
May 5, 2022

RE: FY2022-23 Budget Hearing – Proposed Utility Rate Increase

Dear Water Customer,

At 6:00 p.m. on Wednesday, June 15th 2022 at the Beverly Beach Water District (BBWD) office, the BBWD Board of Commissioners will be holding a Public Hearing to receive testimony on the FY2022-23 budget. This year's budget proposes a utility rate increase of 25% to cover operating and maintenance costs within the District.

This rate increase will increase the base rate for a single-family home from the current \$58.80 to \$73.50 and the current commercial rate from \$108.80 to \$136.00.

There are several reasons for the proposed rate increase:

1. This past year the individual contracted part-time to operate the water plant and maintain the distribution system quit to work at a different water supplier on a full-time basis. After many months of advertising for a replacement part-time operator with no response, the Board contracted with Hiland Water Corporation to operate the system. Hiland Water Corporation is based in Newberg, OR and runs several water systems in the region. Tasks that Hiland perform on behalf of the District include operating the plant, conducting the required testing at the plant and within the distribution system, submitting reports to Oregon Health Authority, and serving as the Direct Responsible Charge (DRC) position to ensure the water system is operated legally and safely. Hiland also provides on-call services to respond to after-hour emergencies and performs repairs for the District. This change has approximately doubled the cost for operating the system.
2. The District's water plant, storage tank, and some of the main distribution system piping were installed about 20 years ago. The water plant building is experiencing serious rot and needs new siding and doors. Several pieces of equipment within the plant that monitor operations remotely no longer work due to age. This monitoring is now done manually by the operator. Replacing this equipment will allow the plant to be monitored remotely as it was originally designed and will reduce the number of operator manhours on site, thereby reducing our operator costs.
3. The generator at the water plant pre-dates the year 2000 water plant replacement. From inspection it appears to be an old civil defense generator from the 1950's or 60's and it no longer works. Without a backup generator, the District will only be able to provide water for approximately 3 days. The District was able to purchase a used generator with low operating hours (<500) from the Glenden Sanitary District for \$3,500 but this unit needs to be installed. Furthermore, the building housing the generator is rotted and needs replacement.

The District's past budgeting practice was to generate \$10,000 per year of unappropriated revenue that is saved for capital improvements, repairs, and to account for inflation. The District has been successful in doing so and has not had to increase rates since 2017. Unfortunately, the 2022-23 budget forecast at the current rates predicts a budget shortfall of approximately \$17,000. It is therefore necessary to raise rates to cover District operating costs and system repairs/replacements.

Attached to this letter is a copy of the proposed FY2022-23 budget. The FY 2022-23 Budget Public Hearing is open to the public and will be held on Wednesday, June 15th 2022 at 6pm at the BBWD

District office located at 11494 NE Beverly Drive, Newport, OR 97365. If you would prefer to send written comments, please email bbwd.office@gmail.com or submit comments by mail to BBWD, PO Box 576, Newport Oregon, 97365. Please send comments soon enough so that they can be read and considered at the Public Hearing.

Thank you,

A handwritten signature in blue ink, appearing to read "Timothy Gross". The signature is fluid and cursive, with the first name "Timothy" written in a larger, more prominent script than the last name "Gross".

Timothy Gross
BBWD Board President

	Current Budget	Average based on Actual	Proposed	
	Jul 21 - Jun 22	Jul 21 - Jun 22	Jul 22-Jun 23	
INCOME				
Water Sales	96,239.00	107,854.00	117,536.00	25% increase: new rate of \$73.50-residential & \$136.00-commercial
Water Sales Late Fees	288.00	284.00	300.00	
Transfer of Service	1,000.00	467.00	500.00	
Service Disconnects	200.00	0.00	200.00	
Hookups	1,200.00	1,200.00	2,400.00	
Interest OSB SDC	314.00	161.00	160.00	
Interest OCB District Fund	723.00	388.00	385.00	
Interest OCB General Fund	44.00	24.00	24.00	
Credit Card Fees	73.00	177.00	180.00	
TOTAL INCOME	100,081.00	110,555.00	121,685.00	
EXPENSE				
Contractor-Darrel	12,000.00	1,000.00	0.00	
Plant Contractor-Ted	10,145.00	875.00	0.00	
FICA expense	630.00	67.00	0.00	
State unemployment	45.00	11.00	0.00	
Worker's comp	4.00	0.45	0.00	
Oregon State Taxes	0.00	0.00	0.00	
Payroll Expenses	15,000.00	275.00	0.00	
Plant Contractor - Highland	0.00	65,000.00	60,000.00	
Maintenance/Repair/Improvement	6,851.24	18,900.00	10,000.00	
TOTAL PLANT MAINTENANCE	44,675.24	86,128.45	70,000.00	
OFFICE EXPENSE				
Licenses & Fees	1,980.00	1,300.00	1,300.00	
Membership Fees	425.00	588.00	600.00	
Newspaper Notices	90.00	0.00	0.00	
US Postmaster	825.00	800.00	800.00	
Printing	30.00	0.00	0.00	
Office Supplies	370.00	450.00	450.00	
Office Equipment	189.00	3,549.00	250.00	New tablet for remote plant monitoring
TOTAL OFFICE EXPENSE	3,909.00	6,687.00	3,400.00	
INSURANCE				
Worker's Comp	699.00	0.00	0.00	
Property & Liability	5,890.00	6,435.00	6,500.00	
Bonding	600.00	600.00	600.00	
TOTAL INSURANCE	7,189.00	7,035.00	7,100.00	
UTILITIES				
Electric(Office)	1,080.00	850.00	850.00	
Telephone	2,850.00	3,761.00	3,800.00	
Electric (Plant)	5,085.00	4,380.00	4,500.00	
Propane	100.00	135.00	135.00	
TOTAL UTILITIES	9,115.00	9,126.00	9,285.00	
ACCOUNTING				
Grimstad	5,000.00	5,200.00	5,200.00	
Accounting	9,176.70	9,530.00	9,500.00	
TOTAL ACCOUNTING	14,176.70	14,730.00	14,700.00	
BANK CHARGES				
Bank Ach Fee	300.00	300.00	300.00	
Credit Card Fees	90.00	206.00	210.00	
TOTAL BANK CHARGES	390.00	200.00	200.00	
CHEMICALS AND TESTING				
Chemicals	3,250.00	3,398.00	3,500.00	
Testing	2,493.00	620.00	2,500.00	
TOTAL CHEMICALS AND TESTING	5,743.00	4,018.00	6,000.00	
TOTAL EXPENSE	85,197.94	127,924.45	110,685.00	
NET INCOME	14,883.06	-17,369.45	11,000.00	