

Hornbrook Community Service District Staff Report

To: HCSD Board of Directors

From: Peter Kampa, General Manager

Topic: AGENDA ITEM 5. DISCUSSION AND ACTION ITEMS:

Item b. Discussion and action related to an interim water rate increase proposal, and establishing a public hearing date for the receipt of comments and protests on the proposed rates

Board Meeting Date: December 20, 2017

Recommended Motion:

I move to direct staff to develop a water rate proposal for the January 24, 2018 Board meeting, including the draft notice of hearing and customer rate increase letter.

Summary:

Staff has developed two proposed options to balance the District budget. The Option 1 expense budget was proposed at our November 2017 meeting, and as discussed, the resulting water rate increase have been distributed proportionally to all customers.

Option 2, attached was developed to review the water rate impact of simply covering the cost of operations without adding any additional expense.

Option 1
Water Service Expense and Revenue Evaluation

Expense Item	Total Expenses		Projected		Change
	Through November 2017	Through December 31, 2017	Through December 31, 2018	Proposed 2018	
Payroll Expenses (includes staff or potential contracted maintenance work)	\$ 16,500	\$ 18,000	\$ 32,175	\$ 14,175	\$ 14,175
Personnel Reimbursement, Vehicle (meter reading, system maintenance)	\$ -	\$ -	\$ 300	\$ 300	\$ 300
Accounting Contract and Billing services	\$ 8,250	\$ 9,000	\$ 18,000	\$ 9,000	\$ 9,000
Pacific Power	\$ 11,811	\$ 12,885	\$ 12,885	\$ -	\$ -
Basic Laboratory	\$ 1,679	\$ 1,832	\$ 1,832	\$ -	\$ -
System Maintenance Materials and Supplies	\$ 600	\$ 800	\$ 1,500	\$ 700	\$ 700
System Equipment Replacement	\$ 1,000	\$ 1,000	\$ 2,000	\$ 1,000	\$ 1,000
Chemicals	\$ 6,340	\$ 6,916	\$ 7,000	\$ 84	\$ 84
Plant Restroom - Siskiyou Sanitary	\$ 835	\$ 911	\$ 900	\$ (11)	\$ (11)
State Water Resources Control Board - Permit	\$ 151	\$ 151	\$ 160	\$ 9	\$ 9
AT&T	\$ 1,650	\$ 1,800	\$ 1,800	\$ -	\$ -
Business Insurance	\$ 2,423	\$ 2,423	\$ 2,423	\$ -	\$ -
Office Supplies	\$ 800	\$ 1,000	\$ 1,200	\$ 200	\$ 200
Hornbrook Community Association	\$ 1,100	\$ 1,200	\$ 1,200	\$ -	\$ -
Publications - Legal Notices	\$ 100	\$ 200	\$ 200	\$ -	\$ -
Murphy, Pearson, Bradley & Feeney, P.C. (per agreement)	\$ 11,000	\$ 12,000	\$ 12,000	\$ -	\$ -
Kirsher, Winston, & Boston (Per Statement)	\$ 16,500	\$ 18,000	\$ 18,000	\$ -	\$ -
Kampa Community Solutions - (per agreement)	\$ 18,500	\$ 20,000	\$ 20,000	\$ -	\$ -
Digital Deployment - Streamline - website	\$ 550	\$ 600	\$ 600	\$ -	\$ -
Operating Contingency (10%)	\$ -	\$ -	\$ 6,709	\$ 6,709	\$ 6,709
System Capital Improvement Planning and Implementation	\$ -	\$ -	\$ 10,000	\$ 10,000	\$ 10,000
Total	\$ 99,789	\$ 108,718	\$ 150,884	\$ 42,166	\$ 42,166

Customer Class	Count	Benefit Factor	Monthly Revenue Generated	
			Monthly Rate	Monthly Revenue Generated
Residential Customers	128.00	1.00	\$ 77.50	\$ 9,920
Commercial Customers	4.00	4.23	\$ 327.83	\$ 1,311
Government Customers	3.00	5.76	\$ 446.40	\$ 1,339
Total Monthly Revenue				\$ 12,571

Annual Revenue Generated	\$ 150,846
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Customer Class	Current Rate	Proposed		
		Monthly Rate	Increase	% Change
Residential Customers	\$ 39.00	\$ 77.50	\$ 38.50	99%
Commercial Customers	\$ 165.00	\$ 327.83	\$ 162.83	99%
Government Customers	\$ 225.00	\$ 446.40	\$ 221.40	98%

Option 2
Water Service Expense and Revenue Evaluation

Expense Item	Total Expenses		Projected		Change
	Through November 2017	Through December 31, 2017	Through December 31, 2017	Proposed 2018	
Payroll Expenses (includes staff or potential contracted maintenance work)	\$ 16,500	\$ 18,000	\$ 18,000	\$ 18,000	\$ -
Personnel Reimbursement, Vehicle (meter reading, system maintenance)	\$ -	\$ -	\$ -	\$ 300	\$ 300
Accounting Contract and Billing services	\$ 8,250	\$ 9,000	\$ 9,000	\$ 9,000	\$ -
Pacific Power	\$ 11,811	\$ 12,885	\$ 12,885	\$ 12,885	\$ -
Basic Laboratory	\$ 1,679	\$ 1,832	\$ 1,832	\$ 1,832	\$ -
System Maintenance Materials and Supplies	\$ 600	\$ 800	\$ 800	\$ 800	\$ -
System Equipment Replacement	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Chemicals	\$ 6,340	\$ 6,916	\$ 6,916	\$ 6,916	\$ -
Plant Restroom - Siskiyou Sanitary	\$ 835	\$ 911	\$ 911	\$ 911	\$ -
State Water Resources Control Board - Permit	\$ 151	\$ 151	\$ 151	\$ 151	\$ -
AT&T	\$ 1,650	\$ 1,800	\$ 1,800	\$ 1,800	\$ -
Business Insurance	\$ 2,423	\$ 2,423	\$ 2,423	\$ 2,423	\$ -
Office Supplies	\$ 800	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Hornbrook Community Association	\$ 1,100	\$ 1,200	\$ 1,200	\$ 1,200	\$ -
Publications - Legal Notices	\$ 100	\$ 200	\$ 200	\$ 200	\$ -
Murphy, Pearson, Bradley & Feeney, P.C. (per agreement)	\$ 11,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ -
Kirsher, Winston, & Boston (Per Statement)	\$ 16,500	\$ 18,000	\$ 18,000	\$ 18,000	\$ -
Kampa Community Solutions - (per agreement)	\$ 18,500	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Digital Deployment - Streamline - website	\$ 550	\$ 600	\$ 600	\$ 600	\$ -
Operating Contingency (10%)	\$ -	\$ -	\$ -	\$ -	\$ -
System Capital Improvement Planning and Implementation	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 99,789	\$ 108,718	\$ 109,018	\$ 109,018	\$ 300

Customer Class	Count	Benefit Factor	Monthly Revenue Generated	
			Monthly Rate	Monthly Revenue Generated
Residential Customers	128.00	1.00	\$ 56.00	\$ 7,168
Commercial Customers	4.00	4.23	\$ 236.88	\$ 948
Government Customers	3.00	5.76	\$ 322.56	\$ 968
Total Monthly Revenue				\$ 9,083

Annual Revenue Generated	\$ 108,998
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Revenue Over (Under) Expenses	\$ (19)
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Customer Class	Current Rate	Proposed		
		Monthly Rate	Increase	% Change
Residential Customers	\$ 39.00	\$ 56.00	\$ 17.00	44%
Commercial Customers	\$ 165.00	\$ 236.88	\$ 71.88	44%
Government Customers	\$ 225.00	\$ 322.56	\$ 97.56	43%