

1. Budget status

- Current sum of 3 balances is ~\$21,563. This sum will not match the Treasurer’s water system bank account balance. The sum reflects expenditures and how well *projected* revenue matches the total budget; the bank account balance reflects revenue *received* and expenditures.
  - \$2,953 in operating budget                      (line 9: \$11,900 minus \$8,947)
  - \$15,010 in capital reserve fund            (\$13,010 starting balance) + (\$7,000 contribution received) minus (\$5,000 to establish emergencies fund)
  - ~\$3,600 emergencies fund                      (established at \$5,000 from capital reserve fund) minus (~\$1,400 shortfall between projected income of ~\$17,500 and the \$18,900 total budget). This is the preferred place to levy the shortfall.
- The estimated end-of-water year operating budget balance is ~\$1,200 (line 9: \$11,900 minus \$10,722). This assumes no new unanticipated costs; assumes #3,5,6,7 do not exceed their budgeted cost; and defers #4 to next water year. Therefore the loss-of-communication problem (#3) may not get fixed until April.

Line item	Budgeted cost	Current cost
1. Finish repair of Feb. 2018 water main rupture	\$ 1,600	\$ 579 Meter had to be replaced instead of repaired, 2.5 hrs labor <u>\$2,368</u> Reconnect main to fire hydrant (\$660 labor, \$750 equipment, \$2,947 Total \$958 materials)
2. Water level sensor and automated data recording system	\$ 1,100	\$1,050 purchase Installation was to be done by committee. When trying to remove the cap to drill an access hole to install the cable and sensor, the assembly cracked. Per the La Grande well company the assembly was not available for purchase so it had to be fabricated, and the pipe string must be lifted in order to replace the cap. Repair cost goes to contingency.
3. Telemetry relay or better antennas	\$ 1,000 prelimin. estimate	\$670 Estimate – work done, bill not received yet. Enterprise Electric ran diagnostics and recommended a new controller before better antennas. Unfortunately it did not fix the loss-of-communication problem.
4. Repair of valve at NW corner of Tamarack Road	\$ 1,000	\$0 Lowest priority project – defer due to budget situation.
5. Purchase of pipe for inventory	\$ 2,000	\$1,767 Couplers not purchased yet.
6. OAWU-recommended improvements	\$ 200	\$32 Several projects to be done this fall.
7. Base operations	\$ 2,000	\$956 (includes one pressure transducer to inventory)
8. <del>Emergencies</del> Contingency (unanticipated repairs and cost overruns)	\$ 3,000	Title was an error -- emergencies fund was established this year at \$5,000 so annual contribution to emergencies fund begins next year.  \$ 625 Telemetry diagnostics and repair: parts and 5 hrs labor (2 visits). <u>\$ 900</u> Estimate for well cap work to be done later this month \$1,525 Total
9. Total operating budget, lines 1 to 8	\$11,900	\$ 8,947 Current cost including two estimates <u>\$ 1,775</u> Add likely-to-be-spent money remaining in lines #3,5,6,7. \$10,722 End of water year cost estimate
10. Capital reserve annual contribution	\$ 7,000	\$7,000
11. Total budget, lines 9+10	\$18,900	

Two breaks so far this water year. Both were on an owner’s private line – water system not responsible for cost.

- 2) 30-Year Plan
  - Final product submitted for Board approval.
  - Hire expert to perform on-the-ground assessment of expected lifetimes of assets.
- 3) Revision of Operation and Maintenance Manual is underway.
- 4) Thinning project (removing hazard trees) along the reservoir is done. Paid by the HLOA General Fund.
- 5) Consider using an online bank savings account with check-writing ability – we could earn \$400 more interest per year (at current balance).

## Water Committee recommendations of October 12 2018

- 1) Recommend hiring of Enterprise and Lostine water system operator this fall to do an on-the-ground assessment of the lifetimes for our assets.
  - In some cases, failure and repair may be more cost-effective than replacement. Estimate savings with this approach.
  - In some cases, replacement may be pushed further into the future with a high degree of confidence. Enter new dates in replacement schedule.
  - Assess telemetry. Telemetry is unacceptable to an operator; HLOA may need to cut losses on repairs and do a replacement if an off-the-shelf turn-key system can be found.
  - Update section 4.3 of Plan for spring meetings.
- 2) Strategy for funding replacements in 2030-2050 timeframe.
  - Recommendation in Plan was to hire experts to develop a strategy in 2019 or 2020.
  - Basic questions are: How many grants can the HLOA get, how much should the HLOA rely on loans versus the capital reserve fund, and do we need to increase the capital reserve fund target?
  - We are somewhat hamstrung prior to becoming a community water system about 5 years from now.
    - Very limited access to grants
    - Poorer access to loans and poorer loan terms
    - Water Committee
  - Water Committee recommends waiting to hire experts until the HLOA becomes a community water system, in part because it was felt owners would object to a substantial increase in the capital reserve fund target.
- 3) Upgrade seven old underground meters to remote-read meters sooner rather than later.
  - Motivated by 4 leaks on private lines in last 9 months.
  - Water Committee requests approval from Board to send letters (signed by Board?) informing owners of necessity of upgrade and asking for reimbursement of ~\$500 cost for purchase and install.
  - Do four in 2019 and defer three to 2020 for budgetary reasons (i.e., in case some owners do not reimburse).