

Water Committee **Report to the membership at the April 30, 2016 Annual meeting**

**1. Budget and spending to date for water year 2015/16** (May 1, 2015 to April 30, 2016)

- A. Board-approved budget: \$7,875  
 Spent as of April 27, 2016: \$6,314  
 Approved minus spent: \$1,561 (available for contribution to reserve account)
- B. Balance as of April 27, 2016: \$2,651  
 Balance May 1, 2015 (start of water year): \$1,297  
 Increase in balance: \$1,354

- Methods A and B are two separate ways of assessing financial performance. The two methods will not match. Method B includes income and costs. Method A focuses on the cost side.
- Line item accounting of budgeted cost and actual cost (Method A).

Line item	Budgeted cost	Actual cost	Explanation
1. Electric line to reservoir	\$2,000	\$0	Deferred in favor of water hammer mitigation (line 3)
2. Two flushing hydrants	\$1,200	\$0	Deferred in favor of tank for water outages (line 4)
3. Water hammer mitigation (added during the year)	\$2,257	\$2,887	Two engineers were consulted & recommended replacing a section of pipe with a history of leaks/breaks. Replacement solved three problems: 1) substandard pipe psi rating, 2) pipe was too narrow, creating water hammer, 3) unnecessary bends, contributing to water hammer (4 or 5 removed). Bid of \$2,257 approved by Board mid-year. Cost higher than bid, due to 190 feet actual vs. 150 feet estimated on bid.
4. Tank for water outages (added during the year)	\$500	\$480	Approved by Board mid-year. 200 gallon tank, fittings, and hoses.
5. Unanticipated repairs	\$1,500	\$670	Break in pipe on Association side of meter box. This was the second discovery of substandard pipe between a main and a meter box.
6. Base operations	\$1,175	\$1,527	Electricity, sampling, OAWU dues, mailings, checks.
7. Voluntary meter conversions	\$0	\$689	Not budgeted because we anticipated the fee would generate close to 100% recovery of cost. However, installation cost was much higher than anticipated. After a supplementary (voluntary) fee, the final unrecovered cost was \$689.
8. Painting of fire hydrants and fire-fighting barrels	\$0	\$61	Not budgeted because cost of paint was minimal and labor was volunteered.
9. Initial budgeted cost (lines 1, 2, 5-8)	\$5,875		Excludes substituted projects in lines 3 and 4.
10. Totals with substitutions (lines 3-8)	\$5,432	\$6,314	Excludes deferred projects in lines 1 and 2.
11. Contribution to reserve account	\$2,000		Lines 11-13 incorporate the reserve account.
12. Initial budgeted cost plus budgeted contribution to reserve account	\$7,875		Line 9 plus line 11
13. Available for contribution to reserve account (line 12 budgeted minus line 10 actual)		\$1,561	Shortfall of \$439 relative to budgeted amount of \$2,000 in line 11. We currently have only an operating account. A separate reserve account will be set up in the future.

## 2. 2016/17 water year budget (May 1, 2016 to April 30, 2017)

- Board-approved budget of \$12,765.
- Total of \$11,615 planned at present (incorporates removal of two projects).
- Projected revenue: If everyone pays, revenue for 2016/17 is expected to be \$12,950 from the \$350/lot base fee and \$3,090 from use fee ( $\$6.45/1000 \text{ g.} \times [564,000 \text{ g.} \times 0.85 = \text{predicted use of } 479,000 \text{ g.}] = \$16,040$ )
- Line item budget

Line item	Nov. 2015 Budgeted cost	April 2016 Budgeted cost	Justification
1. Below-ground electric line to reservoir	\$6,265	\$6,265	Needed to improve functioning and dependability of the telemetry system, and secondarily to provide enhanced maintenance (and future operational) capability at the reservoir. Consultation with an electrician showed the planned approach did not meet electrical codes; remedying these oversights has resulted in a much higher cost compared to one year ago.
2. Flushing hydrants on legs east of Lostine River Road	\$2,200	\$2,200	Needed for maintenance flushing and for disinfecting after breaks or other contamination events.
3. Install two missing check valves discovered in meter box	\$400	\$0	Needed to protect against cross-contamination. Miscommunication occurred because check valves present at April meter reading – <b>this project has been removed.</b>
4. Improved method for disinfection	\$750	\$0	Needed for disinfection after breaks or other contamination events. Oregon Association of Water Utilities provided an alternative approved method that has a near zero cost (in exchange for a longer down time for disinfection). Water Committee decided to adopt this alternative method so <b>this project has been removed.</b>
5. Base operations	\$1,500	\$1,500	Electricity, sampling, OAWU dues, mailings.
6. Unanticipated repairs	\$1,500	\$1,500	
7. Consultation with professionals	\$150	\$150	New line item. The past year's experience demonstrated the importance of professional advice.
8. Total, lines 1,2,5,6,7	\$12,765	\$11,615	
9. Predicted contribution to reserve account	\$3,275	\$5,082	Projected income minus line 8. <b>Revised</b> projected revenue is expected to be \$12,950 from the \$350/lot base fee and \$3,747 from use fee ( $\$6.45/1000 \text{ g.} \times \mathbf{581,000 \text{ g.}} = \$16,697$ (increased \$657 after April meter readings of water use)

## 3. Water system plan

- Composed of a maintenance plan, reserve study, and reserve account that work together to ensure the viability of the water system for 30 years.
- Plan is needed to better understand an appropriate target and schedule for our reserve account.
- Plan will include information (with revisions) in water system presentations made at 2015 annual meeting.
- Professional evaluation of our water system by the Oregon Association of Water Utilities. Part 1 in December 2015. Part 2 will include a written report; was scheduled for April 2016 but OAWU had to cancel (will be rescheduled). Information from the evaluation will be incorporated into the plan.
- Draft 30-year plan will be reviewed by the Water Committee this summer, presented to the Board at their fall meeting, and presented to the membership at next year's annual meeting.

Submitted April 27, 2016 for the Annual Meeting.