

**BBIC TRUSTEE EVALUATION OF THE RATE STRUCTURE &
RECOMMENDATIONS FOR 2018/2019**

GUIDING PRINCIPLES

Charge rates that recover administrative and operating costs on an annual breakeven basis.

Build adequate reserves for the foreseeable future.

Encourage conservation for sustainability of our water supply.

1. **Annual Membership Dues* 2016/17: \$100. 2017/18: \$57. 2018/19 Recommendation: \$57**

- * cover administrative costs such as insurance, accounting, website, office supplies;
- * are based on the prior year's actual expenses and estimates for the coming year;
- * are shared by all owners (140 last year, 140 going into the coming year).

Our membership numbers have increased by 2. We expect to end the past year \$4,500 under budget for administrative costs due largely to a less expensive insurance premium. (See budget comparison chart on the reverse side for details.) We propose to hold the member dues to \$57 to cover expected costs.

2. **Operating Base Fee** 2016/17: \$188. 2017/18: \$176. 2018/19 Recommendation: \$227**

- **covers water system expenses such as the water manager, chemicals, repairs, meter reading, electricity;
- **is based on prior year's actual water expenses plus allowance for any identified additional items;
- **is shared by all owners with an active hookup (106 users last year, 108 going into the coming year);
- **includes monthly overage charges (over 5,000 gallons) based on \$.0108/gal that are billed quarterly. These variable fees (over \$3.500 this year) are applied to the operating costs and have been used to reduce the base fee. Water usage is recorded on our website, and owners can monitor their individual usage.

The 5-year comparison usage graph is enclosed and shows an estimated 2017/18 annual total of 2,080,870 gallons which is 590,060 gallons less than the previous year. We had a total of 107 monthly overages. Our aquifer and system appear able to handle this demand so far but nonetheless, members are encouraged to conserve generally and moderate the peak demands to guard against salt water intrusion.

We are presently \$3,200 under budget for operating costs but expect additional charges of about \$1,500 in July. (Please see the proposed budget for specific line item costs.) We are basing this year's water usage fee on last year's actual operating expenses plus allowance for higher charges from our new operator, Water and Wastewater Systems Inc, who are providing a more comprehensive service than we received before. We have again used the Capital Reserve Fund for certain of the listed asset repairs that occurred which allowed us to reduce what otherwise would be higher operating dues. Since 2011, the annual base fee has been \$200, \$200, \$206, \$188, \$220, \$188, \$176 and we are recommending a fee of \$227 for the coming year.

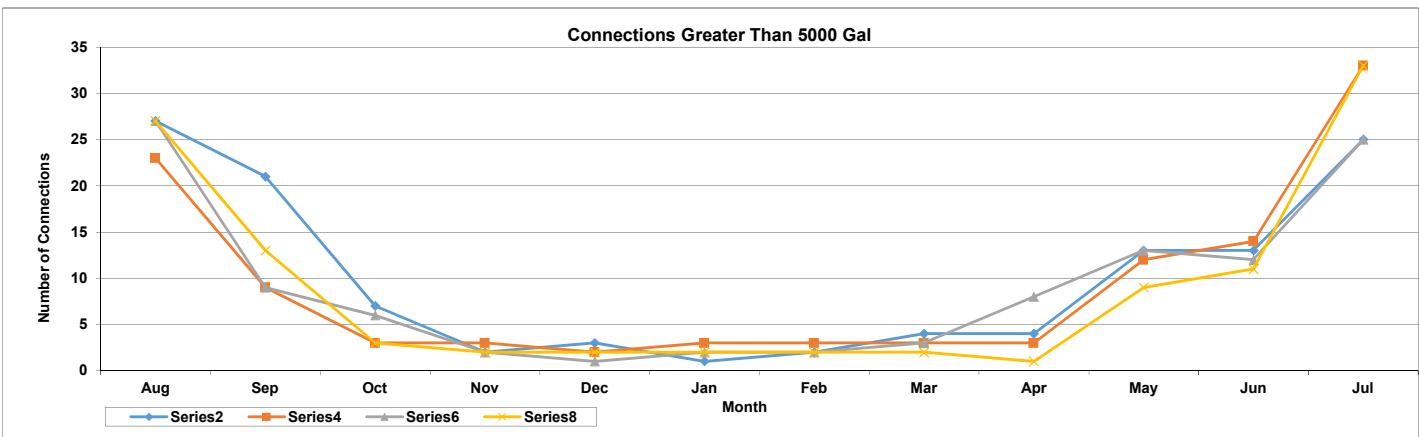
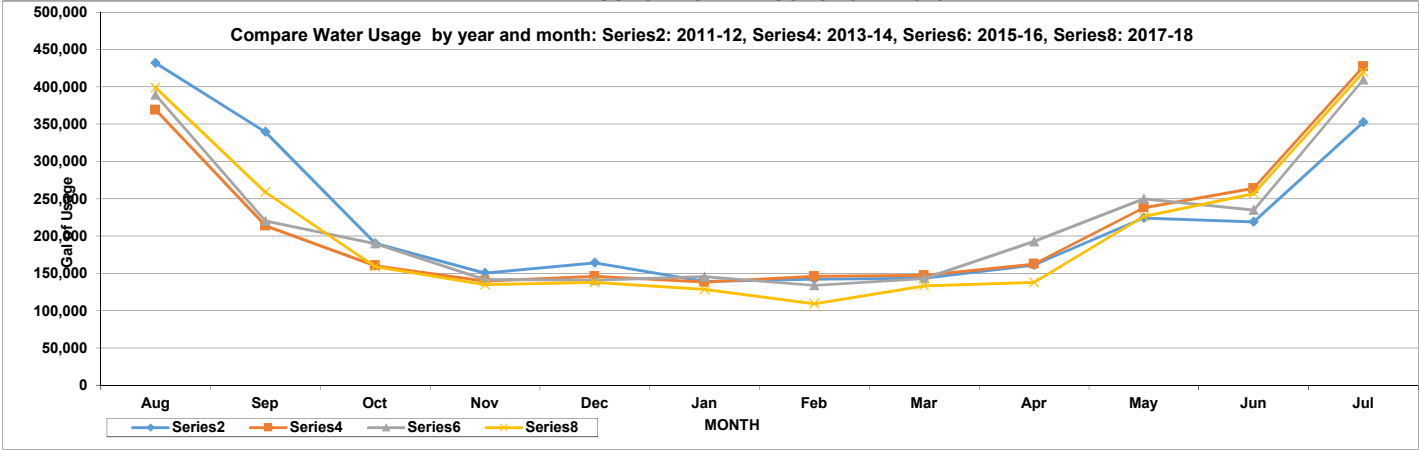
3. **Capital Reserve Fee 2016/17: \$252. 2017/18: \$262. 2018/19 Recommendation: \$272**

- * is set aside in a designated fund for future replacement of listed assets valued at over \$2,000;
- * is based on a RCAC asset management and replacement schedule that is reviewed each year;
- * is shared by all owners with a paid hookup (120 water rights last year, 120 going into the coming year).

Our Capital Reserve Fund has grown this last year from \$203,077 to \$230,771. It was used this year for repairs to the treatment house roof and for partial costs of system extension up Spruce St. The enclosed asset management sheet was updated again this year and to include an item for hookups. Previously hookup fees were used to cover the connection costs and the balance to reduce annual operating budgets. In the future hookup fees will be applied to the Capital Reserve and used for any required system extensions. Next year we will use the reserve to improve all weather access to the treatment system and storage tanks. Also, the pump is past its estimated 20-year life and may need replacing. We have been basing this fee on the RCAC asset management schedule which uses estimates of the service life and replacement costs of assets and this year suggests a fee of \$301. We believe that this formula may be overly conservative and plan to review the basis with our new operator. Meantime, we recommend a limited increase of the current fee from \$262 to \$272. If something unexpected happens and earlier replacement is required for major items, then additional funding may be required. However, we are doing our best to avoid this by reviewing the equipment condition and the asset management schedule each year.

4. **Total of all fees: 2016/17: \$540. 2017/18: \$495. 2018/19 Recommendation: \$556**

BBIC WATER USAGE COMPARISONS 2011 - 2018



		Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Total
Series 1	2010-2011	640,400	227,050	163,900	222,980	152,630	124,846	154,004	156,400	173,480	230,320	306,610	402,130	2,954,750
	Conxs > 5000 Gal	37	9	8	7	7	3	4	5	4	12	14	30	140
Series 2	2011-2012	431,930	339,549	190,099	150,466	164,224	139,110	142,090	143,453	161,151	224,130	219,060	352,660	2,657,922
	Conxs > 5000 Gal	27	21	7	2	3	1	2	4	4	13	13	25	122
Series 3	2012-2013	409,100	298,436	226,714	144,200	156,910	147,280	171,830	160,730	156,190	233,990	276,000	461,760	2,843,140
	Conxs > 5000 Gal	32	22	8	4	5	6	6	5	4	15	18	36	161
Series 4	2013-2014	368,910	213,630	160,392	139,774	145,934	138,290	145,920	147,140	162,390	237,940	263,890	427,100	2,551,310
	Conxs > 5000 Gal	23	9	3	3	2	3	3	3	3	12	14	33	111
Series 5	2014-2015	361,380	239,620	168,000	137,250	151,520	142,950	136,960	153,850	177,360	235,830	332,770	431,530	2,669,020
	Conxs > 5000 Gal	24	12	3	3	3	1	1	6	6	9	23	34	125
Series 6	2015-2016	389,450	220,080	189,780	141,690	140,820	145,502	133,728	143,050	192,760	249,990	234,870	409,770	2,591,490
	Conxs > 5000 Gal	27	9	6	2	1	2	2	3	8	13	12	25	110
Series 7	2016-2017	390,690	212,050	161,530	176,550	147,840	208,080	136,420	143,650	162,580	237,960	273,870	419,710	2,670,930
	Conxs > 5000 Gal	29	5	3	3	3	1	1	0	1	8	14	33	101
Series 8	2017-2018	399,070	258,850	159,020	134,680	137,730	128,420	109,160	133,240	137,770	226,120	256,810	419,710	2,080,870
	Conxs > 5000 Gal	27	13	3	2	2	2	2	2	1	9	11	33	107