

LLCC Water Budget Assumptions

Fiscal Year Oct 1, 2021 – September 30, 2022

As a result of discovering our Water System needs significant upgrades to satisfy required fire flow requirements, we are having to increase revenue. With the increased revenue the Water System will be initiating a number of projects:

- Perform a thorough evaluation of our actual well capacities and flow capabilities.
- Install further instrumentation to continuously measure the actual flow into the water system to supply demand.
- Upgrade the water billing system to provide better information to the members and make the information available online.
- Make upgrades and improvements to the Water System as a result of the recent RH2 engineering reports.
- Engage engineers to develop specific projects to improve the fire flow capabilities.
- Improve security and monitoring capability at each of the well sites.

The increased revenue is necessary to cover the increased operational costs, asset replacement and system improvements required for our nearly 60-year-old water system as it approaches its useful service life.

The fees for this year are based on covering our current operating expenses. We have not included additional monies to go into reserve accounts, other than the current \$8.00 per lot per month that has been ongoing since 2012.

Future rate increases can be anticipated as the system ages, demands for water usage increase, and maintenance costs rise.

- 1) Watered meter rates increase as follows:
 - a. \$50.00 per lot for 4000 gallons
 - b. 4001 gallons – 8,000 gallons \$3.50 per 1000 gallons
 - c. 8,001 – 10,000 gallons \$4.50 per 1000 gallons
 - d. 10,001 and over \$5.50 per 1000 gallons
- 2) Non metered lots increase from \$18.00 per month to \$25.00 per month
- 3) Locked Metered lots increase from \$18.00 per month to \$25.00 per month
- 4) ½ Lots increase from \$9.00 per month to \$12.50 per month
- 5) All water revenue rates include \$8.00 per month to reserves for full lots and \$4.00 per month to half lots
- 6) Anticipate revenue from future excess usage charges to diminish as people fix leaks and conserve water due to increased excess water-usage rates.
- 7) Interest income from current reserves/savings estimated to be about \$2,400 due to management of CD investments.
- 8) Current interest expense rate on Well #6 loan is 1.5%
- 9) Utility tax – current rate of 5% based on water usage.
- 10) Staffing continues with 3 full time staff; 2 operational and 1 office.
- 11) Navy Railroad water line move not anticipated to occur in the upcoming fiscal year. However, there may be a minor amount of engineering and legal expenses during the year. As this is pending legal resolution, a minor cost is shown in the list of capital budget “Pending possible capital projects”.