1,546 | $3,092 | $3,092 | $3,092 | $3,092 | $1,546 |
| Assigned - Grinder | $9,140 | $9,140 | $9,140 | $9,140 | $9,140 | $9,140 |
| Assigned - STEP | $23,351 | $23,351 | $23,351 | $23,351 | $23,351 | $23,351 |
| Administrative | $16,735 | $21,835 | $23,835 | $43,835 | $36,702 | $32,323 |
| **Total Depreciation** | **$702,153** | **$891,683** | **$907,181** | **$960,191** | **$968,574** | **$1,466,478** |

**Table 4.17: Wastewater Depreciation Projections – Test Year 2016 through 2021**

| | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|
| Treatment | $879,679 | $861,033 | $825,398 | $823,370 | $817,428 |
| Collection | $396,295 | $406,295 | $415,072 | $421,636 | $431,636 |
| Pumping – SC-2 | $131,226 | $131,226 | $131,226 | $101,699 | $101,699 |
| Pumping – SC-3 | $1,546 | $1,546 | $0 | $0 | $0 |
| Assigned - Grinder | $9,140 | $9,140 | $9,140 | $9,140 | $9,140 |
| Assigned - STEP | $23,351 | $23,351 | $23,351 | $23,351 | $18,196 |
| Administrative | $32,323 | $32,323 | $32,323 | $31,100 | $31,100 |
| **Total Depreciation** | **$1,473,560** | **$1,464,913** | **$1,436,510** | **$1,410,296** | **$1,409,198** |

**Table 4.18: Wastewater Depreciation Projections –2022 through 2026**

To determine the amount of the depreciation that can be fairly charged to outside users, the depreciation in Tables 4.17 and 4.18 was classified and allocated using the classification and allocation factors presented in Tables 4.8 and 4.10, respectively.

### 4.3.3 Summary of Total Revenue Requirements

Table 4.19 summarizes the total revenue requirements for the Test Year 2016.

| User Class | Test Year 2016 Total Revenue Requirements |
|---|---|
| **Inside City Users** | |
| SC-1 | $1,403,912 |
| SC-2 | $1,020,333 |
| SC-3 | $82,630 |
| Grinder | $40,615 |
| STEP | $27,654 |
| **Outside City Users** | |
| SC-1 | $16,175 |
| SC-2 | $26,911 |
| Resthaven | $88,590 |
| Big Mountain | $186,922 |
| **Total** | **$2,893,742** |

**Table 4.19: Summary of Test Year Total Wastewater Revenue Requirements by User Type**

## 4.4 Cost of Service Analysis Results

Table 4.20 summarizes the results of the COSA in terms of cost versus revenue percentage. There results were used to make rate recommendations for the planning period. The percent difference column is calculated as the cost percentage minus the revenue percentage, divided by the cost percentage. A percent difference within +/- 10 percent is generally considered to be within an acceptable range. When the percent difference value is greater than +/- 10 percent, revision to the rates and/or structure are deemed appropriate to improve the cost-revenue relationship between the user classes.

| User Class | Test Year 2016 | | |
|---|---|---|---|
| | Cost Percentage | Revenue Percentage | % Difference |
| **Inside City Users** | | | |
| SC-1 | 48.5% | 43.7% | -9.9% |
| SC-2 | 35.3% | 40.1% | 13.7% |
| SC-3 | 2.9% | 3.0% | 5.7% |
| Grinder | 1.4% | 1.5% | 3.7% |
| STEP | 1.0% | 0.9% | -9.1% |
| **Outside City Users** | | | |
| SC-1 | 0.6% | 0.6% | -1.2% |
| SC-2 | 0.9% | 1.2% | 26.0% |
| SC-3 | -- | -- | -- |
| Resthaven | 3.1% | 2.8% | -9.3% |
| Big Mountain | 6.5% | 2.4% | -1.3% |
| **Total** | 100% | 100% | |

**Table 4.20: Test Year 2016 Wastewater Cost of Service Analysis Results**

Given a typically recommended COSA target difference of ±10%, the detailed COSA results generally showed that based on the assumptions utilized, the revenues associated with each user class are generally in line with the cost. It does appear that the SC-2 user class is generating revenue at a higher percentage than its associated cost, and that the SC-1, STEP, and Resthaven user classes are generating revenue at a percentage less than the associated cost.

It should be noted that Montana Law specifies that rate increases applied to users outside of City limits cannot exceed those applied to similar users located within City limits. As a result, the City has limited ability to correct cost of service disparities associated with outside users.

## 5.0 Rate Design

Based on the results of the COSA, the existing rate structure was evaluated to determine the appropriateness of the structure. The revised approach to service classes was discussed previously, and did not result in a change in rate structure, but did result in a shift of some users from the SC-3 user class to the SC-2 user class.

As noted previously, the City of Whitefish currently offers a Low Income and Senior Citizen discount on water, sewer, and solid waste bills. Qualification for the discounts is based on eligibility for low income assistance from the Montana Department of Public Health and Human Services or proof of age 65 or over. Those eligible for the discount receive a 75 percent reduction in the monthly base rate for water, wastewater, and solid waste.

In October 2015, the Attorney General issued an opinion regarding discounted or preferential rates to Senior Citizens, based on actions by the City of Bozeman to offer such a discount. The Attorney General found that it did not violate the statutory requirement under Montana law to provide uniform or equitable rates. The Attorney General did note, however, that age discrimination does violate the Montana Human Rights Act (Title 49 Chapter 2). This may be viewed as a warning for cities to consider the appropriateness of qualification by age. A search of other Senior Discount programs around the country showed the majority are associated with an income limit.

Based on the Risk Management concern associated with the potential for claims of age discrimination and based on practices by other utilities, the results of this study include a recommendation to revise the current policy to require qualification for the Low Income Energy Assistance Program (LIEAP) as a requirement for the Low Income/Senior Citizen Discount.

No other revisions to the rate structure are recommended, other than increases associated with achieving revenue adequacy in the near and long-term. These are discussed in Section 6.0.

## 6.0 Revenue Adequacy Analysis

Revenue adequacy is evaluated to determine the short-term and long-term adequacy of the existing rates, and to propose potential rate adjustments to ensure that the existing rates and any proposed changes do not negatively impact the Utility's financial position in the future. This section summarizes background pertaining to revenue requirements, the assumptions used to evaluate revenue adequacy, specific recommendations for 2017 rates, and projected rates from 2018 to 2026 for the City of Whitefish's Wastewater Utility.

### 6.1 Financial Model and Assumptions

A ten-year financial model was developed for the Wastewater Utility. The model was built using the City's current operations and funding policies, based upon financial information provided by the City. The model was used to project the net revenue requirements (total revenue requirements less miscellaneous operating and non-operating revenue), revenue generated from proposed rates, and the corresponding revenue surplus or deficiency. Since there is obvious uncertainty associated with projecting into the future, it is recommended that the rate assumptions should be re-evaluated and updated on an annual basis in conjunction with budget and capital planning. The revenue adequacy assumptions are noted below:

***O&M Assumptions***

- 2017 O&M based on 2016 budget projections.
- 3.0 percent annual inflation rate for General Inflation and Labor costs.
- 5.0 percent annual inflation for Chemicals, Fuel, Electricity, and Insurance.

***Capital Assumptions***

- CIP projections and based on the Capital Improvements Plan for 2017-2021. To estimate annual cash-funded CIP expenditures for 2022 through 2026, the average value for 2017 through 2021 was used. Annual amounts by funding source include:
    - Cash/Impact Fees:
        - 2017: $775,000
        - 2018: $429,000
        - 2019: $138,500
        - 2020: $180,900
        - 2021: $400,000
        - 2022 through 2026: $400,000 each year
    - State Revolving Fund Loan
        - 2017: $0

- 2018: $0
- 2019: $19,587,500
- 2020: $0
- 2021: $0
- 2022 through 2026: $0 each year

### *Reserve Assumptions*

- An Operating Reserve was funded at a targeted level of 90 days O&M expense.
- A restricted Debt Service Reserve was funded based on existing debt figures provided by the City and values for new or future debt equal to 50 percent of an annual payment.
- A Capital Reserve Fund target equal to 15 percent of the average annual rate-funded capital value was established.
- A Rate Stabilization Fund target equal to 15 percent of annual rate revenue was established.

### *Funding Assumptions*

- State Revolving Loan Fund:
  - Interest Rate: 2.5 percent (City of Whitefish).
  - Term: twenty (20) years.
  - Annual coverage requirement = 110 percent.
  - Annual coverage based on highest year of debt service.
  - Restricted reserve amount equal to 50 percent of annual payment is rolled into loan issue.

### *Revenue Assumptions*

- 2017 usage characteristics based on 2014 accounts and billed flow, indexed:
  - The number of Inside City accounts was indexed by 1.0 percent per year from 2014 to 2016;
  - The number of Outside City accounts was not indexed (new outside users will not be added without annexation); and
  - Billed flow growth for Inside City accounts, Resthaven, and Big Mountain were indexed by 0.5 percent per year from 2014 to 2016.

- It was assumed that the City will revise its Low Income/Senior Citizen Discount policy to require proof of low income eligibility. However, it was unclear as to how

many or what type of Wastewater customers this change would affect. As a result, no discounted users were converted to non-discounted rate accounts. This change can be made the year after the revised policy takes effect when new account numbers become available.

- Annual impact fee revenues projected to hold constant at $200,000.
- Impact Fee administrative revenue calculated as four percent annual impact fee based on 2016 budget projection.
- Other revenues were held constant 2017-2026.

***Utility Cash Balance Assumptions***

- The capital reserve balance at the end of FY15 was $102,027.
- The unrestricted Wastewater Fund balance at the end of FY15 was $1,556,580.

## 6.2 Revenue Adequacy Model Projections

The evaluation of the Wastewater Utility revenue adequacy entailed development of two (2) primary rate model scenarios:

- **Baseline Scenario –** This model reflects increasing O&M expenses, growth of both flow and meters, and the incorporation of the CIP, and indexes the rates at an assumed inflationary level of 1.5 percent annually throughout the ten-year planning period. This is the "do nothing" scenario, and serves to illustrate the effect that delaying necessary utility rate increases may have on Utility finances.
- **Rate Adjustment Scenario –** In addition to the adjustments to revenue requirements noted for the Baseline Scenario, this model incorporates recommended adjustments to the utility rates and projects utility finances over the 10-year planning period based on the recommended rate adjustments. In addition to overall revenue adequacy, the rate adjustments account for the following:
    - Cost of service-based adjustments;
    - Reserve balances and targets; and
    - Debt Service coverage.

The Baseline and Rate Adjustment Scenario revenue adequacy models were completed through the year 2026. However, note that revenue and expense requirements for any utility can vary significantly over the course of ten years. It is recommended that the City of Whitefish review and update the model within which the future rate projections have been made on an annual basis

to make adjustments to the rate plan for the coming year, as appropriate.

### 6.2.1 Baseline Scenario

The Wastewater Utility has been annually indexing rates by an inflationary factor since 2007. In the Baseline Scenario, it is assumed that over the next 10 years, only inflationary increases would be applied annually. A rate of 1.5 percent was assumed. Annual revenue requirements, however, are assumed to grow and a revenue deficiency exists in all but one year. The revenue requirements in this scenario do not include funding of a future WWTP capital reserve.

Because the Utility has an unrestricted cash fund of approximately $1.5 million going into 2016, it is projected that the Utility could maintain some reserves until 2020, when the first debt payment for the WWTP comes due. The results of the Baseline Scenario are summarized in Tables 6.1 and 6.2 and Figure 6.1, which shows that without significant rate increases, the current plan to construct a new WWTP is not viable. Under this scenario, the objective of funding a self-sufficient Wastewater Utility is not met.

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|
| **Projected Revenue Requirements** | | | | | | |
| O&M | $1,887,877 | $1,945,860 | $2,005,873 | $2,067,994 | $2,132,301 | $2,673,253 |
| Capital (Cash-Funded) | $1,190,250 | $775,000 | $429,000 | $138,500 | $180,900 | $400,000 |
| Capital (Debt-Funded) | $2,190,527 | $0 | $0 | $19,587,500 | $0 | $0 |
| Debt Service | $250,541 | $338,976 | $333,017 | $336,197 | $1,678,455 | $1,679,249 |
| Future WWTP Capital Reserve | $0 | $0 | $0 | $0 | $0 | $0 |
| **Total Revenue Requirements** | **$5,519,195** | **$3,059,836** | **$2,767,890** | **$22,130,191** | **$3,991,656** | **$4,752,502** |
| **Projected Income and Funds from Other Sources** | | | | | | |
| Loan Proceeds | $2,190,527 | $0 | $0 | $19,587,500 | $0 | $0 |
| Other Revenue | $498,000 | $560,500 | $220,500 | $220,500 | $220,500 | $220,500 |
| Net Revenue Requirements | $2,830,668 | $2,834,660 | $3,218,039 | $3,328,163 | $3,771,156 | $4,532,002 |
| **Projected Revenue from Rates** | **$2,435,844** | **$2,488,929** | **$2,543,443** | **$2,599,073** | **$2,657,395** | **$2,716,859** |
| Revenue Surplus/(Deficiency) | ($394,823) | ($10,407) | ($3,947) | $276,883 | ($1,113,761) | ($1,815,143) |

**Table 6.1: Projected Wastewater Utility Baseline Revenue Adequacy – 2017-2021**

| | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|
| **Projected Revenue Requirements** | | | | | |
| O&M | $2,760,137 | $2,850,007 | $2,942,974 | $3,039,154 | $3,138,666 |
| Capital (Cash-Funded) | $400,000 | $400,000 | $400,000 | $400,000 | $400,000 |
| Capital (Debt-Funded) | $0 | $0 | $0 | $0 | $0 |
| Debt Service | $1,674,901 | $1,668,177 | $1,664,930 | $1,663,373 | $1,665,700 |
| Future WWTP Capital Reserve | $0 | $0 | $0 | $0 | $0 |
| **Total Revenue Requirements** | **$4,835,038** | **$4,918,184** | **$5,007,904** | **$5,102,527** | **$5,204,366** |
| **Projected Income and Funds from Other Sources** | | | | | |
| Loan Proceeds | $0 | $0 | $0 | $0 | $0 |
| Other Revenue | $220,500 | $220,500 | $220,500 | $220,500 | $220,500 |
| Net Revenue Requirements | $4,614,538 | $4,697,684 | $4,787,404 | $4,882,027 | $4,983,866 |
| **Projected Revenue from Rates** | **$2,778,232** | **$2,840,840** | **$2,905,172** | **$2,970,983** | **$3,037,822** |
| Revenue Surplus/(Deficiency) | **($1,836,305)** | **($1,856,844)** | **($1,882,232)** | **($1,911,044)** | **($1,946,044)** |

**Table 6.2: Projected Wastewater Utility Baseline Revenue Adequacy – 2022-2026**

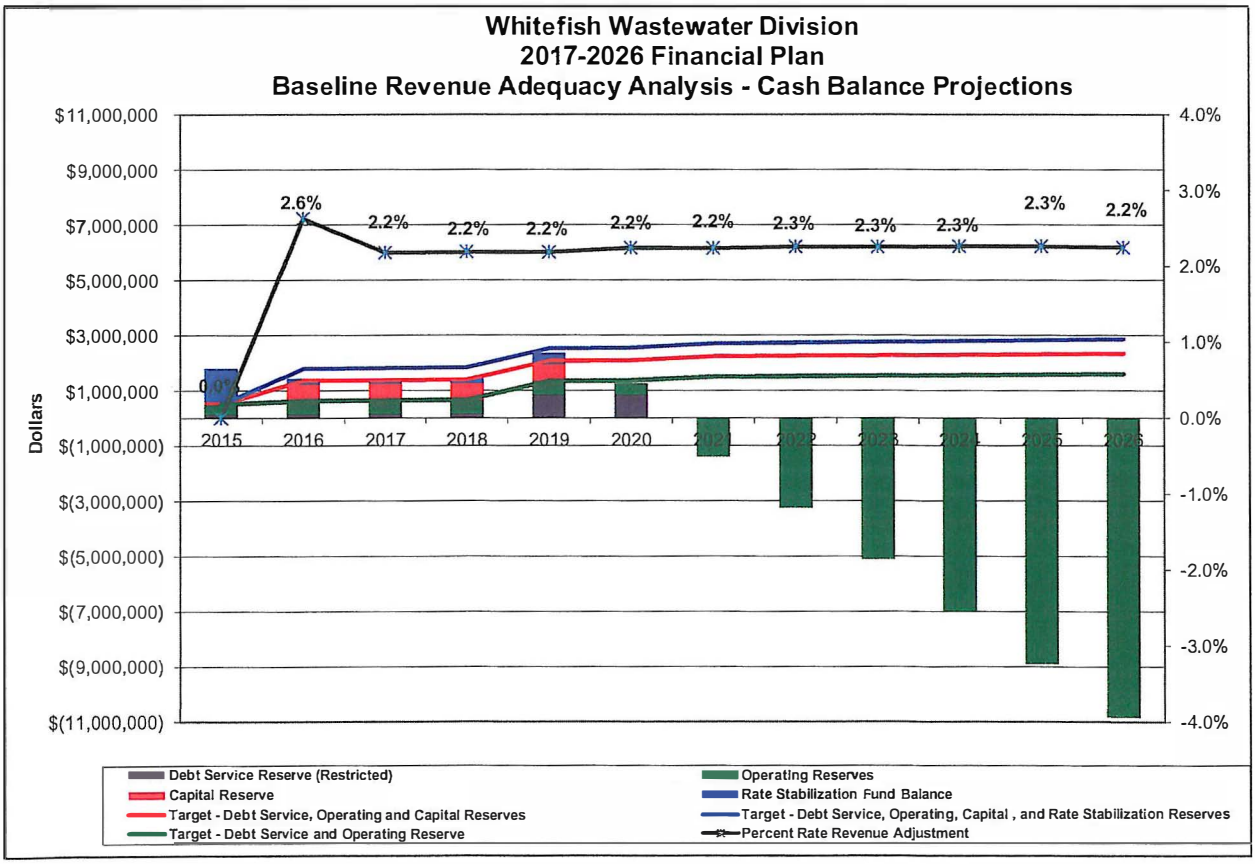



**Figure 6.1: Wastewater Utility Cash Balance Projections – Baseline Scenario**

### 6.2.2 Rate Adjustment Scenario and Rate Projections

To address the objectives of meeting revenue requirements, building target reserve levels, and correcting cost of service inequities, the rate projections shown in Tables 6.3 through 6.6 were developed. Based on the implementation of the rate recommendations in Tables 6.3 through 6.6, Tables 6.7 and 6.8 summarize the overall projected revenue adequacy, including the coverage requirement to be achieved. Figure 6.2 depicts the cash balance projections associated with the values in Tables 6.3 through 6.8. It should be noted that although Table 6.7 shows a revenue deficiency exists in 2017 and 2018, it is not a true revenue deficiency, as the revenue requirements in those years include a contribution to capital reserves for the new WWTP. The adjusted overall revenue surplus for these years, in consideration of capital reserve contributions would be $215,146 in 2017 and $493,701 in 2018. Programming in these contributions to capital reserve allows the utility to grow into rates that will support the future WWTP debt payment and associated coverage requirement, and also builds reserve funds that can be used to minimize the rate increases necessary to meet the debt requirement. Overall this strategy enables the Utility to approach its rate plan with steady rate increases that can gradually decrease over the study period.

It should also be noted that in accordance with Montana Law, adjustments to rates for Outside user classes have been linked to adjustments to rates for comparable Inside City users.

| User Class | 2016 Rates | 2017 Recommended | 2018 Projected | 2019 Projected | 2020 Projected | 2021 Projected |
|---|---|---|---|---|---|---|
| **Inside City Users** | | | | | | |
| SC-1 | $21.17 | $21.81 | $22.46 | $23.13 | $23.82 | $24.53 |
| SC-2 | $37.02 | $38.13 | $39.27 | $40.45 | $41.66 | $42.91 |
| SC-3 | $43.17 | $44.47 | $45.80 | $47.17 | $48.59 | $50.05 |
| Grinder | $53.94 | $55.56 | $57.23 | $58.95 | $60.72 | $62.54 |
| STEP | $56.07 | $57.75 | $59.48 | $61.26 | $63.10 | $64.99 |
| **Outside City Users** | | | | | | |
| SC-1 | $24.73 | $25.47 | $26.23 | $27.02 | $27.83 | $28.66 |
| SC-2 | $41.48 | $42.72 | $44.00 | $45.32 | $46.68 | $48.08 |
| SC-3 | $47.58 | $49.01 | $50.48 | $51.99 | $53.55 | $55.16 |
| Resthaven | $60.18 | $61.99 | $63.85 | $65.77 | $67.74 | $69.77 |
| Big Mountain | $72.58 | $74.76 | $77.00 | $79.31 | $81.69 | $84.14 |

**Table 6.3: Wastewater Utility Monthly Base Rate Projections – 2017-2021**

| User Class | 2022 Projected | 2023 Projected | 2024 Projected | 2025 Projected | 2026 Projected |
|---|---|---|---|---|---|
| **Inside City Users** | | | | | |
| SC-1 | $25.27 | $26.03 | $26.81 | $27.61 | $28.44 |
| SC-2 | $44.20 | $45.53 | $46.90 | $48.31 | $49.76 |
| SC-3 | $51.55 | $53.10 | $54.69 | $56.33 | $58.02 |
| Grinder | $64.42 | $66.35 | $68.34 | $70.39 | $72.50 |
| STEP | $66.94 | $68.95 | $71.02 | $73.15 | $75.34 |
| **Outside City Users** | | | | | |
| SC-1 | $29.52 | $30.41 | $31.32 | $32.26 | $33.23 |
| SC-2 | $49.52 | $51.01 | $52.54 | $54.12 | $55.74 |
| SC-3 | $56.81 | $58.51 | $60.27 | $62.08 | $63.94 |
| Resthaven | $71.86 | $74.02 | $76.24 | $78.53 | $80.89 |
| Big Mountain | $86.66 | $89.26 | $91.94 | $94.70 | $97.54 |

**Table 6.4: Wastewater Utility Monthly Base Rate Projections – 2022-2026**

| User Class | 2016 Rates | 2017 Recommended | 2018 Projected | 2019 Projected | 2020 Projected | 2021 Projected |
|---|---|---|---|---|---|---|
| **Inside City Users** | | | | | | |
| SC-1 | $3.55 | $4.44 | $5.55 | $6.94 | $8.40 | $10.16 |
| SC-2 | $6.31 | $7.07 | $7.92 | $8.87 | $9.93 | $11.12 |
| SC-3 | $8.86 | $9.92 | $10.91 | $12.00 | $13.20 | $14.52 |
| Grinder | $13.47 | $14.55 | $15.71 | $16.97 | $18.33 | $19.80 |
| STEP | $16.65 | $18.32 | $20.15 | $21.36 | $22.64 | $24.00 |
| **Outside City Users** | | | | | | |
| SC-1 | $5.46 | $6.83 | $8.54 | $10.68 | $12.92 | $15.63 |
| SC-2 | $8.71 | $9.76 | $10.93 | $12.24 | $13.71 | $15.36 |
| SC-3 | $10.54 | $11.80 | $12.98 | $14.28 | $15.71 | $17.28 |
| Resthaven | $21.47 | $23.62 | $25.98 | $27.54 | $29.19 | $30.94 |
| Big Mountain | $8.71 | $9.76 | $10.93 | $12.02 | $13.22 | $14.54 |

**Table 6.5: Wastewater Utility Volumetric Rate Projections – 2017-2021**

| User Class | 2022 Projected | 2023 Projected | 2024 Projected | 2025 Projected | 2026 Projected |
|---|---|---|---|---|---|
| **Inside City Users** | | | | | |
| SC-1 | $10.36 | $10.57 | $10.78 | $11.00 | $11.22 |
| SC-2 | $11.34 | $11.57 | $11.80 | $12.04 | $12.28 |
| SC-3 | $15.39 | $16.01 | $16.65 | $17.32 | $18.01 |
| Grinder | $20.99 | $21.62 | $22.27 | $22.94 | $23.63 |
| STEP | $25.44 | $26.97 | $28.59 | $28.59 | $28.59 |
| **Outside City Users** | | | | | |
| SC-1 | $15.63 | $15.63 | $15.63 | $15.63 | $15.63 |
| SC-2 | $15.67 | $15.98 | $16.30 | $16.63 | $16.96 |
| SC-3 | $18.32 | $19.05 | $19.81 | $20.60 | $21.42 |
| Resthaven | $32.80 | $34.77 | $36.86 | $36.86 | $36.86 |
| Big Mountain | $15.41 | $16.03 | $16.67 | $16.67 | $16.67 |

**Table 6.6: Wastewater Utility Volumetric Rate Projections – 2022-2026**

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|
| **Projected Revenue Requirements** | | | | | | |
| O&M | $1,887,877 | $1,945,860 | $2,005,873 | $2,067,994 | $2,132,301 | $2,673,253 |
| Capital (Cash-Funded) | $1,190,250 | $775,000 | $429,000 | $138,500 | $180,900 | $400,000 |
| Capital (Debt-Funded) | $2,190,527 | $0 | $0 | $19,587,500 | $0 | $0 |
| Debt Service | $250,541 | $338,976 | $333,017 | $336,197 | $1,678,455 | $1,679,249 |
| Future WWTP Capital Reserve | $0 | $335,324 | $670,649 | $1,005,973 | $0 | $0 |
| **Total Revenue Requirements** | **$5,519,195** | **$3,395,160** | **$3,438,539** | **$23,136,163** | **$3,991,656** | **$4,752,502** |
| **Projected Income and Funds from Other Sources** | | | | | | |
| Loan Proceeds | $2,190,527 | $0 | $0 | $19,587,500 | $0 | $0 |
| Other Revenue | $498,000 | $560,500 | $220,500 | $220,500 | $220,500 | $220,500 |
| Net Revenue Requirements | $2,830,668 | $2,834,660 | $3,218,039 | $3,328,163 | $3,771,156 | $4,532,002 |
| **Projected Revenue from Rates** | **$2,436,156** | **$2,714,483** | **$3,041,090** | **$3,422,787** | **$3,831,790** | **$4,308,042** |
| Revenue Surplus/(Deficiency) | ($394,511) | ($120,178) | ($176,948) | $94,624 | $60,634 | ($223,960) |
| Coverage (Target = 110%) | 247% | 331% | 368% | 462% | 114% | 110% |

**Table 6.7: Projected Wastewater Utility Revenue Adequacy – 2017-2021**

| | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|
| **Projected Revenue Requirements** | | | | | |
| O&M | $2,760,137 | $2,850,007 | $2,942,974 | $3,039,154 | $3,138,666 |
| Capital (Cash-Funded) | $400,000 | $400,000 | $400,000 | $400,000 | $400,000 |
| Capital (Debt-Funded) | $0 | $0 | $0 | $0 | $0 |
| Debt Service | $1,674,901 | $1,668,177 | $1,664,930 | $1,663,373 | $1,665,700 |
| Future WWTP Capital Reserve | $0 | $0 | $0 | $0 | $0 |
| **Total Revenue Requirements** | **$4,835,038** | **$4,918,184** | **$5,007,904** | **$5,102,527** | **$5,204,366** |
| **Projected Income and Funds from Other Sources** | | | | | |
| Loan Proceeds | $0 | $0 | $0 | $0 | $0 |
| Other Revenue | $220,500 | $220,500 | $220,500 | $220,500 | $220,500 |
| Net Revenue Requirements | $4,614,538 | $4,697,684 | $4,787,404 | $4,882,027 | $4,983,866 |
| **Projected Revenue from Rates** | **$4,452,243** | **$4,595,802** | **$4,743,134** | **$4,880,527** | **$5,021,372** |
| Revenue Surplus/(Deficiency) | ($162,294) | ($101,882) | ($44,270) | ($1,501) | $37,506 |
| Coverage (Target = 110%) | 113% | 117% | 120% | 122% | 125% |

**Table 6.8: Projected Wastewater Utility Revenue Adequacy – 2022-2026**

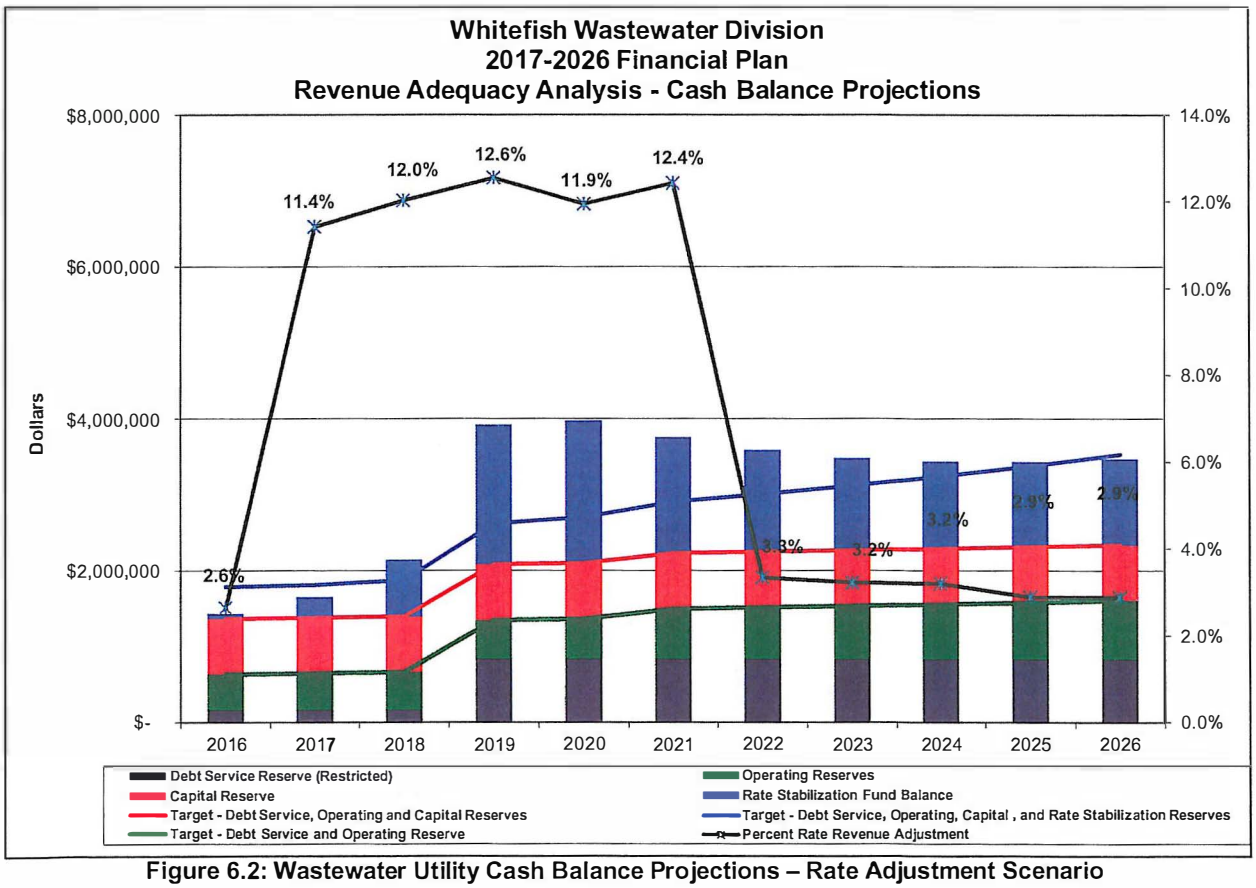



**Figure 6.2: Wastewater Utility Cash Balance Projections – Rate Adjustment Scenario**

Tables 6.9 and 6.10 summarize the projected annual COSA difference between cost and revenue percentages. The goal is to achieve a percent difference +/- 10 percent. Because the asset base of the Utility changes significantly when the new WWTP is added in 2022, the strategy to correct any COSA inequities focused on the cost percentages for 2022, and to ultimately make correction by 2026. It should be noted that correcting any disparity associated with Outside SC-1 and SC-2 users is difficult for a couple of reasons: 1) changes to the rates are tied to those for similar users inside the City, and 2) they are very small user classes.

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|
| **Inside City Users** | | | | | | |
| SC-1 | -9.9% | -6.4% | -3.7% | 0.9% | 1.1% | 1.4% |
| SC-2 | 13.7% | 7.8% | 4.4% | 2.4% | -1.6% | -0.2% |
| SC-3 | 5.7% | 1.2% | 0.5% | -0.6% | 8.5% | -3.7% |
| Grinder | 3.7% | 3.2% | 0.5% | -1.0% | 0.8% | 0.2% |
| STEP | -9.1% | -4.2% | -12.0% | -21.4% | -28.9% | -5.8% |
| **Outside City Users** | | | | | | |
| SC-1 | -1.2% | 2.6% | 13.6% | 3.8% | 38.5% | 25.4% |
| SC-2 | 26.0% | 16.4% | 15.4% | 0.2% | 17.0% | 5.8% |
| Resthaven | -9.3% | -5.6% | -12.0% | -23.4% | -25.1% | -8.8% |
| Big Mountain | -1.3% | 4.2% | 6.7% | -5.4% | 8.2% | -8.3% |

**Table 6.9: Projected Difference between Allocated Cost Percentage and Revenue Percentage, 2016-2021**

| | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|
| **Inside City Users** | | | | | |
| SC-1 | **0.8%** | 0.4% | 0.0% | -0.7% | -0.9% |
| SC-2 | **-0.4%** | -0.5% | -0.7% | 0.4% | 0.5% |
| SC-3 | **-2.5%** | -2.0% | -0.3% | 0.2% | 1.0% |
| Grinder | **1.8%** | 1.7% | 1.4% | 1.2% | 1.4% |
| STEP | **-4.3%** | -2.3% | -0.4% | -1.9% | 1.1% |
| **Outside City Users** | | | | | |
| SC-1 | **24.3%** | 23.1% | 21.9% | 20.3% | 19.3% |
| SC-2 | **7.0%** | 8.0% | 9.0% | 11.3% | 12.5% |
| Resthaven | **-7.0%** | -4.9% | -2.9% | -2.7% | 0.8% |
| Big Mountain | **-3.9%** | -1.2% | 1.5% | 1.3% | 0.2% |

**Table 6.9: Projected Difference between Allocated Cost Percentage and Revenue Percentage, 2022-2026**

### 6.2.3 Wastewater Bill Impacts

To provide perspective on the magnitude of the rate projections in Tables 6.3 through 6.6, bill impacts have been estimated for average wastewater use values specific to each type of user. Table 6.10 presents the monthly change in dollar amount associated with rate projections. The change is compared to the monthly charge for the amount of billed wastewater listed in the second column. The calculation has been completed for each year, with reference back to FY16. Therefore, the monthly increase in the last column represents the projected monthly increase in 2026 as compared to the monthly charge in 2016. Table 6.11 presents the same information in percentage format.

| | Avg Monthly Gallons | Existing Bill FY16 | 2017 Monthly Increase from 2016 | 2018 Monthly Increase from 2016 | 2019 Monthly Increase from 2016 | 2020 Monthly Increase from 2016 | 2021 Monthly Increase from 2016 | 2022 Monthly Increase from 2016 | 2023 Monthly Increase from 2016 | 2024 Monthly Increase from 2016 | 2025 Monthly Increase from 2016 | 2026 Monthly Increase from 2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SC-1 | | | | | | | | | | | | |
| Inside | 3,000 | $ 31.82 | $ 3.31 | $ 7.29 | $ 12.13 | $ 17.20 | $ 23.19 | $ 24.53 | $ 25.92 | $ 27.33 | $ 28.79 | $ 30.28 |
| Inside Low Income | 3,000 | $ 15.94 | $ 2.83 | $ 6.32 | $ 10.66 | $ 15.21 | $ 20.67 | $ 21.45 | $ 22.27 | $ 23.10 | $ 23.96 | $ 24.83 |
| Outside | 3,000 | $ 41.11 | $ 4.85 | $ 10.74 | $ 17.95 | $ 25.48 | $ 34.44 | $ 35.30 | $ 36.19 | $ 37.10 | $ 38.04 | $ 39.01 |
| Inside | 6,000 | $ 42.47 | $ 5.98 | $ 13.29 | $ 22.30 | $ 31.75 | $ 43.02 | $ 44.96 | $ 46.98 | $ 49.02 | $ 51.14 | $ 53.29 |
| Inside Low Income | 6,000 | $ 26.59 | $ 5.50 | $ 12.32 | $ 20.83 | $ 29.76 | $ 40.50 | $ 41.88 | $ 43.33 | $ 44.79 | $ 46.31 | $ 47.84 |
| Outside | 6,000 | $ 57.49 | $ 8.96 | $ 19.98 | $ 33.61 | $ 47.86 | $ 64.95 | $ 65.81 | $ 66.70 | $ 67.61 | $ 68.55 | $ 69.52 |
| SC-2 | | | | | | | | | | | | |
| Inside | 3,000 | $ 55.95 | $ 3.39 | $ 7.08 | $ 11.11 | $ 15.50 | $ 20.32 | $ 22.27 | $ 24.29 | $ 26.35 | $ 28.48 | $ 30.65 |
| Inside Low Income | 3,000 | $ 28.20 | $ 2.56 | $ 5.40 | $ 8.55 | $ 12.03 | $ 15.91 | $ 16.89 | $ 17.91 | $ 18.94 | $ 20.01 | $ 21.09 |
| Outside | 3,000 | $ 67.61 | $ 4.39 | $ 9.18 | $ 14.43 | $ 20.20 | $ 26.55 | $ 28.92 | $ 31.34 | $ 33.83 | $ 36.40 | $ 39.01 |
| Inside | 6,000 | $ 74.88 | $ 5.67 | $ 11.91 | $ 18.79 | $ 26.36 | $ 34.75 | $ 37.36 | $ 40.07 | $ 42.82 | $ 45.67 | $ 48.56 |
| Inside Low Income | 6,000 | $ 47.13 | $ 4.84 | $ 10.23 | $ 16.23 | $ 22.89 | $ 30.34 | $ 31.98 | $ 33.69 | $ 35.41 | $ 37.20 | $ 39.00 |
| Outside | 6,000 | $ 93.74 | $ 7.54 | $ 15.84 | $ 25.02 | $ 35.20 | $ 46.50 | $ 49.80 | $ 53.15 | $ 56.60 | $ 60.16 | $ 63.76 |
| SC-3 | | | | | | | | | | | | |
| Inside | 3,000 | $ 69.75 | $ 4.48 | $ 8.78 | $ 13.42 | $ 18.44 | $ 23.86 | $ 27.97 | $ 31.38 | $ 34.89 | $ 38.54 | $ 42.30 |
| Inside Low Income | 3,000 | $ 37.37 | $ 3.50 | $ 6.80 | $ 10.41 | $ 14.36 | $ 18.68 | $ 21.66 | $ 23.91 | $ 26.23 | $ 28.65 | $ 31.14 |
| Inside | 6,000 | $ 96.33 | $ 7.66 | $ 14.93 | $ 22.84 | $ 31.46 | $ 40.84 | $ 47.56 | $ 52.83 | $ 58.26 | $ 63.92 | $ 69.75 |
| Inside Low Income | 6,000 | $ 63.95 | $ 6.68 | $ 12.95 | $ 19.83 | $ 27.38 | $ 35.66 | $ 41.25 | $ 45.36 | $ 49.60 | $ 54.03 | $ 58.59 |
| Grinder | | | | | | | | | | | | |
| Inside | 3,000 | $ 94.35 | $ 4.86 | $ 10.01 | $ 15.51 | $ 21.36 | $ 27.59 | $ 33.04 | $ 36.86 | $ 40.80 | $ 44.86 | $ 49.04 |
| Inside Low Income | 3,000 | $ 53.90 | $ 3.64 | $ 7.54 | $ 11.75 | $ 16.27 | $ 21.14 | $ 25.18 | $ 27.55 | $ 30.00 | $ 32.52 | $ 35.12 |
| Inside | 6,000 | $ 134.76 | $ 8.10 | $ 16.73 | $ 26.01 | $ 35.94 | $ 46.58 | $ 55.60 | $ 61.31 | $ 67.20 | $ 73.27 | $ 79.52 |
| Inside Low Income | 6,000 | $ 94.31 | $ 6.88 | $ 14.26 | $ 22.25 | $ 30.85 | $ 40.13 | $ 47.74 | $ 52.00 | $ 56.40 | $ 60.93 | $ 65.60 |
| STEP | | | | | | | | | | | | |
| Inside | 3,000 | $ 106.02 | $ 6.69 | $ 13.91 | $ 19.32 | $ 25.00 | $ 30.97 | $ 37.24 | $ 43.84 | $ 50.77 | $ 52.90 | $ 55.09 |
| Resthaven | 3,000 | $ 124.59 | $ 8.26 | $ 17.20 | $ 23.80 | $ 30.72 | $ 38.00 | $ 45.67 | $ 53.74 | $ 62.23 | $ 64.52 | $ 66.88 |
| Inside | 6,000 | $ 155.97 | $ 11.70 | $ 24.41 | $ 33.45 | $ 42.97 | $ 53.02 | $ 63.61 | $ 74.80 | $ 86.59 | $ 88.72 | $ 90.91 |
| Resthaven | 6,000 | $ 189.00 | $ 14.71 | $ 30.73 | $ 42.01 | $ 53.88 | $ 66.41 | $ 79.66 | $ 93.64 | $ 108.40 | $ 110.69 | $ 113.05 |
| Big Mountain | | | | | | | | | | | | |
| Big Mountain | 1,470,000 | $ 12,876.28 | $ 1,545.68 | $ 3,267.82 | $ 4,872.43 | $ 6,638.81 | $ 8,581.66 | $ 9,863.08 | $ 10,777.08 | $ 11,720.56 | $ 11,723.32 | $ 11,726.16 |

**Table 6.10: Monthly Wastewater Rate Increase Associated with Projected Rate Adjustments – Referenced to FY16**

| | Avg Monthly Gallons | Existing Bill FY16 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | % Increase from 2016 | % Increase from 2016 | % Increase from 2016 | % Increase from 2016 | % Increase from 2016 | % Increase from 2016 | % Increase from 2016 | % Increase from 2016 | % Increase from 2016 | % Increase from 2016 |
| SC-1 | | | | | | | | | | | | |
| Inside | 3,000 | $ 31.82 | 10.4% | 22.9% | 38.1% | 54.1% | 72.9% | 77.1% | 81.5% | 85.9% | 90.5% | 95.2% |
| Inside Low Income | 3,000 | $ 15.94 | 17.8% | 39.6% | 66.9% | 95.4% | 129.7% | 134.6% | 139.7% | 144.9% | 150.3% | 155.8% |
| Outside | 3,000 | $ 41.11 | 11.8% | 26.1% | 43.7% | 62.0% | 83.8% | 85.9% | 88.0% | 90.2% | 92.5% | 94.9% |
| Inside | 6,000 | $ 42.47 | 14.1% | 31.3% | 52.5% | 74.8% | 101.3% | 105.9% | 110.6% | 115.4% | 120.4% | 125.5% |
| Inside Low Income | 6,000 | $ 26.59 | 20.7% | 46.3% | 78.3% | 111.9% | 152.3% | 157.5% | 163.0% | 168.4% | 174.2% | 179.9% |
| Outside | 6,000 | $ 57.49 | 15.6% | 34.8% | 58.5% | 83.2% | 113.0% | 114.5% | 116.0% | 117.6% | 119.2% | 120.9% |
| SC-2 | | | | | | | | | | | | |
| Inside | 3,000 | $ 55.95 | 6.1% | 12.7% | 19.9% | 27.7% | 36.3% | 39.8% | 43.4% | 47.1% | 50.9% | 54.8% |
| Inside Low Income | 3,000 | $ 28.20 | 9.1% | 19.1% | 30.3% | 42.7% | 56.4% | 59.9% | 63.5% | 67.2% | 71.0% | 74.8% |
| Outside | 3,000 | $ 67.61 | 6.5% | 13.6% | 21.3% | 29.9% | 39.3% | 42.8% | 46.4% | 50.0% | 53.8% | 57.7% |
| Inside | 6,000 | $ 74.88 | 7.6% | 15.9% | 25.1% | 35.2% | 46.4% | 49.9% | 53.5% | 57.2% | 61.0% | 64.9% |
| Inside Low Income | 6,000 | $ 47.13 | 10.3% | 21.7% | 34.4% | 48.6% | 64.4% | 67.9% | 71.5% | 75.1% | 78.9% | 82.7% |
| Outside | 6,000 | $ 93.74 | 8.0% | 16.9% | 26.7% | 37.6% | 49.6% | 53.1% | 56.7% | 60.4% | 64.2% | 68.0% |
| SC-3 | | | | | | | | | | | | |
| Inside | 3,000 | $ 69.75 | 6.4% | 12.6% | 19.2% | 26.4% | 34.2% | 40.1% | 45.0% | 50.0% | 55.3% | 60.6% |
| Inside Low Income | 3,000 | $ 37.37 | 9.4% | 18.2% | 27.9% | 38.4% | 50.0% | 58.0% | 64.0% | 70.2% | 76.7% | 83.3% |
| Inside | 6,000 | $ 96.33 | 8.0% | 15.5% | 23.7% | 32.7% | 42.4% | 49.4% | 54.8% | 60.5% | 66.4% | 72.4% |
| Inside Low Income | 6,000 | $ 63.95 | 10.4% | 20.3% | 31.0% | 42.8% | 55.8% | 64.5% | 70.9% | 77.6% | 84.5% | 91.6% |
| Grinder | | | | | | | | | | | | |
| Inside | 3,000 | $ 94.35 | 5.2% | 10.6% | 16.4% | 22.6% | 29.2% | 35.0% | 39.1% | 43.2% | 47.5% | 52.0% |
| Inside Low Income | 3,000 | $ 53.90 | 6.8% | 14.0% | 21.8% | 30.2% | 39.2% | 46.7% | 51.1% | 55.7% | 60.3% | 65.2% |
| Inside | 6,000 | $ 134.76 | 6.0% | 12.4% | 19.3% | 26.7% | 34.6% | 41.3% | 45.5% | 49.9% | 54.4% | 59.0% |
| Inside Low Income | 6,000 | $ 94.31 | 7.3% | 15.1% | 23.6% | 32.7% | 42.6% | 50.6% | 55.1% | 59.8% | 64.6% | 69.6% |
| STEP | | | | | | | | | | | | |
| Inside | 3,000 | $ 106.02 | 6.3% | 13.1% | 18.2% | 23.6% | 29.2% | 35.1% | 41.4% | 47.9% | 49.9% | 52.0% |
| Resthaven | 3,000 | $ 124.59 | 6.6% | 13.8% | 19.1% | 24.7% | 30.5% | 36.7% | 43.1% | 49.9% | 51.8% | 53.7% |
| Inside | 6,000 | $ 155.97 | 7.5% | 15.7% | 21.4% | 27.6% | 34.0% | 40.8% | 48.0% | 55.5% | 56.9% | 58.3% |
| Resthaven | 6,000 | $ 189.00 | 7.8% | 16.3% | 22.2% | 28.5% | 35.1% | 42.1% | 49.5% | 57.4% | 58.6% | 59.8% |
| Big Mountain | | | | | | | | | | | | |
| Big Mountain | 1,470,000 | $ 12,876.28 | 12.0% | 25.4% | 37.8% | 51.6% | 66.6% | 76.6% | 83.7% | 91.0% | 91.0% | 91.1% |

**Table 6.11: Monthly Wastewater Rate Percentage Increase Associated with Projected Rate Adjustments – Referenced to FY16**

## 7.0 Recommendations

In addition to the rate adjustment recommendations presented in Section 6.2, the following general recommendations were developed in conjunction with completion of the Wastewater Utility Financial Plan and Rate Study:

- **Adopt a revised approach to the Service Classes.** Based on discussions with City Staff and Council Members, it is recommended that the City revise the lift station classifications as shown in Figure 4.1. The COSA completed as part of this study followed this approach.
- **Implement near-term adjustments to prepare the Utility for debt associated with the new WWTP.** By gradually increasing revenue requirements with the goal of generating adequate revenue to meet debt service and coverage requirements by 2020, the City can show a proactive approach to managing Utility finances. In the interim, reserve funds can be built that can potentially minimize necessary future rate increase, provided that coverage can be met at that time.
- **Closely monitor coverage as the new debt service comes online.** The required coverage associated with debt for the new WWTP will require rate increases beyond what is necessary to simply meet the debt payment.
- **Strive to correct cost of service inequities as adjustments are made to meet annual revenue requirements.** By implementing the recommended changes to the wastewater rates, the City will be making an effort to rectify any existing cost of service inequities. By updating usage characteristics, revenue requirements, and asset values on an annual basis, the model will make adjustments to the COSA relationships. This will be important when the new WWTP facility comes online. The model is currently set up based on projected asset values.
- **Link annual Outside user rate adjustments to adjustments to Inside user rates.** It is recommended that City continue to adjust rates to Outside users consistent with those to Inside users. Due to the relatively small number of Outside users, it is very difficult to correct any cost of service disparity.
- **Review Wastewater Revenue Adequacy annually.** The City of Whitefish has undertaken this project to develop a financial tool to assist in managing the financial health of the Wastewater Utility. Although the projections herein contain proposed rate adjustments through 2026, a change in actual revenues or expenses from those projected could significantly impact the Utility. As a result, it is strongly recommended that the City closely monitor revenues and expenses as compared to

those projected in the rate model, making adjustments as necessary, and update the projected rate adjustments based on the desired objective of achieving consistent revenue adequacy and meeting cash reserve target balances.

- **Continue pursuit of grant dollars for construction of the new WWTP.** The City is actively exploring potential grant funds for the WWTP construction. As grant dollars are acquired, future projections can be adjusted to reflect reduced revenue requirements.
- **Monitor near-term revenue stability.** As the City implements rate increases designed to meet future debt service requirements, there is the potential for some users to decrease water use in an overall effort to lower the utility bill. Therefore, the City should closely monitor revenue stability associated with these multi-year changes.
- **Establish Target Levels and Fund Operating Reserves.** In addition to Debt Service reserves required by bond covenants, it is recommended that the City strive to achieve and maintain the following reserve levels:
    - Operating Reserves: Target = 90 days of operating expenses
    - Capital Reserve: Target = 15 percent of average annual cash-funded capital expenditures
    - Rate Stabilization: Target = 15 percent of annual rate revenue.
- **Continue the policy of rate indexing as a minimum annual adjustment.** Although future rate adjustment projections contained herein are, for some user classes, less than average inflation, it is recommended that the City maintain its rate indexing policy, even though it is likely with an up-to-date financial model that in most years the City will be able to specifically dial in the necessary percentage.
- **Revise the existing Low Income/Senior Discount Policy.** It is recommended that the City revise its policy to require income-based qualification through the LIEAP to receive the discounted Utility rates.
- **Proactively communicate changes to the rate structure and increases to the periodic utility bills to the public.** It is recommended that once the City has approved Utility rates for 2017, it continue its proactive community outreach program to educate customers as to the new rates and rate impacts. It is suggested that outreach efforts involve information on the City website, press releases, and mailings. Table 6.10 presents the monthly change in dollar amount associated with wastewater rate projections. The change is compared to the monthly charge for the amount of wastewater listed in the second column. The calculation has been completed for each

year, with reference back to FY16 charges for service. Therefore, the monthly increase in the last column represents the projected monthly increase in 2026 as compared to the monthly charge in 2016. Table 6.11 presents the same information in percentage format.

# City of Whitefish
## Water Financial Plan and Rate Study
## Summary of Water Bill Impacts based on Rate Projections

| | Avg Monthly Gallons | Existing Monthly Bill FY16 | 2017 $/Mth Increase from 2016 | 2018 $/Mth Increase from 2016 | 2019 $/Mth Increase from 2016 | 2020 $/Mth Increase from 2016 | 2021 $/Mth Increase from 2016 |
|---|---|---|---|---|---|---|---|
| Residential - 5/8" | | | | | | | |
| Inside | 4,000 | $ 40.53 | $ 0.25 | $ 0.55 | $ 0.85 | $ 1.15 | $ 1.45 |
| Inside Low Income | 4,000 | $ 21.89 | $ 0.09 | $ 0.19 | $ 0.19 | $ 0.29 | $ 0.39 |
| PZ | 5,500 | $ 55.81 | $ 2.78 | $ 5.72 | $ 8.13 | $ 10.71 | $ 13.38 |
| Outside | 4,000 | $ 55.01 | $ 0.35 | $ 0.65 | $ 0.95 | $ 1.25 | $ 1.55 |
| Outside Low Income | 4,000 | $ 31.05 | $ 0.11 | $ 0.21 | $ 0.21 | $ 0.31 | $ 0.41 |
| Residential - 3/4" | | | | | | | |
| Inside | 5,000 | $ 56.28 | $ 0.32 | $ 0.72 | $ 1.12 | $ 1.52 | $ 1.92 |
| Inside Low Income | 5,000 | $ 28.77 | $ 0.13 | $ 0.23 | $ 0.33 | $ 0.43 | $ 0.53 |
| PZ | 6,000 | $ 72.50 | $ 3.60 | $ 7.37 | $ 10.42 | $ 13.55 | $ 16.87 |
| Outside | 5,000 | $ 74.97 | $ 0.45 | $ 0.95 | $ 1.45 | $ 1.95 | $ 2.45 |
| Outside Low Income | 5,000 | $ 40.35 | $ 0.17 | $ 0.27 | $ 0.37 | $ 0.47 | $ 0.67 |
| Commercial | | | | | | | |
| Inside - 1" | 100,000 | $ 444.09 | $ 0.54 | $ 1.04 | $ 1.54 | $ 2.04 | $ 2.54 |
| Outside - 1" | 70,000 | $ 472.11 | $ 0.67 | $ 1.37 | $ 2.07 | $ 2.77 | $ 3.47 |
| Inside - 2" | 680,000 | $ 2,929.69 | $ 0.02 | $ 0.02 | $ 0.02 | $ 0.02 | $ 0.02 |
| Outside - 2" | 1,100,000 | $ 6,648.02 | $ 0.05 | $ 0.05 | $ 0.05 | $ 0.05 | $ 0.05 |
| Irrigation | | | | | | | |
| Inside - 5/8" | 10,000 | $ 35.48 | $ 5.37 | $ 7.28 | $ 9.39 | $ 10.98 | $ 12.28 |
| PZ - 5/8" | 10,000 | $ 49.76 | $ 12.49 | $ 21.78 | $ 30.18 | $ 39.78 | $ 50.76 |
| Inside - 3/4" | 10,000 | $ 40.21 | $ 4.34 | $ 6.25 | $ 8.56 | $ 10.25 | $ 11.55 |
| PZ - 3/4" | 16,000 | $ 78.18 | $ 16.03 | $ 30.75 | $ 44.25 | $ 59.37 | $ 76.80 |
| Outside - 3/4" | 33,000 | $ 164.53 | $ 21.94 | $ 32.31 | $ 43.37 | $ 51.13 | $ 57.36 |
| Inside - 1" | 27,000 | $ 93.04 | $ 10.12 | $ 14.74 | $ 19.64 | $ 23.11 | $ 25.91 |
| PZ - 1" | 18,000 | $ 99.50 | $ 16.00 | $ 32.01 | $ 47.51 | $ 64.67 | $ 84.41 |
| Outside - 1" | 6,000 | $ 59.38 | $ 4.01 | $ 5.83 | $ 7.75 | $ 9.10 | $ 10.16 |
| Inside - 1.5" | 105,000 | $ 325.67 | $ 39.11 | $ 57.10 | $ 76.15 | $ 89.62 | $ 100.13 |
| Inside - 2" | 130,000 | $ 432.68 | $ 48.45 | $ 70.72 | $ 94.31 | $ 110.99 | $ 124.00 |

# City of Whitefish
## Water Financial Plan and Rate Study
## Summary of Water Bill Impacts based on Rate Projections

| | Avg Monthly Gallons | Existing Bill FY16 | 2017 % Increase from 2016 | 2018 % Increase from 2016 | 2019 % Increase from 2016 | 2020 % Increase from 2016 | 2021 % Increase from 2016 |
|---|---|---|---|---|---|---|---|
| Residential - 5/8" | | | | | | | |
| Inside | 4,000 | $ 40.53 | 0.6% | 1.4% | 2.1% | 2.8% | 3.6% |
| Inside Low Income | 4,000 | $ 21.89 | 0.4% | 0.9% | 0.9% | 1.3% | 1.8% |
| PZ | 5,500 | $ 55.81 | 5.0% | 10.2% | 14.6% | 19.2% | 24.0% |
| Outside | 4,000 | $ 55.01 | 0.6% | 1.2% | 1.7% | 2.3% | 2.8% |
| Outside Low Income | 4,000 | $ 31.05 | 0.3% | 0.7% | 0.7% | 1.0% | 1.3% |
| Residential - 3/4" | | | | | | | |
| Inside | 5,000 | $ 56.28 | 0.6% | 1.3% | 2.0% | 2.7% | 3.4% |
| Inside Low Income | 5,000 | $ 28.77 | 0.5% | 0.8% | 1.2% | 1.5% | 1.9% |
| PZ | 6,000 | $ 72.50 | 5.0% | 10.2% | 14.4% | 18.7% | 23.3% |
| Outside | 5,000 | $ 74.97 | 0.6% | 1.3% | 1.9% | 2.6% | 3.3% |
| Outside Low Income | 5,000 | $ 40.35 | 0.4% | 0.7% | 0.9% | 1.2% | 1.7% |
| Commercial | | | | | | | |
| Inside - 1" | 100,000 | $ 444.09 | 0.1% | 0.2% | 0.3% | 0.5% | 0.6% |
| Outside - 1" | 70,000 | $ 472.11 | 0.1% | 0.3% | 0.4% | 0.6% | 0.7% |
| Inside - 2" | 680,000 | $ 2,929.69 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Outside - 2" | 1,100,000 | $ 6,648.02 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Irrigation | | | | | | | |
| Inside - 5/8" | 10,000 | $ 35.48 | 15.1% | 20.5% | 26.5% | 30.9% | 34.6% |
| PZ - 5/8" | 10,000 | $ 49.76 | 25.1% | 43.8% | 60.6% | 79.9% | 102.0% |
| Inside - 3/4" | 10,000 | $ 40.21 | 10.8% | 15.5% | 21.3% | 25.5% | 28.7% |
| PZ - 3/4" | 16,000 | $ 78.18 | 20.5% | 39.3% | 56.6% | 75.9% | 98.2% |
| Outside - 3/4" | 33,000 | $ 164.53 | 13.3% | 19.6% | 26.4% | 31.1% | 34.9% |
| Inside - 1" | 27,000 | $ 93.04 | 10.9% | 15.8% | 21.1% | 24.8% | 27.8% |
| PZ - 1" | 18,000 | $ 99.50 | 16.1% | 32.2% | 47.7% | 65.0% | 84.8% |
| Outside - 1" | 6,000 | $ 59.38 | 6.8% | 9.8% | 13.0% | 15.3% | 17.1% |
| Inside - 1.5" | 105,000 | $ 325.67 | 12.0% | 17.5% | 23.4% | 27.5% | 30.7% |
| Inside - 2" | 130,000 | $ 432.68 | 11.2% | 16.3% | 21.8% | 25.7% | 28.7% |

# City of Whitefish
## Wastewater Financial Plan and Rate Study
## Summary of Wastewater Bill Impacts based on Rate Projections

| | Avg Monthly Gallons | Existing Bill FY16 | 2017 Monthly Increase from 2016 | 2018 Monthly Increase from 2016 | 2019 Monthly Increase from 2016 | 2020 Monthly Increase from 2016 | 2021 Monthly Increase from 2016 | 2022 Monthly Increase from 2016 | 2023 Monthly Increase from 2016 | 2024 Monthly Increase from 2016 | 2025 Monthly Increase from 2016 | 2026 Monthly Increase from 2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SC-1 | | | | | | | | | | | | |
| Inside | 3,000 | $ 31.82 | $ 3.31 | $ 7.29 | $ 12.13 | $ 17.20 | $ 23.19 | $ 24.53 | $ 25.92 | $ 27.33 | $ 28.79 | $ 30.28 |
| Inside Low Income | 3,000 | $ 15.94 | $ 2.83 | $ 6.32 | $ 10.66 | $ 15.21 | $ 20.67 | $ 21.45 | $ 22.27 | $ 23.10 | $ 23.96 | $ 24.83 |
| Outside | 3,000 | $ 41.11 | $ 4.85 | $ 10.74 | $ 17.95 | $ 25.48 | $ 34.44 | $ 35.30 | $ 36.19 | $ 37.10 | $ 38.04 | $ 39.01 |
| Inside | 6,000 | $ 42.47 | $ 5.98 | $ 13.29 | $ 22.30 | $ 31.75 | $ 43.02 | $ 44.96 | $ 46.98 | $ 49.02 | $ 51.14 | $ 53.29 |
| Inside Low Income | 6,000 | $ 26.59 | $ 5.50 | $ 12.32 | $ 20.83 | $ 29.76 | $ 40.50 | $ 41.88 | $ 43.33 | $ 44.79 | $ 46.31 | $ 47.84 |
| Outside | 6,000 | $ 57.49 | $ 8.96 | $ 19.98 | $ 33.61 | $ 47.86 | $ 64.95 | $ 65.81 | $ 66.70 | $ 67.61 | $ 68.55 | $ 69.52 |
| SC-2 | | | | | | | | | | | | |
| Inside | 3,000 | $ 55.95 | $ 3.39 | $ 7.08 | $ 11.11 | $ 15.50 | $ 20.32 | $ 22.27 | $ 24.29 | $ 26.35 | $ 28.48 | $ 30.65 |
| Inside Low Income | 3,000 | $ 28.20 | $ 2.56 | $ 5.40 | $ 8.55 | $ 12.03 | $ 15.91 | $ 16.89 | $ 17.91 | $ 18.94 | $ 20.01 | $ 21.09 |
| Outside | 3,000 | $ 67.61 | $ 4.39 | $ 9.18 | $ 14.43 | $ 20.20 | $ 26.55 | $ 28.92 | $ 31.34 | $ 33.83 | $ 36.40 | $ 39.01 |
| Inside | 6,000 | $ 74.88 | $ 5.67 | $ 11.91 | $ 18.79 | $ 26.36 | $ 34.75 | $ 37.36 | $ 40.07 | $ 42.82 | $ 45.67 | $ 48.56 |
| Inside Low Income | 6,000 | $ 47.13 | $ 4.84 | $ 10.23 | $ 16.23 | $ 22.89 | $ 30.34 | $ 31.98 | $ 33.69 | $ 35.41 | $ 37.20 | $ 39.00 |
| Outside | 6,000 | $ 93.74 | $ 7.54 | $ 15.84 | $ 25.02 | $ 35.20 | $ 46.50 | $ 49.80 | $ 53.15 | $ 56.60 | $ 60.16 | $ 63.76 |
| SC-3 | | | | | | | | | | | | |
| Inside | 3,000 | $ 69.75 | $ 4.48 | $ 8.78 | $ 13.42 | $ 18.44 | $ 23.86 | $ 27.97 | $ 31.38 | $ 34.89 | $ 38.54 | $ 42.30 |
| Inside Low Income | 3,000 | $ 37.37 | $ 3.50 | $ 6.80 | $ 10.41 | $ 14.36 | $ 18.68 | $ 21.66 | $ 23.91 | $ 26.23 | $ 28.65 | $ 31.14 |
| Inside | 6,000 | $ 96.33 | $ 7.66 | $ 14.93 | $ 22.84 | $ 31.46 | $ 40.84 | $ 47.56 | $ 52.83 | $ 58.26 | $ 63.92 | $ 69.75 |
| Inside Low Income | 6,000 | $ 63.95 | $ 6.68 | $ 12.95 | $ 19.83 | $ 27.38 | $ 35.66 | $ 41.25 | $ 45.36 | $ 49.60 | $ 54.03 | $ 58.59 |
| Grinder | | | | | | | | | | | | |
| Inside | 3,000 | $ 94.35 | $ 4.86 | $ 10.01 | $ 15.51 | $ 21.36 | $ 27.59 | $ 33.04 | $ 36.86 | $ 40.80 | $ 44.86 | $ 49.04 |
| Inside Low Income | 3,000 | $ 53.90 | $ 3.64 | $ 7.54 | $ 11.75 | $ 16.27 | $ 21.14 | $ 25.18 | $ 27.55 | $ 30.00 | $ 32.52 | $ 35.12 |
| Inside | 6,000 | $ 134.76 | $ 8.10 | $ 16.73 | $ 26.01 | $ 35.94 | $ 46.58 | $ 55.60 | $ 61.31 | $ 67.20 | $ 73.27 | $ 79.52 |
| Inside Low Income | 6,000 | $ 94.31 | $ 6.88 | $ 14.26 | $ 22.25 | $ 30.85 | $ 40.13 | $ 47.74 | $ 52.00 | $ 56.40 | $ 60.93 | $ 65.60 |
| STEP | | | | | | | | | | | | |
| Inside | 3,000 | $ 106.02 | $ 6.69 | $ 13.91 | $ 19.32 | $ 25.00 | $ 30.97 | $ 37.24 | $ 43.84 | $ 50.77 | $ 52.90 | $ 55.09 |
| Resthaven | 3,000 | $ 124.59 | $ 8.26 | $ 17.20 | $ 23.80 | $ 30.72 | $ 38.00 | $ 45.67 | $ 53.74 | $ 62.23 | $ 64.52 | $ 66.88 |
| Inside | 6,000 | $ 155.97 | $ 11.70 | $ 24.41 | $ 33.45 | $ 42.97 | $ 53.02 | $ 63.61 | $ 74.80 | $ 86.59 | $ 88.72 | $ 90.91 |
| Resthaven | 6,000 | $ 189.00 | $ 14.71 | $ 30.73 | $ 42.01 | $ 53.88 | $ 66.41 | $ 79.66 | $ 93.64 | $ 108.40 | $ 110.69 | $ 113.05 |
| Big Mountain | | | | | | | | | | | | |
| Big Mountain | 1,470,000 | $ 12,876.28 | $ 1,545.68 | $ 3,267.82 | $ 4,872.43 | $ 6,638.81 | $ 8,581.66 | $ 9,863.08 | $ 10,777.08 | $ 11,720.56 | $ 11,723.32 | $ 11,726.16 |

# City of Whitefish
## Wastewater Financial Plan and Rate Study
## Summary of Wastewater Bill Impacts based on Rate Projections

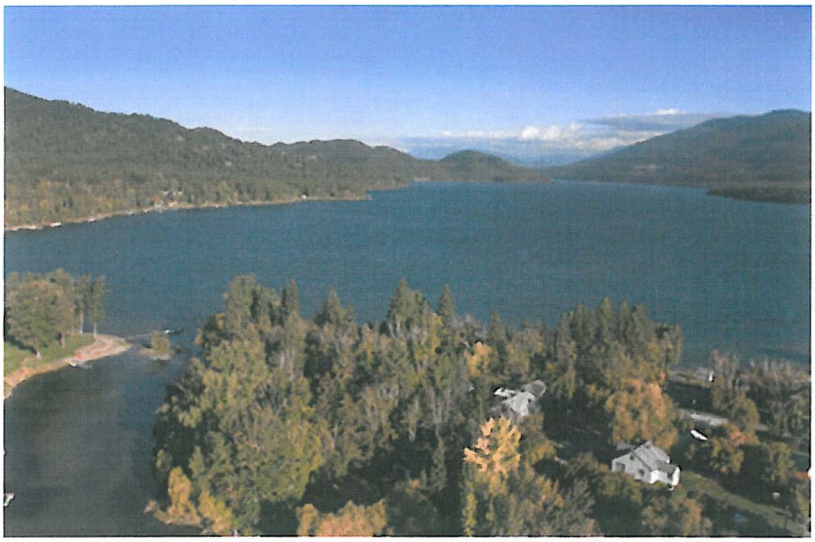
| | Avg Monthly Gallons | Existing Bill FY16 | 2017 % Increase from 2016 | 2018 % Increase from 2016 | 2019 % Increase from 2016 | 2020 % Increase from 2016 | 2021 % Increase from 2016 | 2022 % Increase from 2016 | 2023 % Increase from 2016 | 2024 % Increase from 2016 | 2025 % Increase from 2016 | 2026 % Increase from 2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SC-1 | | | | | | | | | | | | |
| Inside | 3,000 | $ 31.82 | 10.4% | 22.9% | 38.1% | 54.1% | 72.9% | 77.1% | 81.5% | 85.9% | 90.5% | 95.2% |
| Inside Low Income | 3,000 | $ 15.94 | 17.8% | 39.6% | 66.9% | 95.4% | 129.7% | 134.6% | 139.7% | 144.9% | 150.3% | 155.8% |
| Outside | 3,000 | $ 41.11 | 11.8% | 26.1% | 43.7% | 62.0% | 83.8% | 85.9% | 88.0% | 90.2% | 92.5% | 94.9% |
| Inside | 6,000 | $ 42.47 | 14.1% | 31.3% | 52.5% | 74.8% | 101.3% | 105.9% | 110.6% | 115.4% | 120.4% | 125.5% |
| Inside Low Income | 6,000 | $ 26.59 | 20.7% | 46.3% | 78.3% | 111.9% | 152.3% | 157.5% | 163.0% | 168.4% | 174.2% | 179.9% |
| Outside | 6,000 | $ 57.49 | 15.6% | 34.8% | 58.5% | 83.2% | 113.0% | 114.5% | 116.0% | 117.6% | 119.2% | 120.9% |
| SC-2 | | | | | | | | | | | | |
| Inside | 3,000 | $ 55.95 | 6.1% | 12.7% | 19.9% | 27.7% | 36.3% | 39.8% | 43.4% | 47.1% | 50.9% | 54.8% |
| Inside Low Income | 3,000 | $ 28.20 | 9.1% | 19.1% | 30.3% | 42.7% | 56.4% | 59.9% | 63.5% | 67.2% | 71.0% | 74.8% |
| Outside | 3,000 | $ 67.61 | 6.5% | 13.6% | 21.3% | 29.9% | 39.3% | 42.8% | 46.4% | 50.0% | 53.8% | 57.7% |
| Inside | 6,000 | $ 74.88 | 7.6% | 15.9% | 25.1% | 35.2% | 46.4% | 49.9% | 53.5% | 57.2% | 61.0% | 64.9% |
| Inside Low Income | 6,000 | $ 47.13 | 10.3% | 21.7% | 34.4% | 48.6% | 64.4% | 67.9% | 71.5% | 75.1% | 78.9% | 82.7% |
| Outside | 6,000 | $ 93.74 | 8.0% | 16.9% | 26.7% | 37.6% | 49.6% | 53.1% | 56.7% | 60.4% | 64.2% | 68.0% |
| SC-3 | | | | | | | | | | | | |
| Inside | 3,000 | $ 69.75 | 6.4% | 12.6% | 19.2% | 26.4% | 34.2% | 40.1% | 45.0% | 50.0% | 55.3% | 60.6% |
| Inside Low Income | 3,000 | $ 37.37 | 9.4% | 18.2% | 27.9% | 38.4% | 50.0% | 58.0% | 64.0% | 70.2% | 76.7% | 83.3% |
| Inside | 6,000 | $ 96.33 | 8.0% | 15.5% | 23.7% | 32.7% | 42.4% | 49.4% | 54.8% | 60.5% | 66.4% | 72.4% |
| Inside Low Income | 6,000 | $ 63.95 | 10.4% | 20.3% | 31.0% | 42.8% | 55.8% | 64.5% | 70.9% | 77.6% | 84.5% | 91.6% |
| Grinder | | | | | | | | | | | | |
| Inside | 3,000 | $ 94.35 | 5.2% | 10.6% | 16.4% | 22.6% | 29.2% | 35.0% | 39.1% | 43.2% | 47.5% | 52.0% |
| Inside Low Income | 3,000 | $ 53.90 | 6.8% | 14.0% | 21.8% | 30.2% | 39.2% | 46.7% | 51.1% | 55.7% | 60.3% | 65.2% |
| Inside | 6,000 | $ 134.76 | 6.0% | 12.4% | 19.3% | 26.7% | 34.6% | 41.3% | 45.5% | 49.9% | 54.4% | 59.0% |
| Inside Low Income | 6,000 | $ 94.31 | 7.3% | 15.1% | 23.6% | 32.7% | 42.6% | 50.6% | 55.1% | 59.8% | 64.6% | 69.6% |
| STEP | | | | | | | | | | | | |
| Inside | 3,000 | $ 106.02 | 6.3% | 13.1% | 18.2% | 23.6% | 29.2% | 35.1% | 41.4% | 47.9% | 49.9% | 52.0% |
| Resthaven | 3,000 | $ 124.59 | 6.6% | 13.8% | 19.1% | 24.7% | 30.5% | 36.7% | 43.1% | 49.9% | 51.8% | 53.7% |
| Inside | 6,000 | $ 155.97 | 7.5% | 15.7% | 21.4% | 27.6% | 34.0% | 40.8% | 48.0% | 55.5% | 56.9% | 58.3% |
| Resthaven | 6,000 | $ 189.00 | 7.8% | 16.3% | 22.2% | 28.5% | 35.1% | 42.1% | 49.5% | 57.4% | 58.6% | 59.8% |
| Big Mountain | | | | | | | | | | | | |
| Big Mountain | 1,470,000 | $ 12,876.28 | 12.0% | 25.4% | 37.8% | 51.6% | 66.6% | 76.6% | 83.7% | 91.0% | 91.0% | 91.1% |

# WHAT DOES IT MEAN?

## A Community Forum and Introduction to the

## *Whitefish Area Water Resources Report:*
## *A Status of the Whitefish Lake Watershed and Surrounding Area*

**Tuesday, March 22, 2016**
**The O'Shaughnessy Center**
**Whitefish, MT**



**6:00 PM to 7:00 PM**
**WHITEFISH HIGH SCHOOL STUDENT POSTER SESSION**
**REFRESHMENTS COURTESY OF WHITEFISH LAKE INSTITUTE**
**DESSERTS COURTESY OF SIMPLE CHEF CATERING**

**7:00 PM TO 9:00 PM**
**WELCOME BY MAYOR JOHN MUHLFELD**
**PRESENTATION & Q&A WITH THE WHITEFISH LAKE INSTITUTE**

Whitefish Lake INSTITUTE

## Michelle Howke

**From:** Ina Albert <inaalbert@aol.com>
**Sent:** Friday, March 18, 2016 11:41 AM
**To:** John Muhlfeld; Pam Barberis; Andy Feury; Jen Frandsen; Richard Hildner; Frank Sweeney; Katie Williams; Necile Lorang
**Subject:** NDO

March 18, 2016

TO: Whitefish City Council Members
FROM: Ina Albert

RE: Non-Discrimination Ordinance to Protect Whitefish LGBT Citizens and Visitors

Dear Mayor Muhlfeld,

Thank you for proposing support of the civil rights of the LGBT members of our community. The State of Montana offers legal protection to all members of minority groups, races, and religious organizations, with the exception of our LGBT citizens and visitors. This exclusion is being corrected by cities across our state and I am happy to participate in an NDO that provides protection that our legislature has been unwilling to provide.

Whitefish is a welcoming community that respects the rights of all its citizens and visitors. To formalize our acceptance of all minority groups establishes our commitment to all people without exception in the spirit of our democratic freedoms.

I commend you on the City Council and the citizens of City of Whitefish for this positive stance representing our entire community as a caring and welcoming environment for all people. We are proud to stand with the Whitefish City Council on this matter.

Sincerely,

Ina Albert
955 Northwoods Drive
Whitefish, MT 59937
406 249-4642

## Michelle Howke

**From:** Ina Albert <inaalbert@aol.com>
**Sent:** Sunday, March 20, 2016 9:29 AM
**To:** John Muhlfeld; Pam Barberis; Andy Feury; Jen Frandsen; Richard Hildner; Frank Sweeney; Katie Williams; Necile Lorang
**Subject:** Fwd: Non-Discrimination Ordinance to Protect LGBT community by City of Whitefish Council, March 21, 2016

Mike's statement was forwarded to us to be forwarded to Whitefish City Council members for their consideration. Please include it in the testimony for Monday, March 21 meeting. Thank you.
Ina Albert

-----Original Message-----
From: Mike Eldred <mike@mikeeldred.com>
To: Mike Eldred <mike@mikeeldred.com>; Allen and Ina Albert Secher <sech1@aol.com>; Ina Albert <inaalbert@aol.com>; Allen and Ina Albert Secher <sech1818@gmail.com>
Sent: Sat, Mar 19, 2016 5:39 pm
Subject: NDO Whitefish

My name is Mike Eldred. I moved here full time to Whitefish in June of 2015 after owning a second home here since 2004 with my husband, Tom Patterson. Tom and I fell in love with this special place back when I came to work with the Alpine Theatre Project over a decade ago. Obviously, the landscape and scenery were certainly a huge part of our attraction to the Flathead, but we also immediately felt loved and accepted by the community of incredibly diverse and generous people around us. Generous in emotional support, generous in compassion, generous in philanthropy, generous in many ways. But mostly, generous in how we were treated and accepted as a gay couple in a place where there weren't many others, to be honest.

Since we first arrived, we have watched, first hand, the way this community has grown and thrived as well as struggled and recovered. We have felt a part of it all along...honestly, as two outsiders who barged in and tried to belong. So much so, that we decided to have a ceremony (back when it wasn't legal several years ago) here and invite our most beloved friends from all walks of life to join us. Our friends here surrounded us and encouraged us in a way we have never experienced before. So, when the time came to make the move, there was no question that this was home - and that this home was made up of incredibly loving and accepting people who, whether they agreed with us or not, showed us respect and kindness that we will never forget.

THIS is why we call Whitefish home. This is why we live in a place where everyone matters. This is why we are proud to say that Whitefish is a loving, caring, understanding, intelligent, and open community that will always be home. It's so hard to imagine that we are even having to show up and speak for this obvious right that we all have to be human, but unfortunately we live in an imperfect world. I just hope that we can strive together to maintain the little piece of "heaven" that we have here...literally. God is Love. Love Lives Here.

Thank you,
Mike Eldred

--
Mike Eldred

615-351-0802 Cell
www.mikeeldred.com
http://twitter.com/MikeEldredSings
http://facebook.com/MikeEldredSings

## Michelle Howke

**From:** sech1@aol.com
**Sent:** Sunday, March 20, 2016 11:41 AM
**To:** Andy Feury; Frank Sweeney; Richard Hildner; Jen Frandsen; Katie Williams; Necile Lorang
**Subject:** The proposed NDO

Please accept this note as my serious support of the considered NDO
I am away from home or this would have been presented in person

I was raised in a small Pennsylvania town that embraced community tolerated prejudice. As a youth, in the midst of an appendicitis attack, I was refused admission to a catholic hospital, denied a place on the High School Golf team-the Country club was restricted, refused participation in a number of Boy Scout troops and youth clubs. Many a day found my head busted open from rocks delivered with the epithet " Jew Bastard." Many a hotel offered "No Jews Welcomed" practices and colleges had quotas.

The pain from those years is indelible. The hurt is considerable. In my adult years I have returned to the hometown but twice and while there was engulfed in black cloud memory.

Whitefish is not Butler,PA and it's 2016 not 1948.My wife and I moved here 16 years ago because it was clear to us that the town prided itself on its' stand of diversity. Hatred may exist elsewhere, but not in my Whitefish. I am judged here not by my religious beliefs, but who I am as person.Should we not offer that same attitude to all within our boundaries- more so to all within our State. In my seven years serving on the State Human Rights Commission it grieved me greatly that LGBT was absent from inclusion.

A recent article in a national magazine listed Whitefish as one of the best small towns in the West. Please let's not let the footnote read- "Only for some, not for all"

I encourage the NDO's passage.

Rabbi Allen Secher
955 Northwoods Drive
Whitefish, MT 59937

**Michelle Howke**

**From:** Will Randall <ceskezavodny@gmail.com>
**Sent:** Sunday, March 20, 2016 7:25 PM
**To:** Necile Lorang
**Subject:** Support for the NDO

Whitefish city councilors,

I am very pleased that you have chosen to consider a non-discrimination ordinance to protect our LGBT neighbors, friends and visitors. The people of Whitefish have shown time and again that they value diversity, equality and hard work. Our strength as a community is based on treating each other fairly and with respect. This ordinance will match our public policy to our values. All of us should have the chance to earn a living and provide for our families without fear of being unfairly fired or denied housing simply because we are gay or transgender.

This is what good communities do-we look out for our family, friends and neighbors, and we make sure that all of us have the same legal protections, so people can participate in our community with dignity and security.

What brings us together is far greater than what makes us different. This isn't just about protecting members of our community that can experience discrimination, it leaves a brand on the city of Whitefish that says we are a welcoming and diverse community.

Please vote yes on this non-discrimination ordinance.

Thank you for your time,

Will Randall

## Michelle Howke

**From:** Mayre Flowers <Mayre@flatheadcitizens.org>
**Sent:** Monday, March 21, 2016 3:03 PM
**To:** Michelle Howke
**Cc:** Citizens for a Better Flathead; John Muhlfeld; Chuck Stearns
**Subject:** Comments for tonight's 3-21-16 council meeting
**Attachments:** CBF comments WF City Council V1mf3-21-16.doc; ATT00001.htm; CBF Comments Rural WF ZoningV3mf3-14-16.doc; ATT00002.htm

To: The Whitefish City Council for 3-21-16

I regret that I am unable to attend tonight's meeting. Please accept our comments, attached, for tonight's agenda on:

- Requesting that the criteria for the PUD re-write committee be amended to allow an individual like myself with planning expertise and representing many Whitefish residents for Citizens for a Better Flathead be allowed to serve on this committee. Attached is suggested wording.

- Support for the proposed ordinance to provide a civil rights policy prohibiting discrimination.

- Our comments to the Flathead County Commissioners regarding the proposed final zoning for the area around Whitefish. It should be noted that of the estimated 300 comments the county received about 18 residents who live in the county and 6 of whom live in the donut supported the these two resolutions as proposed. The overwhelming majority asked for the county to make the changes outlined in our letter. A majority of those comments came from residents either in the area around the city or bordering this area. Approximately 54 property owners on Karrow Avenue or with property in that area requested that the existing zoning be left in place. The county commissioners have not yet scheduled a time to consider a final resolution on this zoning.

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March 21, 2016

To: The Whitefish City Council and Mayor,

I am unable to attend this evening so I ask that you consider the following comments for your 3/21/16 council meeting and hearings on behalf of Citizens for a Better Flathead.

**1. RESOLUTION NO. 16-___: A Resolution of the City Council of the City of Whitefish, Montana, establishing the Planned Unit Development Re-write Steering Committee.**

As proposed, this resolution would exclude participation by myself as a planner and representative of many Whitefish residents for Citizens for a Better Flathead, as a committee member. Given my experience and expertise in planning and involvement in identifying current issues with the Whitefish PUD zoning regulation, I would ask that your committee criteria be amended. **Please allow for participation by individuals with organizations like myself. This could be done as follows:**

Section 3: The Committee will consist of not less than five (5) but not more than seven (7) individuals with representation as follows: One (1) City Council Member; One (1) staff member from the City's Planning Department; One (1) member from the Whitefish development community; and Two (2) to Four (4) members who are either Whitefish residents or who own property within the City's boundaries or within one-half mile of the boundaries***, or members with planning expertise who are representatives of non-profits with a history of working on planning issues within Whitefish.*** The Committee members shall select a Chairperson and a Vice-Chairperson from the members of the Committee. The Committee shall appoint one member as Secretary of the Committee, who shall keep minutes of all meetings and submit them to the City Clerk. A majority of the members shall constitute a quorum. The Committee shall meet as often as necessary to accomplish its general purpose, as described above, but not less than bi-weekly. The Committee shall cease to exist as provided in Section 4.

2. ORDINANCE NO. 16-___An Ordinance of the City Council of the City of Whitefish, Montana, adding a new chapterto Title 1, Administration, of the Whitefish City Code, to establish a civil rights policy prohibiting discrimination on the basis of actual or perceived sexual orientation or gender identity or expression, creating a cause of action in the Whitefish Municipal Court, authorizing the Municipal Court to fashion civil remedies, creating a time limit under which a claim may be filed, and establishing an effective date.

We support this ordinance and the City's commitment to recognizing the dignity of all of its inhabitants and visitors, to celebrating all diversity, and to protecting and safeguarding the right and opportunity of all persons to exercise their civil rights and to be free from discrimination.

Sincerely,
Mayre Flowers, Executive Director
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March 14, 2016

**Flathead County Commissioners**
**800 South Main**
**Kalispell, MT 59901**

**Dear Flathead County Commissioners,**

**Please accept our public comment on the proposed Flathead County Zoning Amendments, Resolution No. 2416 for the purpose of adding new use districts to the Flathead County Zoning Regulations around the City of Whitefish and Resolution No. 2417 for the purpose of adopting the Rural Whitefish Zoning District**

We sincerely hope that you will consider taking another "bold step forward" before adopting the proposed zoning before you, which sets standards for future growth around Whitefish. We use the term bold because we believe that planning for the future of this incredible valley, which we all call home, requires bold leadership. As the public comment you have received reflects, how future growth occurs in and around Whitefish is an issue that the public cares deeply about.

You hear from a range of people, from those who strongly believe that it is their property right to do whatever they want with their property, to folks like us and others who ask the commissioners for planning standards and leadership to ensure that, as the Flathead grows, standards are put in place to retain the Flathead's unique character, quality of life, world class natural resources, and vibrant local economy. It's not that folks who advocate for property rights don't want a similar outcome, but the challenging question for you as elected officials is to determine just what standards need to be in place to retain the special character, quality of life, and economic vitality of this world class place.

You have received comments from some residents who strongly state that the county has every right to administer the zoning and planning in the previously designated doughnut area, and we agree that is what the Supreme Court ruled. But with that right is the burden of making sure that adequate standards are in place to – and is it worth repeating – to retain the special character, quality of life, and economic vitality of this world class place.

In moving forward after the Supreme Court ruling and the transfer of management of the area around Whitefish to the county, we ask that you focus on the cooperation that is still needed for cities and counties to plan together to allow for cost-effective growth in and around the cities and towns of the Flathead. We have the most recent studies of the negative water quality impacts from the Lion Mountain development and other development around Whitefish Lake that has not occurred on City sewer as reminders of the cooperative planning that will be needed as the Flathead grows now more than ever. We are one valley. Our future and the legacy you leave future generations all depends on your finding ways to build bridges and everyone working together.

The courts as set forth in the federal and state constitutions are an essential part of the balance of power in a democracy when two parties disagree on what the law says. By reviewing the factual basis of a complaint, the courts ferret out appropriate actions for local governments in light of the laws passed by the legislature and local governments policies. But as we saw in the split (three to four) vote of the Montana Supreme Court, planning issues are often very difficult and not always black and white.

This is why this issue calls for bold leadership. The challenge of leadership for us all, as Jim Rohn, an American entrepreneur, author and motivational speaker reminds us is; **"The challenge of leadership is to be strong, but not rude; be kind, but not weak; be bold, but not bully; be thoughtful, but not lazy; be humble, but not timid; be proud, but not arrogant; have humor, but without folly."** May we all move forward in this respectful spirit of leadership and work together for the planning and policies needed to keep the Flathead a Great Place.

**In reviewing public comment from the both from the December comment period and from this comment period, it appears that a significant majority of those commenting are asking that you make the following four changes before you adopt Resolution No. 2416 for the purpose of adding new use districts to the Flathead County Zoning Regulations around the City of Whitefish and Resolution No. 2417 for the purpose of adopting the Rural Whitefish Zoning District.**

By midday on March 14th you have received comments from 18 residents who live in the county and 6 of whom live in the donut who support the these two resolutions as proposed. You have also received comments from at least 52 residents who live on or border the Karrow Avenue area and are asking that you leave the existing Karrow area zoning in place for now and consider development proposals as they come forward on a case by case basis in the future. You have received some additional 225 comments from residents who live in the city or many who live in the donut area, asking you for the most part to leave the Karrow area zoning in place and make the following changes. We too encourage you to make these amendments before adopting these resolutions.

Please amend the proposed zoning in Resolution No. 2416 and No. 2517 prior to final adoption to:

1. **Work with the City of Whitefish and leave the existing zoning in place around the Karrow Avenue area** until development proposals come forward where the city and county can work together to ensure adequate infrastructure is in place. Do not shrink the minimum lot size in much of the Karrow Avenue neighborhood from 15 acres to 2.5- or 5-acre lots. Much of this area is characterized by shallow groundwater and should be developed on city sewer and water and an improved road system as the City of Whitefish grows.

2. **Support efforts to maintain the appealing character of Whitefish and the vitality of its downtown core as an important economic resource to the city and county.** Studies show that the county benefits from this tax base to a greater extent when commercial development is located in our city centers. Please don't allow more retail commercial uses along the highway entrances to Whitefish. Please remove proposed open-ended wording that invites increased unlimited retail uses in the proposed new B-2A zoning. Adopt the wording of the existing WB-2 zoning in place now as requested by the City of Whitefish and by many others.

3. **Provide strong leadership in helping to safeguard Whitefish's drinking water** by retaining the 200 ft. setback from First, Second, and Third Creeks, as requested by the City of Whitefish and as is currently required.

4. **Adopt a 15-acre county rural agricultural zone that mirrors the Whitefish WA (15 acre) zone, to retain the existing zoning around Whitefish.** Moving forward encourage patterns of development around Whitefish that encourage fire-safe, fire-wise development and clustering to preserve the many benefits of the working lands, wildlife and water quality resources in rural areas that make our area such a great place to live and invest.

Thank you for the leadership you have already shown in proposing new zoning around Whitefish that moves importantly toward respecting the City of Whitefish zoning. Please consider these final amendments to open a new door to independent, yet cooperative, long-term planning that will honor the past and build a legacy for future generations.

Sincerely,

Mayre Flowers, Executive Director