

2011/2012 Proposed Water Budget

REVENUE

	<i>Active Connections – 340</i>	<i>Stand-by Connections - 50</i>
Capital Costs	\$ 25	\$ 25
Reserves	7	7
Base Fee	4	4
Water Usage (Average)	9	0

With financing

Monthly per connection	\$ 45	\$ 36
Annually per connection	\$ 540	\$ 432

Annual HMC Debt Payment \$ 117,000. Paid by 390 connections at \$ 25 per month.

Without financing

Monthly per connection	\$ 20	\$ 11
Annually per connection	\$ 240	\$ 132

TOTAL Annual Revenue all connections

\$ 81,600

\$ 6,600

TOTAL Combined Annual Revenue: \$81,600 + \$6,600 = \$88,200

EXPENSES

Operations & Maintenance

Contracted Services	\$ 24,000
Repairs & Maintenance	12,000
Cross Connection Control Program	2,500
Utilities	4,000
Supplies & Parts	3,000
Pump house monitoring (Scott Schultz)	2,500
Miscellaneous	1,000
Administration	4,000
Legal	1,000
Engineering	1,000
Fees & permits	1,000
Excise Tax	1,000

TOTAL Operations & Maintenance

\$ 57,000

TOTAL Annual Reserves

\$ 31,200

TOTAL Annual Budget

\$ 88,200

Notes:

\$2,500,000 used to calculate capital cost and debt payment USDA financed 40 years at 3.375%. Actual number could be less.

Number of connections could be more or less.

Connections choosing the full pre-payment option will decrease the amount HMC will need to finance.

For the purposes of this proposal capital costs and annual HMC debt payment assume USDA financing. Commercial financing would require 20% down with a higher interest rate over a shorter term.

With the new water system – the cost of managing the system will increase for meter reading currently at \$ 1.60 per connection per reading and \$2.70 per customer for account maintenance which includes customer service, billing and payment processing. For example: to read 340 meters once a month will cost \$544. To send out a monthly bill will cost \$ 1,053 each month or each time we decide to bill. How we will bill has not been determined and is still being discussed.

PROPOSED