

Water Rate Increase

As you all know Pyramid Mountain Lumber will be shutting down in the fall of 2024 and this will impact everyone in our community. Unfortunately, the mill closure will significantly impact the Water District's monthly income. The mill consumed approximately 20% of the water we produce every month, which has always been an immense help with the district's budget.

What does this mean? In discussions with the Mill, they will be shutting off city water around the end of September. At that point the Water District will have to find a way to make up for that lost income. The water production itself is a relatively small part of the Water District's operation cost, so the loss in production will not lower our expenses anywhere near the loss of income we will incur from the mill closure. All the other line items in the district's budget, such as daily operating expenses, maintenance, insurance, bookkeeping, wages, etc. are fixed costs that will not reduce when we lose one customer, no matter how large it is.

We are in the process of reviewing our budget and operating expenses to see if there is anything we can do to ease the potential burden to our customers. However, the Water District is a non-profit organization and is therefore required to run on a tight budget. Unfortunately, losing \$50-60,000 a year in income is not easy to offset. Currently, the only option is to raise the monthly customer base water fees before the end of 2024. This would equate to a \$10 per month increase per customer, and we understand that this would be a significant increase.

We are doing everything we can to figure out a way to deal with this loss and will continue to do so, but felt that we needed to inform you ahead of time of the substantial impact that the mill closure will have on us, so that the increase does not come as a shock should it be implemented. We will keep in touch with you as we proceed and will be having public hearings this fall in regards to this situation. We do not take this increase lightly and understand that this will be a substantial rise in cost for all our customers.