

Ogden Dunes Water Works

Proposed Rate Increase

Why do we need a rate increase?

- Water Works balance sheet end of 2019: **-\$30,000**
- Water Works balance sheet end of 2020: **-\$80,000**
- Beginning of 2021, concern about lack of cash flow and potential inability to make payroll

	As of		
	12/31/2018	12/31/2019	12/31/2020
<u>Cash and Cash Equivalents:</u>			
Operation and Maintenance Fund	\$109,648	\$77,441	\$16,692
Capital Improvement Fund	19,498	24,126	2,028
Total Cash and Cash Equivalents	\$129,146	\$101,567	\$18,720

- Baker Tilly comprehensive report
 - Current model of Water Works is not sustainable
 - Suggested either a rate increase of 53% or selling the department
 - In order to be fiscally healthy, need at least \$100,000 in reserves (\$52k operating and maintenance, \$51k capital improvements)
- Current balance= \$19,000 (with some accounts payable outstanding)

Why do we need a rate increase?

- Selling vs. Rate Increase
 - Selling will bring in very little money
 - Loss of control
- No rate increase in 7 years
- 413/638 meters need to be updated, most at end of useful life
 - Anticipated project cost: approx. \$250,000
 - Recent development: Estimate that about 10% of meters are underground to the point of requiring excavation to replace. This could potentially add another \$200,000+ to the overall project cost
- Aging pipe system will need to be replaced within the next 20 years
 - Estimated \$100/ft

Has Water Works done anything to try to increase its financial health?

- YES
- Major effort to correct significant number of erroneous Q1 bills completed, all accounts have been paid
- Followed up on a number of extremely delinquent properties
- Enforcing minimum billings for all residents, no “snowbird exclusion”
- Proposed ordinance changes: new 52.15B, delete 52.18B
- New wireless meters will ensure accuracy of readings (+\$8,000/year)
- Wireless meters provide option to move to monthly billing cycles in the future, which can improve cash flow if needed
- Refrained from immediately replacing recently separated employees; assessed necessary job functions and position overlap, combined positions with street dept resulting in drastically lowered labor and fuel costs while still maintaining water dept requirements
- May move to Q4 meter readings rather than estimated bills, weather permitting
- Applied for grant funding for meter project; if awarded, additional ARP funds may also be available

So how much will my bill increase?

- 50% rate increase (Baker Tilly's recommendations: 53%)
- ONLY the portion of your bill relating to water will increase, NOT portion related to sanitation or insurance

Sample Bill for 8,000 gallons:

	Current:	Proposed
Fire Wtr Sys	15.46	19.33
Fire Wtr Sys Tax	1.08	1.35
Wtr Loss Ins Charge	6.00	6.00
Water Charge	54.13	81.24
Water Tax	3.79	5.69
Sanitation Charge	83.70	83.70
Water Line Ins	15.00	15.00
Total Due	179.16	212.31
Change		+33.15/per quarter (+11.05/per month)

Sample Bill for 14,000 gallons:

	Current:	Proposed
Fire Wtr Sys	15.46	19.33
Fire Wtr Sys Tax	1.08	1.35
Wtr Loss Ins Charge	6.00	6.00
Water Charge	85.81	128.76
Water Tax	6.01	9.01
Sanitation Charge	77.13	77.13
Water Line Ins	15.00	15.00
Total Due	206.49	256.58
Change		+50.09/per quarter (+16.70/per month)