



Citizens for a Better Flathead is speaking on behalf of many ratepayers and Flathead County residents who are deeply concerned about this rate increase for many reasons. First, we'd like to reiterate that holding a public hearing at 2:00 pm on a Tuesday does not allow for meaningful public comment as many working residents and ratepayers are not able to attend the meeting. CBF and Bruce Young, a ratepayer, asked that the meeting be moved to a more accommodating time, but the District did not comply and decidedly held this public hearing during its regularly scheduled Board meeting. Additionally, LCWSD has failed to provide information requested at the June 17, 2025 Board meeting and previously by verbal and written public comment. LCWSD has failed to produce and provide for the public the following documents:

1. **A comprehensive sewer rate, tax and fee study**, by an independent, qualified consultant covering a minimum of five years. This study would show why these proposed rate increases are justified and explain how many more rate increases are planned to cover the expansion plans that have recently jumped from the original prediction of \$24 million to some \$58 million. The study should also include **all bonding costs (current and future), details of any potential future levies, and details of the \$20 million loan** announced at the May 20th open house.
2. **Legally required audits of the District's finances**, which the District has failed to produce since 2021. While the District provided CBF with the contract depicting a biennial audit schedule between a CPA and LCWSD, this is not an audit. Regardless of the biennial schedule, the District should have produced a 2023 audit as well as a 2025 audit. Additionally, financial documents must be provided that include **the required annual calculations of charges for services under 7-13-2301, MCA for the last five years**. This has not been posted for public review on LCWSD's website, despite LCWSD having annual 5% rate increases since 2021.
3. **LCWSD's Board approved detailed budgets showing income and expenses for five years, including 2025. It is totally unacceptable and perhaps illegal that LCWSD is holding the rate increase hearing when it is currently operating since June 30, 2025 operating without any new budget for FY 2026.** The financial reports provided as part of your agenda packet are not a budget and do not meet your legal requirement to produce an annual budget, meaning LCWSD is not meeting the Montana Local Government Act state standards. Additionally, the District has failed for many years to attach to its minutes as is legally required, so the public can review them, annual budgets as adopted and all public comments such as these we are making today.

4. **Additionally, a capital improvement plan (CIP) covering the next five years** must be provided as is standard practice for local government bodies. This CIP should be posted on the LCWSD website and readily available for public review. A CIP is necessary to inform the public of the costs for expansion in addition to mere maintenance, which for the current facility has been allowed to slip into disrepair for far too long with pipes and lifestations at risk of failure after some 40 years of service. LCWSD's budget and CIP must show that it has reserved funds to address this required maintenance. **A CIP for five to twenty years into the future is the only real way to be fully transparent about the annual maintenance costs this proposed LCWSD expansion will place on district ratepayers and how it will likely drive their monthly bills much, much higher.**
5. Documents and an accompanying explanation as to **why LCWSD just approved a new and expensive work order for a contractor to complete "development plans" for the District. These development plans would essentially allow LCWSD to pre-sell all District future capacity to more new subdivisions, such as Flathead Lake Club.** LCWSD was the only sewer and water district that spoke in support of HB 534 during the legislative session's public hearing, to the best of CBF's knowledge as no public comment was provided for public inspection by the legislation during the session. Ratepayers were not given any notice or opportunity to comment on LCWSD's position and advocacy in support of this new legislation. But, now an expenditure by this District for a "Development Plan" that would enable the District to pre-sell all District future capacity should go to the voters of this district for consideration and should go through a legally required adoption process as an ordinance not as a resolution.
6. Provide the contract to all ratepayers, by posting it on your website, that LCWSD Board approved without ratepayer knowledge that obligates that LCWSD reserve 50% of its newly approved 200,000 gallons per day of sewage capacity for the new, exclusive, luxury subdivision, Flathead Lake Club. Provide the public with an explanation as to how this benefits and impacts existing ratepayers even with the developer replacing some older sewer lines. CBF was only able to obtain the service agreement between LCWSD and Flathead Lake Club after multiple requests and investigation into the identity of the name-changing subdivision. After comparing geo-coordinates and inquiring at the County Planning Office, CBF was able to ascertain that Discovery Land, Territory 1889 and Flathead Lake Club are the same entity. The public should not have to allocate hours of time to ascertain whether a luxury subdivision would be served by its small water and sewer district and how this might impact their monthly rates. While the District has claimed that the \$18 million of funding the Flathead Lake Club t has pledged to replace a series of old pipes and lift stations, in this agreement, these replacements are only required to be sized to serve the needs of the Lakeside Club and not any other future users. The impacts of this agreement are incredibly large as half of the newly approved sewage capacity has already been allotted to it.

7. Additionally, we are requesting further clarification on if LCWSD is still planning to take over the operations and maintenance of the Flathead Lake Club's Phase I and Phase II (with potential for Phase III onward). Clause No. 37 of Flathead Lake Club's agreement with LCWSD allows it to withdraw from this agreement at any time. At the Planning Board meeting on July 9, the developers explained that they were considering an on-site wastewater treatment plant. Please explain how Flathead Lake Club's withdrawal from their agreement with LCWSD for any reason will impact rates and the expansion in general.
8. It is time to revisit the wisdom behind the now \$58 million dollar expansion proposed for the LCWSD. It is not too late to change course. Flathead County needs to find a safer location for a facility to handle all the county's septic waste. And, better yet the County and large new subdivisions, need to invest in new technology that turns sewage into energy or treats it to a drinking water standard as the new expandable modular system recently installed StreamGo system at the Yellow Bay Biological Station on the shore of Flathead Lake now does.

In closing, Citizens for a Better Flathead presents the LCWSD Board with a petition, signed by many ratepayers and concerned Flathead County citizens depicting these concerns as set forth in our comments today. This petition serves as yet another request for these documents and a demand from citizens whom you represent that a decision on this rate increase must be tabled, at the very least, until these documents are provided to the public in a reasonable manner and with reasonable and adequate time to review the information. Provisions of these documents must also be accompanied with multiple evening Q&A sessions for the public to raise questions and get clear answers. Evening sessions are imperative as this would allow more ratepayers to attend.

As it stands, this rate increase is unjustified as no documents have been presented to the public, outside of a display board at the open house. The public has been "kept in the dark" regarding too many decisions the District Board makes, especially pertaining to information that would describe or explain the increase. There is no reason that these documents cannot and should not be made available with adequate and reasonable time for their consideration by the public. Most importantly, now is the time for ratepayers and the District Board to give serious new considerations to staying small, doing small upgrades, and keeping rates for the district reasonable and affordable, with the goal of being the best small sewer district in the county.

Ratepayers for LCWSD or Somers Water & Sewer District Total: 262

Concerned Citizens Total: 83

Petition Signatures Total: 345