

Dear Customer,

The increase that you see in your assessment reflects the economic reality that we all live in today. We take assessment increases very seriously and this increase positions the District to sustain high quality service within a rapidly growing and changing area despite inflation and labor issues. Sustained local growth is translating into a continued need for strategic investments in quality staffing, succession planning, programming, and modernization projects that will protect and enhance the viability of our water rights for the next generation. The District's small hydroelectric facility continues to offset expenses. However, as hydropower sales rates are projected to decline dramatically in the coming years, we continue to position the District to be able to address that possibility. Unfortunately, the cost of doing business is increasing its pace. The District maintains a positive net position, manages tight budgets, and continues to modernize our infrastructure primarily utilizing state and federal grant dollars. The District provides one of the most affordable water delivery services in the Deschutes Basin. We are happy to report to you that the District is financially sound and committed to responsible and proactive planning in the face of unprecedented growth and urbanization.

We appreciate your patronage and look forward to continuing to serve you well into the future.

Sincerely,

The Swalley Irrigation District Board of Directors & Management