

## CUSTOMER INFORMATION

### ABOUT PROPOSED RATE AND FEE INCREASES

May 3, 2024

On April 24th, 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 15<sup>th</sup> at 7:00 a.m. Customers and members of the public are welcome to attend or file comments at [info@evergreenwaterdistrict.com](mailto:info@evergreenwaterdistrict.com) prior to the hearing.

For more than 50 years of operations, the District kept rate increases to a minimum, which was possible with low costs to deliver water and sewer services and very few investments in replacements or new infrastructure. **Even with the proposed rate increases, the District Water Rates will be the SECOND LOWEST of any water utility in the Flathead Valley.** Unfortunately, our current and proposed new Sewer Rates are higher. The City of Kalispell dictates the cost of our wastewater treatment, including new surcharges since 2021. Our agreement for treatment runs until 2035.

**Over time, as our systems have aged, the need for repairs and replacements has skyrocketed. Still, compared to the increased cost of other necessary expenses, such as groceries, gas, and housing, the District's rates are low.**

#### Why do the rates need to be raised?

There are six main reasons why rates need to be raised: cost increases, system replacements, technological upgrades, regulatory compliance, keeping a supply of water that is safe, and staffing and office building increases.

#### COST INCREASES

Like everyone, the District has experienced dramatic cost increases for utilities, computer software, supplies, materials, and services. The City of Kalispell has imposed huge increases for wastewater treatment, which now consumes more than 30% of the District's 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, but until there is another option, any increases from the City will be a part of rates.

## **SYSTEM REPLACEMENTS**

The District's water system is 57 years old. The sewer system is 30 years old. Over that time, the District has had a very cautious approach to system maintenance to keep rates as low as possible. Now we have no choice but to replace worn-out equipment throughout our system. An engineer's study identified replacements and costs in the sewer system and we are currently doing a detailed study of the water system. We are approaching system replacements through a detailed 10-year Capital Plan.

In order to reduce costs to the District's customers, the District is using state and federal money when available. For example, in order to help address the estimated \$13 million dollar price tag of current system replacement projects, the District secured more than \$6 million in ARPA grant funding from Flathead County and the State of Montana. We have also applied to FEMA and the US Department of Agriculture to offset the costs of repairing flood damage from 2022. As we continue to address issues in our system, we'll keep working hard to find grant 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 at all possible 24/7/365.

## **TECHNOLOGICAL UPGRADES**

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.

## **REGULATORY COMPLIANCE AND KEEPING A WATER SUPPLY THAT IS SAFE**

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 not even the District's responsibility. We will soon start our PFAS testing as required by EPA and we are working with experts to make sure our testing is accurate and comprehensive. 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!

### **STAFFING INCREASES and OFFICE BUILDING EXPANSION**

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 have to manage our finances to meet growing customer and project demands. Our labor costs are still slightly lower than all the other water and sewer utilities in the Valley, but, like most businesses and governmental entities in the Flathead, we are experiencing high salary costs and higher insurance and benefits rates for our employees. This year, we have purchased an office building and shop in Evergreen to house our larger staff and meet DEQ requirements for a separate water shop. We plan to move into the building this fall and will notify customers when our address changes. The existing office building will continue to house our expanded sewer operations in a separate location from water operations, again in compliance with DEQ regulations.

### **Will there be more increases next year?**

In all likelihood, 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 of 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. But to be cautious, thorough, and fair, the Board will review increases one year at a time.

## 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, [www.evergreenwaterdistrict.com](http://www.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.