

HEBER PUBLIC UTILITY DISTRICT

REPORT TO BOARD OF DIRECTORS

MEETING DATE: April 19, 2018

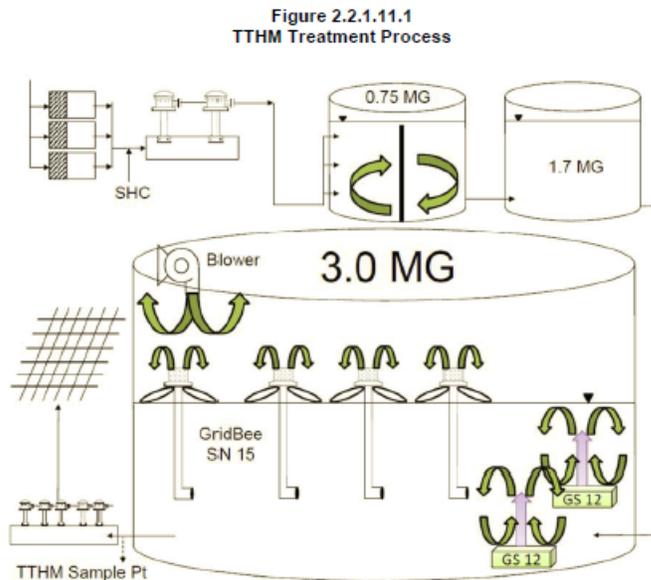
FROM: Laura Fischer, General Manager

SUBJECT: Information Only Regarding Power Cost Increase at Water Treatment Plant

INFORMATION ONLY:

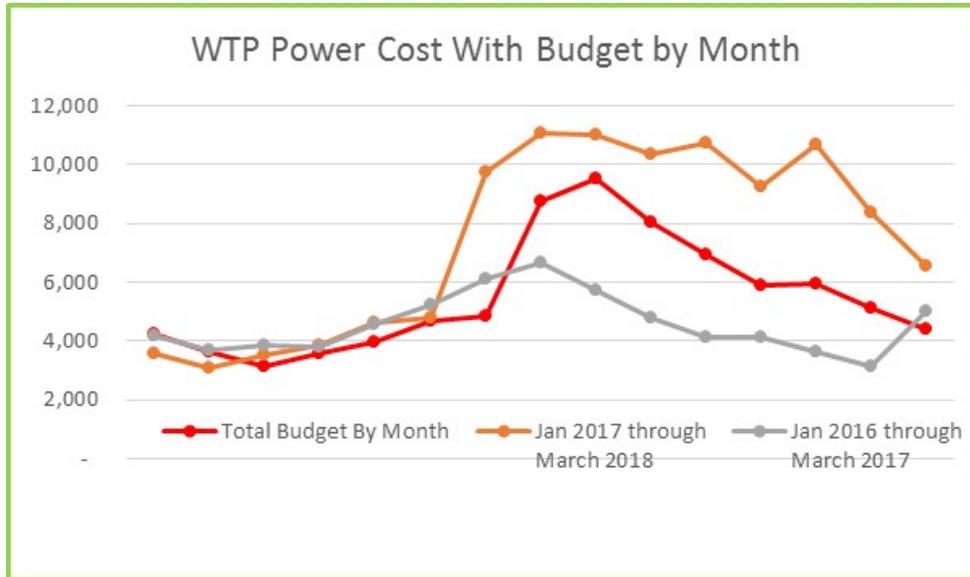
BACKGROUND:

The water treatment plant improvement project, which was recently completed, included the installation of the TTHM removal system. This system includes two blower motor which vents the TTHMS, which have been stripped from the water, out of the top of the tank; two mixers that circulate the water to ensure the TTHMs are stripped; and four aerator motors that pump the water from the bottom of the tank and sprays it into the air in the top of the tank. This aeration of the water strips the TTHMs and the blower vents them out of the tank. See diagram below



When we designed this system, we understood that the aerator motors would not have to run 24 hours per day. They were to be run longer in the summer and less in the winter due to the weather conditions. However, when the project was completed, the State Water Board informed HPUD operators that the aerators must run 24 hours per day. This has caused a very significant increase in our power costs.

FISCAL IMPACT:



We anticipated an increase in power costs and as you can see in the table above “Red Line Total Budget by Month” we increased our budget numbers by 40%. Although the chart shows that our power costs have risen, staff believes that the Water Fund will have funds available from other expenditures and that we will not exceed our Water Fund budgeted expenditures.

BUDGET ANALYSIS		
FY 2017-18 Budget for Power at WTP	82,000	
Estimated Total Power Cost for FY 2017-18	115,000	
VARIANCE - AMOUNT NEEDED	(33,000)	
WTP EXPENSES UNDER BUDGET		
Object Code	Expenditure	Amount
5281	Office Services	3,500
5282	Office Supplies	2,400
5294	Plant Lab and Offices Repairs	4,900
5332	Accounting & Auditing	10,000
5334	Engineering Fees	5,000
5336	Legal Fees	4,500
5340	Temp Employment Services	3,700
TOTAL AVAILABLE FOR POWER COSTS		34,000

Staff is not recommending a budget modification. We are anticipating some savings in the expenditure accounts listed above.

HPUD staff and our Engineers have taken several steps to petition the Water Board to reduce our power costs. We held a conference call with Engineers from the State Water Board and our concerns were addressed.

We stated that one of the aerators is not needed to remove the TTHM in our water system. It was installed as a redundant system in case one of the aerators failed. We state that the maximum of three aerators should be required at any times. The State Water Board agreed that one of the aerators is redundant for backup.

We agreed to conduct additional data collection and analysis of the TTHM at the 3MG tank and the two sample sites to determine the need to increase the number of aerator motors in the TTHM removal system. We will increase our testing to monthly and operate the appropriate number of aerator motors to remove the TTHM to ensure we remain in compliance with the Maximum Contaminate Levels. The cost to perform additional tests is less than the anticipated increase in power costs. We will include the additional costs associated with the additional data collection and increased power cost in the FY 2018-19 budget.

CONCLUSION:

Board action is not required to move funds between one line item to another as long as the total budget amount is not exceeded. However, staff must report to the Board any changes, modifications and justifications for them. Please consider this informational report as notification of line item budget modifications (listed above), which will not exceed the budget amount.

Respectfully Submitted,

Laura Fischer,
General Manager