

June 3, 2020

**Notice of Proposed Increases in Water and Sewer Rates and Fees**

**Flathead County Water District No.1-Evergreen**

**Water**

Since the early 90s, the Evergreen community has grown outward and is now filling inward, in part due to the water and sewer services provided by the District. Growth requires additional water infrastructure in Evergreen with hundreds of new homes and many businesses. We have an aging system that requires increased maintenance, repairs, and replacements. Additionally, Evergreen is required by regulators to make upgrades to our systems to safely serve customers with drinking water, irrigation, and fire suppression. Without the upgrades, we could experience low pressures and lack of demanded flows.

Examples of replacements and upgrades required are:

- **Rehabilitation of our inactive steel tank to add another million gallons of storage to our system. Estimated Cost \$1,100,000.00**
- **New well sites in high use areas to bolster, add diversity, stability, and back up in high demand periods. Estimated Cost \$1,000,000.00**
- **Upgrade our concrete tank with mixers to assure water quality and new coating to roof of the tank. Estimated Cost \$ 100,000.00**
- **Replacement of Obsolete communication and computer systems, well pumps and related equipment. Estimated Cost \$113,000.00**

Our normal flows during non-irrigating months are 30 to 40 million gallons a month for 3200+ customers. During irrigating months our flows are in the 160 to 180 million gallon a month range and have hit 200 million gallons per month at certain periods. We have approximately 45 businesses with fire systems. To pay for the increased demands and expenses, we have to increase our rates. The Board of Directors proposes to eliminate the summer water rate and discontinue our tiered rates. Instead, the Board proposes to change to a year-round flat rate. These changes will affect those customers with higher demands that tax our system the most. The proposed rates are as follows:

Current Water Rate: \$1.21 per 1000 gallons + \$4.63 Base Rate										
<b>Proposed Water Rate: \$1.28 per 1000 gallons + \$6.33 Base Rate</b>										
					<b>Increase 5% per 1000 &amp; 37% Base Rate</b>					
<b>Usage / 1000</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>
<b>Current+Base</b>	\$ 5.84	\$ 7.05	\$ 8.26	\$ 9.47	\$ 10.68	\$ 11.89	\$ 13.10	\$ 14.31	\$ 15.52	\$ 16.73
<b>New+Base</b>	\$ 7.61	\$ 8.89	\$ 10.17	\$ 11.45	\$ 12.73	\$ 14.01	\$ 15.29	\$ 16.57	\$ 17.85	\$ 19.13

We are also proposing to increase our tap and connection fees for water. Over the last few years, with new safety and other government regulations, new entity fees, equipment costs, and our expenses related to new development have increased significantly. Therefore, the proposed fee increases are:

<b>Proposal to increase tap, meter, and connection fees</b>										
			<b>Water</b>							
<b>Current Fees</b>						<b>Proposed Fees</b>				
	Tap	Meter	Connection			Tap	Meter	Connection		
3/4"	\$1,004	\$200	\$1,029		3/4"	\$3,000	\$250	\$1,080		
1"	\$1,031	\$250	\$2,624		1"	\$3,000	\$300	\$2,755		
1 1/2"	\$1,148	\$505	\$5,876		1 1/2"	\$3,600	Cost	\$6,165		
2"	\$1,251	\$726	\$10,424		2"	\$3,600	Cost	\$10,945		
4"	\$1,572	Cost	\$41,726		4"	Lab/Mat*	Cost	\$43,810		
6"	\$1,941	Cost	\$73,835		6"	Lab/Mat*	Cost	\$98,525		
8"	\$2,264	Cost	\$166,863		8"	Lab/Mat*	Cost	\$175,205		

\*Lab/Mat – Labor & Material

## Sewer

Evergreen’s sewer collection system came online in 1994, which was when we began using the City of Kalispell as our treatment facility. Since then, as in all sewer systems, deterioration has caused increasing costs for repairs and maintenance as well as replacing aging equipment.

Examples of upcoming projects and costs:

- **Bypass pump and temporary storage land acquisition** **\$200,000.00**
- **Camera and jetting of sewer lines** **\$80,000.00 per year**
- **Replacement of septic tanks** **\$40,000.00 per year**
- **Sewer engineering study** **\$75,000.00**
- **Miscellaneous maintenance** **\$150,000.00**
- **Bypass pumps at major sewer lift stations** **\$82,000.00**
- **Lift station pump and generator replacements** **\$120,000.00**

Under our agreement with the City, we must pay for a portion of the upgrades to the City treatment plant along with the costs of treating Evergreen’s wastewater. Recently, the City raised its treatment rates. While we are disputing certain parts of the increase, the City has informed us that it will be charging Evergreen an approximate 19% increase and a 16% increase per connection. Evergreen has no alternative treatment options at this point. Therefore, Evergreen must increase its rates to keep up the increases in City fees and rates as well as our other expenses of operation. The proposed rates are as follows:

Usage / 1000	1	2	3	4	5	6	7	8	9	10
Current Sewer Rate: \$5.89 per 1000 Gallons + \$11.49 Base Rate										
<b>Proposed Sewer Rate: \$8.65 per 1000 Gallons + \$11.49 Base Rate</b> <span style="float: right;"><b>Increase 32% per 1000 &amp; Base Rate remains</b></span>										
<b>Current+Base</b>	\$ 17.38	\$ 23.27	\$ 29.16	\$ 35.05	\$ 40.94	\$ 46.83	\$ 52.72	\$ 58.60	\$ 64.50	\$ 70.39
<b>New+Base</b>	<b>\$ 20.14</b>	<b>\$ 28.79</b>	<b>\$ 37.44</b>	<b>\$ 46.09</b>	<b>\$ 54.74</b>	<b>\$ 63.39</b>	<b>\$ 72.04</b>	<b>\$ 80.69</b>	<b>\$ 89.34</b>	<b>\$ 97.99</b>

The Board of Directors also proposes to change the current excess capacity fees to developers to base them solely on projected usage. The Board is proposing to raise the Equivalent Residential Use (ERU) from \$1900.00 (Set in 1994) to \$2000.00, along with increases of approximately 3% for the next 5 years. The new proposed ERU fees will be based on type of use (see chart below). The Board also proposes to charge commercial users a fee for newly installed grease traps and oil-sand interceptors due to City of Kalispell’s EPA mandates on pretreatment. This will ensure that all new developments and connections will pay fairly for the impacts on Evergreen’s sewer collection system. The new proposed fee increases are:

<b>Proposed Facility Fee and be increased approximately 3% over next five years</b>										
<b>Residential</b>			<b>\$ 2,000.00</b>	<b>Per Connection</b>						
<b>Apartments/Duplexes/Multi-family</b>			<b>\$ 1,500.00</b>	<b>Per Unit</b>						
<b>Hotel-Motel/ManCamp Units</b>			<b>\$ 1,000.00</b>	<b>Per Unit</b>						
<b>Commercial Low Use &lt;5640 gallons</b>			<b>\$ 2,000.00</b>							
<b>Commercial High Use &gt;5640 gallons</b>			<b>\$ 2,000.00</b>	<b>+ \$2000.00 per each 5640 gallons over of Comparable Average Use</b>						
<b>Sand-oil Interceptors</b>			<b>\$ 1,000.00</b>							
<b>Currently:</b>	\$1900.00 per ERU based on estimated flows of 188 gallons per day use times the number of connections and comparable average use flows and possible credits depending on 1992 property tax value assessments.									

Any questions or comments can be sent to [info@evergreenwaterdistrict.com](mailto:info@evergreenwaterdistrict.com), by mail to 130 Nicholson Drive, Kalispell, MT 59901, or by calling 406-257-5861. We encourage those with questions and comments to attend the public hearing at the District shop on June 17, 2020, beginning at 7:00 am. The increases, if approved by the Board, will be reflected on August bills (reflecting July usage).