

CUSTOMER INFORMATION

ABOUT PROPOSED RATE AND FEE INCREASES

April 17, 2025

On April 16, 2025 the District's Board of Directors passed a resolution of intent to increase new water and sewer rates and fees. There will be a public hearing on the increases on May 21, 2025 at 7:00 a.m at 130 Nicholson Drive, Kalispell, Montana 59901. Customers and members of the public are welcome to attend or file comments at info@evergreenwaterdistrict.com prior to the hearing.

For more than 60 years of operations, the District kept rate increases to a minimum. It was able to remain one of the lowest cost providers of water and sewer services despite not receiving any revenue from property taxes like other nearby water districts, but with very little investment in replacement or new infrastructure. Even with the current proposed rate increases, the District's water rates will remain one of the lowest in the Flathead Valley.

Why do the rates need to be increased?

There are many reasons why rates need to be increased and they include: system age and the need for capital improvements and upgrades, operating cost increases including those of third-party maintenance providers, City of Kalispell sewer rates and surcharges, and regulatory compliance with unfunded state and federal mandates.

CAPITAL IMPROVMENTS AND UPGRADES

The District's water system is 60 years old. The sewer system is 33 years old. Over that time, the District has had a very cautious approach to system maintenance to keep rates as low as possible. Because of deferred maintenance and upgrades, we have no choice but to replace the systems' obsolete equipment. An engineer's study identified necessary replacements in the sewer system and the District is currently doing a detailed study of the water system. We are approaching system replacements through a detailed 10-year Capital Plan.

To reduce the impact on the District's customers, the District is using state and federal money when available. For example, to help address the estimated \$17 million dollar price tag of six critical system replacement projects, the District secured more than \$6 million in ARPA grant funding from Flathead County and the State of Montana. The

ARPA-funded projects must be completed by December 2025 or the District will forfeit these grant funds. Therefore, we must proceed with these projects now to save ratepayers significant costs and achieve system reliability.

In addition to ARPA grants, the District is actively pursuing several federal and state grants to reduce the burden on the rates our customers pay. As we continue to address issues in our system, we'll keep working hard to take advantage of all sources of non-rate funding. For the rest of the District's system, if it breaks or wears out, we will fix or replace it to keep your water and sewer services available if possible 24/7/365.

Everyone has tried to repair equipment and discovered that the part isn't made anymore or that the new equipment isn't compatible with the old equipment. We have had breakdowns of older equipment and couldn't even order a part on eBay. Our system requires technological upgrades to keep it safe and reliable. The Boil Water Advisory we issued for our system in 2022 resulted from a technology breakdown that required a major new system (SCADA) for the District. This new system for water and sewer is now fully operational but cost over one million dollars.

To handle the increased workload and reduce the cost of expensive on-call outside services, the District has added several staff members, including an in-house District Engineer who will manage all ongoing capital projects. We also now have an expanded accounting staff who manage our finances to meet growing customers and project demands. Like most other water and sewer districts in the Flathead Valley, the District is experiencing an increase in salary, insurance and benefits costs for our employees.

Last year, we purchased an office building and shop in Evergreen to house our larger staff and meet DEQ requirements for a separate water shop. A financial study that looked at all available options for expansion revealed that purchasing a building was the cheapest option. We moved into the new building located at 108 Cooperative Drive in Kalispell last fall. The building that previously housed the District's offices will continue to house our expanded sewer operations in a separate location from water operations, which keeps the District in compliance with DEQ regulations.

OPERATING COST INCREASES

Like everyone, the District has experienced cost increases for utilities, computer software, supplies, materials, and services. The District has also experienced significant cost increases from its maintenance vendors. These costs have doubled in the past couple of years. An example is the cost of the District's septic tank pumpers. These are critical services that the District is unable to provide more economically until the County completes construction of a Septage Treatment Plant, which is expected in 2027.

CITY OF KALISPELL SEWER RATES

The City of Kalispell dictates the cost of the District's wastewater treatment, with the current agreement for treatment running through 2035. The City of Kalispell has imposed cost and surcharge increases for wastewater treatment and requires the District to participate in expensive sewer pretreatment. These costs now consume more than 38% of the District's Sewer budget and 25% of the District's entire operating budget each month. At the same time, since the City refuses to allow any extensions of the District's sewer service boundary, all these increases must be collected from the District's customers in a confined area. The District is now evaluating alternatives to service from the City of Kalispell, but until there is another option, any increases from the City will have an impact on customer rates.

REGULATORY COMPLIANCE

Keeping our water and sewer systems compliant with new and changing regulations is an important but expensive priority for the District. We test our water monthly to bring our customers safe, clean water that meets every applicable health standard. The new Lead & Copper EPA Rule will cost the District over \$10,000 to comply with and requires us to contact each of our more than 3,000 customers about water pipes in houses that are outside of the District's responsibility. We have tested our wells for PFAS as required by EPA and we are working with experts to make sure our testing is accurate and comprehensive. All of our wells have been tested and have come back with no detection of PFAS. Managing our growing systems and meeting all the requirements for safe drinking water requires money for staff, repairs, testing, and maintenance. All these costs must be collected in rates. It's easy to take Evergreen's water supply for granted, but the District's rates and commitment to excellence keep your water safe and tasting great!

Will there be more increases next year?

Likely, yes. In 2021, the City of Kalispell adopted five years of rate increases. Since the City's sewer treatment costs are a major part of the District's operating costs, the District studied all its costs and projected rate increases for that same period. We will do whatever we can to keep costs down and will take a hard look at all the projects each year. Having a five-year rate path helps us spread the costs over that period so the rate increases aren't as big in one year as they might have otherwise been. Unfortunately, there is no easy way to pay for all the cost increases and work that must be done. To be cautious, thorough, and fair, the Board will review increases one year at a time until such time that the District can level rates with a five-year structure.

How do customers keep Water and Sewer bills as low as possible?

1. Reduce your water use, both indoors and outdoors. (See *TIPS* on our website, evergreenwaterdistrict.com. Call us with questions at 406-257-5861.) You pay for water when it comes into your house and sewer when it goes out. Don't let the faucets or sprinklers run needlessly.
2. Consider low-flow toilets and shower heads. Consider low water use appliances.
3. Check for leaks in your toilet, faucets, and outdoors. A leaky toilet can really run up your bill!
4. Call the office at 406-257-5861 if you have concerns about your bills or questions about your usage. The State of Montana no longer has financial assistance for low-income water and sewer customers. We will try to work with you to make sure you can handle your water and sewer bill in these challenging times.