



# Diamondhead Water & Sewer District Budget and Rate Review

2016-2017 Fiscal Budget



# Revenue



	Prior Budget	Changes	Recommended Budget
<i>Water Revenue</i>			
Water Usage	1,343,100	119,565	1,462,665
Transfers / Reconnects	32,000	11,633	43,633
Other Revenue	4,500	500	5,000
<b>Total Water Revenue</b>	<b>1,379,600</b>	<b>131,699</b>	<b>1,511,299</b>



	Prior Budget	Changes	Recommended Budget
<i>Sewer Revenues</i>			
Sewer Usage	2,480,220	(4)	2,480,216
Transfer / Reconnects	6,300	200	6,500
<b>Total Sewer Revenue</b>	<b>2,486,520</b>	<b>196</b>	<b>2,486,716</b>



# Expenses

## Water Expenses

Wages	305,235	3,593	308,828
Payroll Taxes	23,350	275	23,625
Unemployment	1,032	-	1,032
401K Contributions	21,639	177	21,816
Commissioner Pay	3,375	(674)	2,701
Health Insurance	89,031	(2,893)	86,137
Office Expense	12,800	(7,800)	5,000
Office Equipment	5,000	-	5,000
Field Supplies	230,000	(105,000)	125,000
Field Equipment	10,000	-	10,000
Repairs & Maintenance	10,400	(5,400)	5,000
Vehicle Expense	15,500	(7,500)	8,000
Equipment Rental	1,500	500	2,000
Legal Fees	25,000	(5,000)	20,000
Professional Fees	74,525	(4,426)	70,099
Lab, Chemicals & Testing	45,000	-	45,000
Travel	1,000	-	1,000
Outside Services	15,000	(3,000)	12,000
Insurance	40,000	-	40,000
Utilities	48,000	7,200	55,200
Fees/Dues	1,800	-	1,800
Training	1,100	900	2,000
Uniforms	3,000	-	3,000

**Total Water Expenses**      983,287      (129,047)      854,239

## Sewer Revenues

Wages	605,914	7,132	613,047
Payroll Taxes	46,352	546	46,898
Unemployment	2,048	-	2,048
401K Contributions	42,954	352	43,306
Commissioner Pay	6,705	(1,342)	5,363
Health Insurance	176,733	(5,743)	170,989
Office Expense	17,000	(7,000)	10,000
Office Equipment	5,000	5,000	10,000
Field Supplies	50,000	-	50,000
Field Equipment	25,000	-	25,000
Repairs & Maintenance	10,000	-	10,000
Vehicle Expense	29,000	(13,000)	16,000
Equipment Rental	8,500	1,500	10,000
Legal Fees	50,000	10,000	60,000
Professional Fees	148,225	1,076	149,301
Lab, Chemicals & Testing	35,000	(15,000)	20,000
Travel	2,000	-	2,000
Outside Services	80,000	(30,000)	50,000
Insurance	70,000	-	70,000
Utilities	175,000	5,000	180,000
Fees/Dues	5,000	-	5,000
Training	3,600	(600)	3,000
Uniforms	6,000	-	6,000

**Total Sewer Expenses**      1,600,032      (42,079)      1,557,953

**B** 2% Raise for hourly employees - \$27,000 - \$46,000

**C** Health Insurance Coverage

# Debt Service / Capital Expenditures

## Debt Service

Bond Principal	565,000	20,000	585,000
Interest Expense	<u>402,700</u>	<u>(22,600)</u>	<u>380,100</u>
<b>Total Debt Service</b>	<u>967,700</u>	<u>(2,600)</u>	<u>965,100</u>

## Reserve Funds

Contingency Funds	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Reserves</b>	<u>-</u>	<u>-</u>	<u>-</u>

## Capital Expenditures



System Improvements	187,801	312,199	500,000
Tower Reserve	70,000	-	70,000
Truck Purchase	<u>40,000</u>	<u>-</u>	<u>40,000</u>
<b>Total Capital Expenditures</b>	<u>297,801</u>	<u>312,199</u>	<u>610,000</u>

<b>Surplus/(Deficit)</b>	<u>-</u>	<u>-</u>	<u>30,363</u>
--------------------------	----------	----------	---------------



### 2016-2017 Capital Improvement Projects

2016-2017 Capital	Description	Cost
2016 Fire Hydrant Program	Install 15 new fire Hydrants and Valves	\$43,000.00
Well 3 and Well 4 Chlorine Improvements	Relocate CL <sub>2</sub> cylinders and replace all piping	\$40,000.00
2016 I & I Improvements	Basin 13 - Camera existing sewer lines, CIPP 2000 LF lines, line and repair manholes	\$625,000.00
Commercial Area Water Valve Improvements	Install 2 valves in Commercial Area to minimize water outage areas	\$12,500.00
Commercial Area Water Main Loop	Loop water main to Diamondhead Drive East - New West Aloha Drive	\$13,500.00
Live Oak Drive and Makiki Court	Live Oak Drive - SMH and 8" sewer main Makiki - 8" sewer main and tie into SMH	\$8,000.00
High Point Loop	Loop water main from Gulf Club Drive	\$3,000.00
2016 Meter Replacement Program	Grant funds to install 1,937 Registers and 2,358 meters (based on 75/25 grant)	\$205,000.00
Incode Signature Module	Commissioner's Signatures printed on checks after Docket is approved by a Board motion	\$690.00
<b>TOTAL CIP FUNDS</b>		<b>\$950,690.00</b>

2016 Lift Station Repair Project	MEMA PW 8429, 11247 and 11280 / Permanent Mount Generator - LS 1 & 27	\$2,000,000.00
<b>TOTAL BOND FUNDS</b>		<b>\$2,000,000.00</b>

# Capital Improvements

# RATE REVIEW



Diamondhead Water & Sewer District  
Rate Change Options  
Budget Year: 2016-2017

Average Monthly		Option 1 \$23.95 (Min. 4,000)	Option 2 \$19.50 (Min. 2,000)	Option 3 \$22.00 (Min. 4,000)	Option 4 - Tier Plan \$20.50 (Min. 2,000)
Meter	Customer Count	\$1.38 per 1,000	\$2.15 per 1,000	\$2.25 per 1,000	Rate Increases Every 4,000 gal.
500	282	81,046.80	65,988.00	74,448.00	69,372.00
1000	444	127,605.60	103,896.00	117,216.00	109,224.00
2000	519	149,160.60	121,446.00	137,016.00	127,674.00
3000	570	163,818.00	148,086.00	150,480.00	152,190.00
4000	576	165,542.40	164,505.60	152,064.00	165,888.00
5000	483	146,812.68	150,406.20	140,553.00	149,247.00
6000	314	100,643.28	105,880.80	99,852.00	103,620.00
7000	199	67,078.92	72,237.00	68,655.00	65,073.00
8000	164	57,996.96	63,763.20	61,008.00	58,056.00
9000	95	35,169.00	39,387.00	37,905.00	36,195.00
10000	72	27,846.72	31,708.80	30,672.00	29,376.00
11000	39	15,729.48	18,181.80	17,667.00	18,603.00
12000	39	16,375.32	19,188.00	18,720.00	19,890.00
13000	18	7,855.92	9,320.40	9,126.00	9,774.00
14000	21	9,513.00	11,415.60	11,214.00	12,096.00
15000	10	4,695.60	5,694.00	5,610.00	6,750.00
16000	15	7,291.80	8,928.00	8,820.00	10,710.00
17000	15	7,540.20	9,315.00	9,225.00	11,295.00
18000	1	519.24	646.80	642.00	792.00
19000	8	4,286.40	5,380.80	5,352.00	6,648.00
20000	3	1,657.08	2,095.20	2,088.00	2,610.00
30000	11	7,897.56	10,520.40	10,626.00	13,860.00
<b>Residential Water Revenue Estimate</b>		<b>1,206,082.56</b>	<b>1,167,990.60</b>	<b>1,168,959.00</b>	<b>1,178,943.00</b>
<b>\$ Change</b>		<b>-</b>	<b>(38,091.96)</b>	<b>(37,123.56)</b>	<b>(27,139.56)</b>
<b>% Change</b>		<b>0.00%</b>	<b>-3.16%</b>	<b>-3.08%</b>	<b>-2.25%</b>

**Option 1** - This is the District's current rate plan.

**Option 2 & 3** - Both options give rate reductions to users under 6,000 gallons, which equates to over 80% of the customer base. Compared to the previous draft, the base rates were increased slightly, but the rate per 1,000 was decreased. The goal was to accomplish a rate reduction of approximately 3%.

**Option 4** - This is a Tier Plan aimed at charging a larger portion of the water cost to high users. The 5th tier is likely to see a significant drop in usage which is not reflected in this calculation.