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January 11, 2012

Dear Greater Ramsey Water District Members:

The bill being sent to you at the end of January will contain an increase in both the water and sewer rates. The district has seen significant increases in the cost of producing and delivering water and the collection and treatment of sewage. The cost of electricity has increased dramatically over the past years and will continue, sewage treatment costs due to infiltration have doubled and costs due to flooding increase with every rise of the lake.

We have been holding down the operating expenses wherever possible, adjusting the allocation of fixed costs, completing construction projects in-house all during the stress of dealing with the rising lake. Even with these efforts we still need to increase the rates.

The water rate per 1000 gallons will increase from \$3.50 per 1000 gallons to \$3.75 per 1000 gallons. This is still one of the lowest rates for water among rural water systems in the state. The sewer rate will increase \$5.00 per month per tank.

GRWD saw a small net increase in water customers but a net decrease in the sewer customers due to flooding, dike home removal and road construction. The time and effort needed to maintain the system, project management and issues due to flooding have put a strain on the staff for several years which has required management to increase operations staff. The additional field staff will begin sometime in the spring of 2012.

The construction season of 2011 was a busy one for GRWD. The district completed projects which rerouted the water and sewer lines that serve the west side of Creel Bay and the Acorn Ridge area. The projects cost approximately \$800,000 and were funded with grant funds and district funds. The 2012 construction season is in the planning stages with several large projects to complete which include, relocating sewer lift stations on the west side of Creel Bay, installing water valves on lines which are under the lake and dealing with more flooding and dike issues.

Here at GRWD we will do our best to continue the service you have been accustomed to receiving. We regret having to increase the rates but the Board of Directors' philosophy is that small, regular increases in the water rate are better than a large catch up increase. Any sewer system is costly to maintain, replace and operate but the flooding is something we cannot control, only deal with.

Sincerely,

A handwritten signature in cursive script that reads "Nels Halgren".

Nels Halgren  
GRWD Manager