

Water Budget Assumptions

Fiscal Year October 1, 2022 – September 30, 2023

As a result of ongoing study and review of revenue the LLCC Water Committee has determined that several projects will need to be continued and new tasks initiated:

- Continue with a thorough evaluation of our actual well capacities
- Continue upgrading/installing instrumentation to continuously measure actual flow into the water system
- Finalize the water billing system to provide better information to the members and make information available online
- Continue working with RH2 Engineering on upgrades and improvements to the water system
- Engage engineers to develop specific projects to improve system capabilities
- Improve security and monitoring capability
- Develop an efficient and effective asset management and inventory control process
- Seek input from the entire community regarding the desire and need to provide adequate fire flow from hydrants.
- Create short and long-term planning processes to assure continued excellent water availability.
- Carefully evaluate reserve capabilities and increase savings for emergencies and replacement of aging infrastructure

This list is not complete, but will serve as an initial planning tool for the coming year(s).

With the above tasks in mind, the Water Committee is fully aware that both the increase in water rates and reduction in monthly base usage from 10,000 gallons to 5,000 caused significant concern to water system customers who were accustomed to lower rates. Due to member concerns, the base monthly usage will be raised to 6,000 gallons. This will reduce revenue projections.

It is inevitable that rates will continue to rise in the years to come just to keep even with inflation. Likewise higher operating costs will come as we are forced to deal with an aging system, escalating labor costs, technology demands, funding reserves, and myriad unforeseen expenses.

While budgets reflecting revenues and expenses are the result of estimates supported by data, research, and extensive experience, they are still only best estimates. The Water Committee has diligently worked to build a conservative (low level of revenues vs. increased expenses), balanced budget. With that goal, the Water Committee listened carefully to member concerns in creating a realistic budget proposal for the Lake Limerick Board of Directors. Inflation, an aging system more prone to wear and leaks, the need for greater reserves, and user concerns were all factored into the final proposal. The goal is to meet our fiduciary responsibilities as effectively and efficiently as possible.

1. Inflationary factors continue to be challenging to predict, and are planned in the budget to continue for the next fiscal year at the following rates:
 - a. Labor Cost of Living Adjustment 8%
 - b. Health insurance premium estimated to increase 14%
 - c. General liability insurance premium estimated to increase 12%. Water portion @25%
 - d. Fuel estimated to increase 40%
 - e. Supplies estimated to increase by 20%
 - f. Telecom and Utilities estimated to increase 8%
2. Inflation will affect Water expenses. The annual Consumer Price Index was at a rate of 8.6% for May. Current monthly base Water rates effective October 1, 2021, are \$42.00 for full metered lots plus \$8 for reserve accounts, \$25 for full non-metered lots with \$8 for reserve accounts, and \$12.50 for half lots with \$4 into the reserve account. Additional metered water consumption is currently charged on a tiered rate structure for usage above 5,000 gallons.
3. Based on all of the above data, the 2022-2023 Lake Limerick Water System budget proposes to leave the base water rate at \$42.00 per month for metered lots, increase the monthly amount for reserves from \$8.00 to \$12.00, and raise the \$42.00 base-rate gallons allotted from 5,000 to 6,000 gallons per month. The excess usage rates will be modestly increased with tiers of 15,000 and 20,000 gallons being added. This will result in an overall increase for the majority of rate-payers from \$50.00 to \$54.00 per month because of increased reserves. This is less than the projected annual rate of inflation, but still moves the system closer to long-term viability.
4. A user fee chart will be proposed during the 2022-2023 fiscal year to reflect extraordinary costs incurred for extra services.
5. Under this budget proposal revenues will remain about the same as in the previous year. Expenses (such as professional fees and employee costs) in some categories will be reduced and others (such as utilities and insurance) of necessity will be increased while still attaining a balanced budget.
6. The Water Committee needs to formalize a Reserve Study for Water System operations, maintenance and improvements based on the preliminary work done by Northwest Water Systems. Through the Water Committee, the Board continues to review and maintain Water System assets.
7. Legal fees budgeted at approximately \$400 per month as a portion of total HOA legal expenses. If the Navy railroad trestle seismic retrofit project proceeds, Water may require legal assistance to recover costs of having to relocate water mains
8. Payroll expense burden estimated @12% for Social Security, Medicare, Workman's Comp and Unemployment Insurance.
9. The HOA is acquiring a new phone system. The Water Department will need 2 desk phones out of the total of 10 phone sets so the Water Department will be responsible for about 20% of the capital and operating costs of the new phone system.
10. The Water Department is planning to request the services of 2 personnel from Greens to help maintain the area around water boxes during the off season. It is estimated the work would take 2 people 2 weeks each to accomplish this task.
11. According to the State DOH and DOE, the Water System is required to establish a goal to conserve water resources. The Water System will establish a goal to reduce annual water consumption by up to 3% through reduction in leaks and encouraging member conservation.

The Lake Limerick Water System Committee