



April 30, 2013



INFORMATION UPDATE

MEMBER CENTER
480 customers
765 units

Executive Directors

PRESIDENT

Arnie Bergen-Henengouwen

VICE PRESIDENT

To Be Determined

TREASURER

Bill Hamman

SECRETARY

Dirk Van Der Kooij

DIRECTORS

Larry Peterson

Earl Dunn

Rob Boras

Murray Kester

Erik Dunsbergen

Norm Spencer

Morris Zeinstra

Frans VandeStroet

Jack Feenstra

OFFICE INFORMATION

LNCPWC, PO Box 426

Picture Butte, AB, T0L 1V0

Phone: (403) 381-4789

Fax: (403) 381-4780

Email: lncpwc@telus.net

Operations Contact

Hook up inquires or issues, please contact

Brett Schafer

Phone (403) 634-2526

AUTO-DEBIT OPTION:

Please contact the office if you would like to set up the pre-authorized payment option, and have your monthly fees paid directly from your account each month. All payments will be processed around the 20th of each month, for the previous month's charges.

For more information please contact Rae Lynne Friesen at 403-381-4789 or email at lncpwc@telus.net.

Sympathies on the passing of Mr. John Haarman:

It is with extreme sadness that we announce the passing of Mr. John Haarman, Co-op Vice President and long time Board member. John passed away suddenly on April 25, 2013. He was one of the original founding members, a passionate advocate for the water co-op, and he had just proudly accepted his position once again as Vice-President, for another term. John put in a lot of time and effort in seeing this project to where it is today. The LNCPWC sends our deepest sympathies and sincere condolences to John's family. We are extremely grateful for all of John's dedicated efforts, and there will be a huge VOID as a result of his passing.

2013 Rate Increase: Effective July 1, 2013 (see other side for budget details)

Idle Curb-Stop Fees will increase to \$30.00/month/unit

Water Usage Fees will increase to \$78.00/month/unit

President's Report:

For the LNCPWC, 2012 was a year of transition from construction mode to operational. This was reflected in the activities the board undertook in the past year. We moved from construction meetings to meetings on policy and finance. It was this time last year that TA Excavating was doing the finishing touches to the Picture Butte phase. Since then dozens more members are enjoying the privilege of having clean potable water at their fingertips. In September 2012, we (the Co-op) along with the County, held a Ribbon Cutting ceremony celebrating the completion of four phases of our project. Dignitaries and members came together to marvel at what has been accomplished to this point. The true co-operative effort with which this project has evolved has become a model that many jurisdictions are looking to follow, to undertake similar ventures. All celebrations aside we now turn our focus to completing the Monarch phase. Many of our original co-op members are still patiently waiting for their turn to enjoy City water delivered to their homes. Together with the County we are "like kids in the candy store door" looking for ways to secure additional grant monies to allow us to complete this fifth and final phase of the Co-op. We will continue to try to find ways to make this happen!

The Board has approved the budget for this coming year that does include a rate increase. There are a couple of reasons for the increase. First, the City of Lethbridge and in turn County of Lethbridge, have increased the rate it charges for the water delivered to us. And secondly, we now have had several months of stable operation where we are able to more accurately budget what our income and expenses look like. Not great news we know, but as our balance sheet shows we have financial commitments that must be met. Even with the rate increase I believe we are providing a service with great value! We currently have about \$330,000.00 in construction costs still receivable from members. Just a reminder to members, the Co-op has provided a service in good faith and whether or not you take advantage of that service immediately, it is incumbent upon you to hold up your end of the agreement. I would like to acknowledge the contributions that our employees (Brett, Rae Lynne, and Marcella) make to the success of our organization. The diligent and efficient manner with which they perform their jobs reflects well on our Co-op. Appreciation goes out to your Board of Directors for all their volunteer time and effort. Kudos must also go out to Dennis Shigematsu, Morris Zeinstra, and all the County council. The support we receive from them has been truly empowering.

Arnie Bergen-Henengouwen, LNCPWC President

2013 BUDGET REPORT—Presented by Bill Hamman, Treasurer (on behalf of the Board)

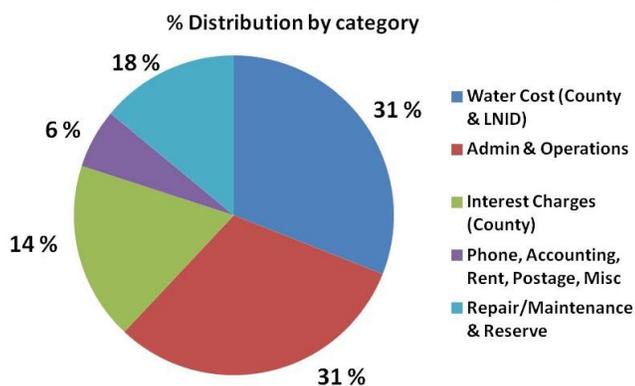
We are now entering the first full year of service to all phases of the LNCPWC water pipeline. Our Annual General Meeting was held on March 27, 2013, where the budget was discussed amongst approx. 30 individuals, including your Board representation. The Board approved a budget of \$497,000 for the 2013 fiscal year. The 2 pie charts below, show the distribution of our income and expenses for 2013. On the expense side you can see that the cost of water for our members is about 31% of our total projected expense for 2013. We were faced with a fee increase from the County and we now pay \$1.17 per cubic meter (about 225 gallons). This increase includes the cost of daily sampling and courier of these samples for analysis as a requirement of Alberta Environment regulations. Another major item of expense is our administration and operations personnel which is also about 31% of our projected expenses. Our debt to the County at this time eats up another 14% of our budget but this includes the interest costs associated with the upsizing cost of the main pipeline back in 2002. We have also budgeted nearly 18% of our expenses for repair, maintenance and reserve. The reserve is a necessary account to build equity for future repair and emergencies. We have budgeted \$62,000 for our reserve for 2013. This is our savings account!. We continue to get a great deal with Rae Lynne, Marcella and Brett, with all of them using their home for office space which really saves us a pile of money by not paying for commercial office space, and the additional expenses/overhead that go with it.

On the income side, we were forced to implement a fee increase for 2013. This increase will be effective July 1, 2013 and will be reflected in your water invoice/statements dated July 31, 2013. As you can see from the income pie chart below, we obtain 66% of our income from our active units and with a \$10 fee increase per unit on July 1st, we will obtain another 5% of our budgeted income. Our idle curb-stops contribute 15% of our income and another 2%, with the \$8 per unit, fee increase. The balance of our revenue is from collection of interest charges from members, and the sale of new units will contribute about 7% towards our income.

It is still essential that all members use discipline and discretion with your water usage this summer. We expect an increase of about 20% higher water usage in the hot summer months but the Board would like to remind all members that water conservation is paramount to keeping future fee increases in check. Our water is potable water and should not be used for gardens or lawns.

We still have about \$330,000 owing to us from members for construction obligations. This balances with about the same amount owed to the County for outstanding construction expense that they paid on our behalf. We are required to have this loan repaid to the County by early 2015. The interest on outstanding amounts accrues at 12% per annum. Co-op policy states that for those members whose arrears for water service is in excess of \$1500 and over 90 days, will have a caveat registered against their title. In addition, those members using water but behind in their monthly fees will be notified in writing, that their service may be terminated. Additional administration/notification costs, etc. will be applied to your account as well. It is imperative that you keep your accounts current. Thank you!

Expense Categories LNCPWC 2013 Budget (\$497,000)



Revenue Source for 2013 LNCPWC Budget (\$497,000)

