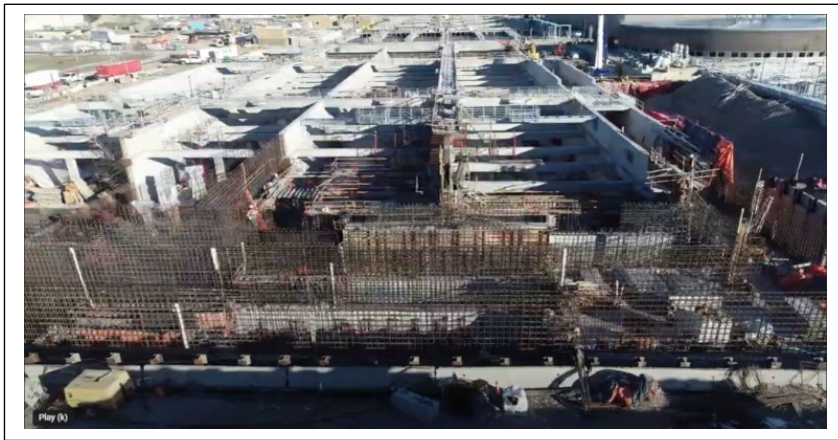


January 23, 2024

The Significant Issues that Determined Water & Sewer Rate Increases.

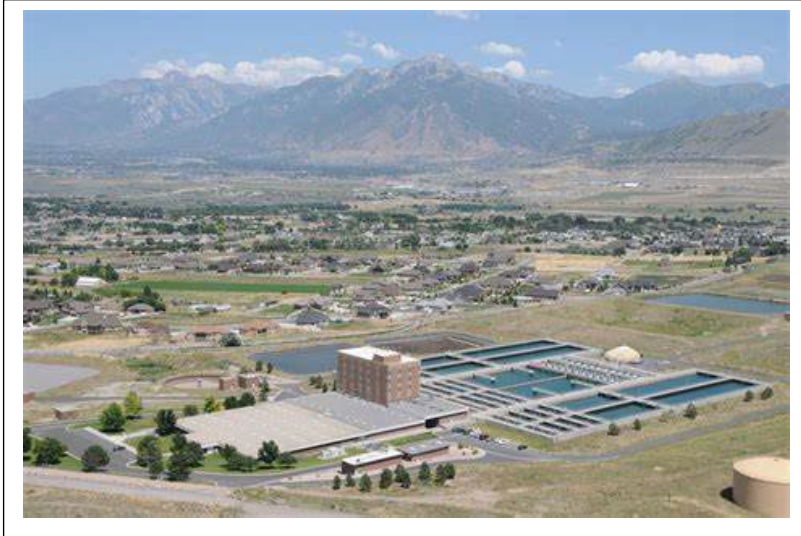
The Kearns Improvement District Management and Board of Trustees are actively striving to minimize the rate increases to our customers and community for safe, clean, and reliable water and sewer service. There have been a number of government mandates and economic factors that have driven the rate increases for 2024. In addition, significant efforts have been made to work with federal and state legislators and agencies to acquire available grant funding opportunities. We would encourage our community and customers to participate in the Board of Trustees meeting where District budgets, rates, and fees are discussed in detail. Below is a summary of the economic, and federal and state regulatory factors that affected the 2024 budget and rate increases:

- **CVWRF Plant Upgrades**



- Along with seven other municipalities and Improvement Districts, the Kearns Improvement District (KID) is an owner of the Central Valley Water Reclamation Facility (CVWRF) that treats our wastewater and discharges it back into the Jordan River and eventually the Great Salt Lake.
- The Environmental Protection Agency and the Utah Department of Water Quality have mandated that the CVWRF treatment facility be updated and reconstructed to reduce the ammonia and phosphorus concentrations in the treated water that are discharged back into the Jordan River.
- These treatment facility upgrades, and reconstruction have cost the CVWRF partners \$500,000,000.00 to meet the mandated limits.
- This mandate has significantly impacted the rate increase to the KID customers.

- **JVWCD Wholesale Water Rate Increases (4.9%)**



- KID purchases 93% of the water provided to our customers from the wholesale water provider Jordan Valley Water Conservancy District (JVWCD).
- JVWCD has had several infrastructure upgrade projects, and the renovation and seismic upgrade of a major portion of the water treatment facility near the southern end of the Salt Lake Valley this past year.
- With our ongoing drought and the need to secure this precious resource, JVWCD has begun drought resiliency projects and groundwater modification projects to enhance our ability to provide water even in these drier years.
- Each of these projects cost several million dollars.

- **Cybersecurity Infrastructure Upgrades**



- The Cybersecurity and Infrastructure Security Agency (CISA), the Environmental Protection Agency (EPA), and the Utah Division of Drinking Water (DDW) have issued alerts and warnings that the nations water providers are under threat from foreign cyber terrorist groups (specifically China, Russia, Iran) seeking to disrupt the delivery of water.
- To meet this threat, risk and resiliency mandates have been issued by these agencies to providers such as KID, to upgrade our systems to protect the water supply. This past year KID spent in excess of \$1.6 million dollars to upgrade system hardware and software to maintain the quality and integrity of our delivery system and to defend against these cyber threats.

- **Lead & Copper Rule unfunded Mandates**



- We have provided an informational film as to what these federal and state mandates are, and what is required to comply with them. Please visit our website at www.KIDWater4UT.gov and click on the “Lead & Copper” tab. This effort has required KID to expend significant resources and funds, over multiple years, to comply with this requirement.

- **Inflation 3.5%**

- We have all experienced the inflation pinch. KID is no different.



- **Material & Construction Costs Increases (100% +)**



- Since 2021 and the COVID pandemic, KID has experienced a cost doubling of specialized water and sewer infrastructure materials and delays in acquiring these items up to nine months. Also, major projects have doubled in costs from engineering estimates in 2021 to bidding in 2022. The required sewer outfall line replacement in 4700 South estimated in 2021 to have a construction cost of \$7 million dollars was bid in 2022 and constructed in 2023 at a cost of \$15 million dollars. These types of increases have significantly impacted the water and sewer industry as a whole.

- **Grants**



- KID applied for and received a federal grant through the Community Block Grant program of \$2,100,000 for the 5400 South Waterline Replacement project.
- KID also applied for a federal grant for \$1,000,000 for the Kearns Jr. High School Water Line Replacement. The grant was approved for Federal Legislative House Appropriations consideration.
- KID received a grant for \$100,000 from the Utah Division of Drinking Water for the Lead and Copper Rule compliance effort.
- KID received \$70,000 from JWCD for WaterSaver's Landscape Grants.