

2018 L.A. Water Cooperative Annual Meeting

MARCH 28, 2018

Agenda

- ▶ **Welcome & Introduction**
 - ▶ Megan Corvus
- ▶ **Secretary's Report**
 - ▶ Linda Fountain
- ▶ **Treasurer's Report**
- ▶ **Open Board Positions (4)**
 - ▶ Candidates
- ▶ **System Status**
 - ▶ Kris Conway
- ▶ **Objectives for 2018 and Beyond**
 - ▶ Kris Conway
- ▶ **New Business**
 - ▶ Bylaws Update
- ▶ **Election Results**
- ▶ **Adjourn**

Board Organization

- | | |
|------------------|----------------|
| ▶ Megan Corvus | President |
| ▶ Gary Carr | Chairman |
| ▶ Ken Aberle | Vice-President |
| ▶ Linda Fountain | Secretary |
| ▶ Tom Gunn | Treasurer |
| ▶ Mike Steffl | |
| ▶ Mark Franzen | |
| ▶ Don Wicks | |

Staff

- ▶ Kris Conway General Operations Manager
- ▶ Patricia Carr Business Manager
- ▶ Kyle Culley Water Utility Worker
- ▶ Mason Childers Part-Time Laborer

2017 Financial Overview

	2017	Change from 2016
▶ Revenue	\$795,926	+\$ 107,986
▶ Operating Expenses	\$758,048	+\$ 27,275
▶ Other Income	\$ 10,659	-\$ 273
(Interest, transfers, meter hook ups, service calls)		
▶ Net Income (loss)	+\$ 48,537	+\$ 80,438

2017 Income Change

► Income	2017	Change from 2016
► Water Sales	\$766,194	+\$102,988
► Inactive Certificate Fee	\$ 28,557	+\$ 4,300
► Certificate Transfer Fee	\$ 4,279	+\$ 1,360
► Investment Income	\$ 3,280	+\$ 630
► Meter Hook-up Fee & Service Calls	\$ 3,714	-\$ 1,539
► Repairs Reimbursed	\$ 3,083	+\$ 2,973

2017 Expense Changes

► Expenses	Change from 2016
► Cost of Water	+ \$ 679
► Maintenance and Repair	+\$ 10,234
► Professional Fees	+\$ 10,742
► Electricity	+\$ 2,864
► Telephone	+\$ 1,741
► Vehicle Expense	+\$ 6,842
► Computer and Computer Services	+\$ 1,252
► Payroll & Related Exp.	-\$ 16,308
► Depreciation	+\$ 8,873

Balance Sheet Comparison

	2017	2016
▶ Current Assets	\$1,132,047	\$1,186,658
▶ Fixed Assets	\$1,780,676	\$1,640,371
▶ Total Liabilities	\$35,776	\$ 21,653
▶ Members Equity	\$2,876,947	\$2,805,376
▶ Total Liabilities & Equity	\$2,912,723	\$2,827,029



2018 Operations Budget

	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sep 18	Oct 18	Nov '18	Dec '18	2018 TOTAL
4010 • Water Sales (A)	44,225	54,510	68,676	54,556	64,012	93,453	112,008	134,476	85,912	63,906	67,986	60,000	903,718
4014 - Leak Credits	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(12,000)
4040 • Unused Certificate Minimum Chg	-	-	25,000	-	-	-	-	-	-	-	-	-	25,000
	43,225	53,510	92,676	53,556	63,012	92,453	111,008	133,476	84,912	62,906	66,986	59,000	916,718
5000 • Water purchased (B)	\$14,823.33	12,599	13,479	11,380	16,249	17,679	22,956	24,001	19,018	16,168	15,210	13,182	196,745
5100 • Electricity & Telemetry ©	\$4,176.54	3,713	3,585	3,491	4,657	5,031	6,381	6,068	4,439	3,647	3,700	3,700	52,589
5210 • Manager salary (1)	6,635	6,635	6,635	6,635	6,635	6,635	6,635	6,635	6,967	6,967	6,967	6,967	80,949
5220 • Office wages (2)	4,160	4,160	4,160	4,160	4,160	4,160	4,160	4,160	4,368	4,368	4,368	4,368	50,752
5225 • Assistant wages (3)	3,007	3,007	3,007	3,007	3,007	3,184	3,184	3,184	3,184	3,184	3,184	3,184	37,320
5225 • Assistant wages (4)	830	830	830	830	830	830	830	830	830	830	830	830	9,960
5220 - Office Assistant wages (5)			2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	26,000
5225 - Assistant wages (6)	1,560	1,560	1,560	1,560	1,560	1,560	1,560	1,560	1,560	1,560	1,560	1,560	18,720
5240 • Payroll tax (5)	1,573	1,573	1,573	1,573	1,573	1,573	1,819	1,819	1,819	1,819	1,819	1,819	20,350
5250 • Workers' Compensation (6)	899	899	899	899	899	899	1,024	1,024	1,024	1,024	1,024	1,024	11,537
5260 • Health insurance (7)	3,453	3,453	3,453	3,453	3,453	3,453	3,453	3,453	3,453	3,453	3,453	3,453	41,433
5265 • Life Insurance (8)	46	46	46	46	46	46	46	46	46	46	46	46	552
Total 5200 • Payroll & Related Expenses	22,163	22,162	24,762	24,762	24,762	24,939	25,310	25,310	25,850	25,850	25,850	25,850	297,572
5300 • Maintenance & Repair (9)	12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900	154,800
5400 • Professional Fees (10)	1,500	7,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	24,000
5510 • Advertising	10	10	10	10	10	10	10	10	10	10	10	10	120
5515 • Employee Screening	-	-	360	-	-	-	-	-	-	-	-	-	360
5520 • Continuing Education	300	300	300	300	300	300	300	300	300	300	300	300	3,600
5530 • Licenses and Permits	50	50	50	50	50	50	50	50	50	50	50	50	600
5535 • Dues and Subscriptions	-	-	-	350	350	-	-	-	-	-	-	-	700
5540 • Insurance	1,500	1,500	1,500	1,500	1,500	1,750	1,750	1,750	1,750	1,750	1,750	1,750	19,750
5550 • Vehicle Expense	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	21,000
5600 • Office Supplies	200	500	200	200	200	200	200	200	200	200	200	200	2,700
5605 • Computer & Computer Services	75	75	500	1,100	500	500	500	500	500	500	500	500	5,750
5610 • Postage and Delivery	550	550	1,000	550	550	550	550	550	550	550	550	550	7,050
5620 • Printing and Reproduction	800	1,000	-	-	-	800	-	-	-	-	-	-	2,600
5630 • Telephone	600	600	600	600	600	600	600	600	600	600	600	600	7,200
5640 • Office equipment rent	-	-	355	-	-	355	-	-	355	-	-	355	1,420
5650 • Bank Service Charges	5	5	5	5	5	5	5	5	5	5	5	5	60
5655 • Safety Gear	100	100	100	100	100	100	100	100	100	100	100	100	1,200
5660 • Shop Supplies/Small Tools	300	300	300	300	300	300	300	300	300	300	300	300	3,600
5670 • Disposal Services	26	26	26	26	26	26	26	30	30	30	30	30	332
5900 • Depreciation Expense (12)	9,045	9,045	9,045	9,045	9,045	9,045	9,045	9,045	9,045	9,045	9,045	9,045	108,540
Total Other Operating Expense	15,311	15,811	16,101	15,886	15,286	16,341	15,186	15,190	15,545	15,190	15,190	15,545	186,582
Net Ordinary Income(Loss)	(27,648)	(21,175)	20,348	(16,364)	(12,343)	14,062	26,775	48,506	5,659	(12,349)	(7,364)	(13,677)	4,430
Other Income/Expense (16)													
7010 • Interest Income	-	-	-	-	-	-	-	-	-	-	-	-	4,044
7030 • Meter hook-up charges	-	-	-	-	-	-	-	-	-	-	-	-	2,400
7040 • Service Calls	-	-	-	-	-	-	-	-	-	-	-	-	600
7050 • Certificate Transfer Fees	-	-	-	-	-	-	-	-	-	-	-	-	3,600
7060 • Repairs Reimbursed	-	-	-	-	-	-	-	-	-	-	-	-	2,400
Total Other Income	1,087	1,087	1,087	1,087	1,087	1,087	1,087	1,087	1,087	1,087	1,087	1,087	11,957
Net Income(Loss)	10,865	(20,118)	21,765	(15,307)	(11,286)	15,119	27,832	49,563	6,716	(11,292)	(6,307)	(12,620)	53,844

Certificates 2000 - 2017

Year	Certificates	Active	Inactive	Added
2017	874	764	110	3
2016	871	757	114	3
2015	868	745	123	2
2014	866	740	126	0
2013	866	736	130	5
2012	861	732	129	0
2011	861	729	132	0
2010	861	729	132	2
2009	859	729	130	3
2008	856	722	134	7
2007	849	717	132	5
2006	844	711	133	8
2005	836	706	130	11
2004	825	692	133	3
2003	822	679	143	8
2002	814	676	138	2
2001	812	672	140	6
2000	806	662	144	9

Candidate Introductions

Three 3-Year seats, One 1-year seat

Lisa Dutz

Mike Steffl

Don Wicks



General Operations Manager

Kris Conway



OAWU

TIM TICE

WATER RATE STUDY

LA Water Cooperative Rate Study Findings:

1. Existing Rates – Base Rate = \$32.34 Consumption rate = \$6.11 per unit (1,000 gallons) averaged
 - a) Current base rates = 29.6 percent of proposed budget, should be 60-75%, pending system size
 - b) Consumption unit prices have 14 variations (based on additional electrical cost)
 - c) Consumption unit average price = \$6.11, ranges from \$5.36 - \$7.75, production cost = \$9.60
 - Average loss per unit = **\$3.49**
 - Typical monthly cost for 2,000 – 4,000 – 6,000 gallons = \$44.56, **\$56.78**, \$69.00
2. First Findings –
 - a) If base rates were to remain the same, increase of the unit price from \$6.11 to \$11.00 per unit
 - b) 102,994 units purchased at approximately \$1.91 per unit
 - c) 64,140 units sold, 38,853 units of water unaccounted (37 percent) (-\$74,209.00)
 - d) 38,853 units sold at \$6.11 (current rate) potential revenues of \$237,391.00
 - e) Current base rates with consumption rates = 69.5 percent or 30.5 percent **shortfall**
 - Typical monthly cost for 2,000 – 4,000 – 6,000 gallons = \$54.34, **\$76.34**, \$98.34
3. Base Rate 60 –
 - a) Base rate increase to match percentage in 1a) or \$32.34 to \$64.96 per month
 - b) \$64.96 per month = 60 percent of proposed budget
 - c) Unit price increase from \$6.11 to \$6.25
 - d) Typical monthly cost for 2,000 – 4,000 – 6,000 gallons = \$77.46, **\$89.96**, \$102.46
 - e) Suggested two-step, two-year approach of \$16.00 increase to base rate each year
4. Tiered Format – Conservation measures
 - a) Base Rate set at \$65.00 per month, apply to all customers regardless of meter size
 - b) Allows for the first 2,000 gallons to be included in the base rate
 - c) Tier usage for all users set at:
 - Tier 1 – 2,001 to 4,000 gallons at \$5.50 per unit
 - Tier 2 – 4,001 to 8,000 gallons at \$6.50 per unit
 - Tier 3 – 8,001 to 12,000 gallons at \$7.50 per unit
 - Tier 4 – 12,001 to 20,000 gallons at \$8.50 per unit
 - Tier 5 – 20,001 to 40,000 gallons at \$9.50 per unit
 - Tier 6 – 40,001 and above gallons at \$10.50 per unit
 - d) Typical monthly cost for 2,000 – 4,000 – 6,000 gallons = \$65.00, **\$76.00**, \$89.00
 - e) Other typical costs for varied levels of consumption (gallons)
 - 10,000 - \$117.00
 - 20,000 - \$166.00
 - 40,000 - \$356.00



System Status

Kris Conway

- Introduction
- System Overview
- Water Quality
- 2017 Accomplishments
- 2018 Plans



System Overview

- L. A. Water Co-op service area covers approximately 25 square miles of the Chehalem Valley in rural southwestern Washington County and northern Yamhill County.
- The service area ranges in elevation from 180 feet on the valley floor to 1,620 feet on Bald Peak.
- L. A. Water has 16 reservoirs, 15 pump stations and over 60 miles of rural pipeline.
- L. A. Water Co-op delivered 65,110,590 gallons of water to 764 member households in 2017.

Water Source

- L. A. Water Co-op purchases all of its water from the City of Hillsboro Utilities Commission.
- Hillsboro relies on water stored in Barney Reservoir and Hagg Lake.
- The water is treated at the Joint Water Commission Treatment Plant. And also an auxiliary emergency source on the upper Tualatin River. Both plants operate 24 hours per day, 365 days per year.

System area

There are four main system areas you may see discussed in the minutes.

- ▶ Valley Floor – Those served by Withycombe Pump Station
- ▶ Laurelwood – Those served by Salsbery Reservoirs
- ▶ Olson Road – Those served by the Olson Reservoir
- ▶ Bald Peak – Those served by the reservoirs going up Gibson and Albertson Roads, including Gammon and Bald Peak Reservoirs

2017 Water Quality


Water Testing

Daily chlorine residual samples at 2 sites

Two coliform bacteria samples per month

Quarterly Disinfection by-product samples

All water tests passed EPA and Oregon Health Department standards



2016-2017 Water Tests

2017 Accomplishments

PROJECTS

- Large leaks repaired
- Meter Program started
- Withycombe Flow Meter
- Started preparing for water master plan
- Formal Water Rate Study

Water Loss- On Next Slide

Water Loss Comparison

L. A. Water Cooperative Water Loss Table 2016						
Month # of days	Gallons Purchased*	Gallons Sold**	Gallons Loss	GPM Loss	Percentage Loss	Cost of Loss***
January 28	6,223,027	3,292,970	2,930,057	72.67	47.1%	\$ 5,449.91
February 28	6,238,148	2,939,390	3,298,758	81.81	52.9%	\$ 6,135.69
March 36	8,021,347	3,755,790	4,265,557	82.28	53.2%	\$ 7,933.94
April 28	6,722,609	3,652,050	3,070,559	76.15	45.7%	\$ 5,711.24
May 28	7,675,829	4,639,360	3,036,469	75.31	39.6%	\$ 5,647.83
June 35	12,524,776	7,947,530	4,577,246	90.82	36.5%	\$ 8,513.68
July 28	10,834,897	7,239,440	3,595,457	71.34	33.2%	\$ 6,687.55
August 36	16,034,046	11,283,380	4,750,666	91.64	29.6%	\$ 8,836.24
September 28	8,517,941	5,646,730	2,871,211	66.46	33.7%	\$ 5,340.45
October 33	8,194,618	4,391,010	3,803,608	80.04	46.4%	\$ 7,074.71
November 30	6,195,561	4,038,480	2,157,081	49.93	34.8%	\$ 4,012.17
December 31	7,417,074	3,773,020	3,644,054	81.63	49.1%	\$ 6,777.94
Yearly Totals	104,599,873	62,599,150	42,000,723	76.67	40%	\$ 78,121.34

L. A. Water Cooperative Water Loss Table 2017						
Month # of days	Gallons Purchased*	Gallons Sold**	Gallons Loss	GPM Loss	Percentage Loss	Cost of Loss***
January 26	6,970,023	3,819,270	3,150,753	84.15	45.2%	\$ 5,860.40
February 28	6,822,182	3,186,630	3,635,552	90.17	53.3%	\$ 6,762.13
March 37	8,539,268	4,581,360	3,957,908	74.29	46.3%	\$ 7,361.71
April 28	6,034,012	3,176,030	2,857,982	70.88	47.4%	\$ 5,315.85
May 27	6,396,989	4,024,890	2,372,099	61.01	37.1%	\$ 4,412.10
June 35	10,975,247	7,837,530	3,137,717	62.26	28.6%	\$ 5,836.15
July 29	11,193,304	8,837,060	2,356,244	56.42	21.1%	\$ 4,382.61
August 35	14,402,096	10,927,850	3,474,246	68.93	24.1%	\$ 6,462.10
September 27	9,465,139	6,510,230	2,954,909	76.00	31.2%	\$ 5,496.13
October 29	7,723,091	4,216,850	3,506,241	83.96	45.4%	\$ 6,609.26
November 34	8,371,817	4,526,740	3,845,077	78.54	45.9%	\$ 7,247.97
December 29	6,568,480	3,466,150	3,102,330	63.36	47.2%	\$ 5,847.89
Yearly Totals	103,461,648	65,110,590	38,351,058	72.50	37%	\$ 71,594.31



You the MEMBERS

SPOT AND REPORT
TO HELP STOP LEAKS

What to Look for:

Water shooting out of the ground



Water flowing like a stream



Pooling or bubbling



2018 And Beyond

▶ 2018

- ▶ Capital Improvment Program
- ▶ Phase two of meters completed by the end of the year
- ▶ Finalize water master plan
- ▶ Water rate finalization
- ▶ New employee
- ▶ Tank inspections
- ▶ Leak Detection

▶ Beyond

- ▶ Jordan Utilization Project
- ▶ Bald Peak Reservoir upgrade
- ▶ Water line replacement program
- ▶ Added projects undetermined from Water Master Plan
- ▶ Leak Detection



Water Master Plan

DENNY MUNCHMORE
WESTECH ENGINEERING