



Evergreen
Water & Sewer
DISTRICT 1[©]

130 Nicholson Drive
Kalispell, MT 59901
Phone: 406-257-6861
Fax: 406-756-1588
Email: info@evergreenwaterdistrict.com

CUSTOMER INFORMATION

ABOUT PROPOSED RATE AND FEE INCREASES

May 10, 2023

On April 19th, 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 17th at 7:00 a.m. Customers and members of the public are welcome to attend or file comments at 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. **Even with the proposed rate increases, the District Water Rates will be the 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 cost of other items, the District's rates are low.

For example (based on a graphic from Flathead Electric Coop's "Rural Montana" Magazine dated May 2023 with District Water & Sewer proposed costs added):

1. Cost of a Cell Phone: \$5-\$8/ day
2. Cost of Ground Beef: \$4.58/ pound
3. Café Latte: \$4.62/day
4. Flathead Electric Rates for an Average Household: \$3.78/day
5. DISTRICT WATER & SEWER PROPOSED NEW RATE FOR AN AVERAGE HOUSEHOLD: \$2.61/day.

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 water that tastes great, and staffing 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 56 years old. The sewer system is 29 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. A recent study identified replacements and costs in the sewer 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 \$10 million 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 to alleviate the costs of repairing last year's flood damage. 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 had a recent breakdown

with a critical piece 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 last summer resulted from a technology breakdown that will require major new systems (SCADA) for the District. We hope to have these systems fully replaced by early 2024.

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.

KEEPING WATER THAT TASTES GREAT

OUR WATER TASTES GREAT BECAUSE we aren't currently required to treat it with chlorine except in emergency situations or as required by DEQ. OUR CUSTOMERS WANT US TO KEEP IT THAT WAY. Managing our growing systems and meeting all the requirements for safe drinking water requires money for staff, repairs, testing, and maintenance. It's easy to take Evergreen's water supply for granted, but the District's rates and commitment to excellence keep your water tasting great!

STAFFING INCREASES

To handle the increased workload and reduce the cost of expensive on-call outside engineering services, the District has added several staff members, including an in-house District Engineer who will manage all ongoing capital projects. 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.

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. 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 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 bill in these difficult times.