

**UTILITIES COMMISSION MEETING
BANDON CITY HALL
October 12, 2016**

COMMISSION:

- | | |
|---|---|
| <input type="checkbox"/> Open Chair | <input type="checkbox"/> Mary O’Dea |
| <input checked="" type="checkbox"/> Patricia Soltys, Vice Chair | <input checked="" type="checkbox"/> Bob Berry |
| <input checked="" type="checkbox"/> Linda Olsen | <input checked="" type="checkbox"/> Madeline Seymour, Council Liaison |
| <input checked="" type="checkbox"/> Sheryl Bremmer | <input type="checkbox"/> Brian Vick, Council Liaison |
| <input type="checkbox"/> Daniel Graham | |

- STAFF: Robert Mawson, City Manager Denise Russell, City Recorder
 Jim Youravish, Chf. Water Plt. Oper. Richard Anderson, Public Works Supervisor

1. CALL TO ORDER

Roll Call: The meeting was called to order at 3:05 p.m. by Soltys. Roll call was taken with those presents shown above.

2. MINUTES

A. August 10, 2016 Minutes

Berry (Bremmer, 2nd) made a motion to approve the minutes with corrections to complete the last sentence of the *Commission Member Remarks* to read “...that the ballots come out,” on page 6. The Commission passed the motion unanimously.

Ms. Negherbon from Dyer Partnership affirmed that she had received emailed comments from O’Dea on the Feasibility Study in response to Soltys inquiry.

3. DISCUSSION

A. Robert Mawson, New City Manager Introduction

Winkel introduced Mawson to the Commission. Mawson started on Thursday, October 6, 2016.

Mr. Mawson comes from Arizona. He is looking forward to working in Bandon and getting to know everyone; understanding the committees and commissions. Mawson expressed his appreciation for the opportunity.

B. Questions for Bill Stuffer

Bremmer noted that there is one more slot set aside for a utility billing stuffer. Last months was a review of what needs to be done at the water treatment plant and how much it will cost. Also included was a quotation from the City Charter as an explanation of why voter approval is required.

The next month’s letter will be going out just prior to the election. Bremmer would like ideas from the Commission on what the content for this letter should be. The letter will be sent out

after the ballots have been received by the voters, which ostensibly means that a large portion of the population may have already voted. The Commission is unable to advocate “yes” or “no” for the ballot measure; the only thing that can be done is to reiterate the facts or answer questions that may have arisen from people that are still confused.

The Mayor received a question from a constituent wondering if the ballot measure will generate money that will be added on to the property tax. Bremmer was surprised because the Commission has been clear that the ballot measure is a \$10.00 residential and \$20.00 commercial base rate increase for the water utility.

Seymour believes that everyone has made up their minds. Any questions that she has received are of a clarification nature.

Berry noted that he received a question that the \$10.00 base rate increase did not seem like to much, but will the bill be raised by \$10.00 every month.

Berry requested to read the initiative to make sure that the language was clear. Olsen noted that any additional increase would have to be approved by another vote. Bremmer responded that the initiative is a clear and succinct statement, which by regulation must be within a certain number of words.

Russell provided the Commission with the written ballot initiative upon Soltys’ request.

Bremmer noted that Winkel addressed the ballot measure in the first utility insert. In addition, the other billing inserts have addressed the topic of routine maintenance and the costs for the maintenance.

Olsen indicated that the important issue to talk about is what is on the table now, that the ballot measure is clear so that people understand what they are voting for. Any additional increases in the future will also have to be voted on.

Mawson suggested to the Commission that the last billing insert be a thank you to the constituents for considering the ballot initiative, their support, and appreciation for them as a customer.

Bremmer thanked Mawson for mentioning the positive ending to the billing inserts. A thank you for people’s attention to the matter; support of their utility company; their participation in the Commission meetings and attending the Water Treatment Plant tour, which was an extremely positive day.

The Commission agreed to simply say thank you to the citizens for their support of their utility company.

C. Reservoir Update

Negherbon provided a short historical overview of the reservoir project to bring everyone in the meeting up-to-date on the issue. There is an electronic and paper copy of the Feasibility Study available for those who would like to read it.

Negherbon reported that the Feasibility Study was submitted to the Oregon Water Resource Department for review with all the comments that were submitted, after approval by the City Council on September 12, 2016. OWRD’s review should be complete by the end of October

2016, after which there may be some revisions to do; however, funding should be able to be pursued then.

The piezometer is being monitored to check the water level at the proposed reservoir site. The water level currently is very low. Monitoring the water level is necessary in determining how many ballasts to put on the liner.

The stream gauge is up and running. Currently, the website shows just the instantaneous state of water flow; however, in a week or so, discharge data should be available. This information can be found on OWRD's website at:

http://apps.wrd.state.or.us/apps/sw/hydro_near_real_time/display_hydro_graph.aspx?station_nbr=14327120.

The incremental perfection of the claim of beneficial use for the 5 CFS domestic water right has been approved. Once the final order is received next week a transfer application can be filed to change the water use from domestic to municipal use, which makes a difference in how the laws are applied.

The definitions of domestic and municipal water use are as follows:

- Domestic water use is for human and animal consumption that is ancillary to the residential use of the property and / or watering a ½ acre of lawn or noncommercial garden.
- Municipal water use is the delivery and use of water through a water service system from a municipal corporation, which is county, city, town or districts for all water uses, usual and ordinary to such systems, lawns, gardens, commercial, industrial, fire protection, irrigation, parks and recreation and street water.

Currently, the water right is certificated for 1.6 acre-feet and as use increases another incremental perfection can be completed. It is better to do an extension because it locks up part of the water and will move the City from the domestic water use classification into municipal water use.

In addition, applications for new surface water rights and storage rights will be completed. Martha Pagel, the City's water rights attorney, will help with the preparation of the applications.

The cost estimate, which has not changed, is at \$7.2 million. Once approval is received on the Feasibility Study, a one-stop finance meeting with the agencies that will be involved can be scheduled to start working on funding. The Feasibility Study does have a finance section (Section 10) which discusses finance options. The best option seems to be OWRD's one-percent loan.

D. Voter's Registration List

Soltys obtained a copy of Bandon's voter registration list for the City. Soltys noted that it is acceptable for Council Members to contact constituents, perhaps a call center could be setup to make sure that constituents vote on the ballot measure.

Seymour noted that the topic should have been brought to the Council at the last Council meeting.

E. Go Native Student Tour of Water Plant

The Go Native student tour was arranged with Darcy Grahek and Jim Proehl. The high school students are starting the water unit in their biology class. The students will be touring the entire water system on October 27, 2016. The tour will start at the sewer plant at 8:45 a.m.

Amy Moss-Strong from the Bandon Western World will try to be at the tour to take pictures and possibly write a story about the tour. In addition, it is possible that Jessica Waite from KCBY will also be there.

F. Other

Olsen wondered if Winkel will be coming back on to the Commission as a member since he is no longer Interim City Manager. Winkel indicated that he will not be able to until after the end of October. The decision for Winkel to come back to the Commission is a Council decision.

Soltys indicated that she hopes Winkel will come back because she will not be available as of the beginning of February to facilitate the meetings for several months.

4. AGENDA ITEMS FOR NEXT MEETING – November 9, 2016 Regular Meeting

Reservoir Update
Election Debriefing

5. PUBLIC COMMENTS

Mr. James J. Lundy, 580 Bandon Ave. SW, Bandon

Lundy has been a resident of Bandon for about 1 ½ years. Occasionally he has talked to others about the water, and they are angry and bitter. He is not sure how anything like the Charter Amendment could have been passed in the first place; if we had a utility company that wasn't city owned and they could offer service to the whole city, but you could not ever raise the rates – no company would provide services.

Lundy came to the meeting thinking that there is not a lot of support for the ballot measure; now he thinks there is. Lundy looks at the utilities as three units: water, sewer and electric, and he asked for clarification on where the \$10.00 will be applied. Soltys explained that the \$10.00 goes directly and only into the water utility. The current base rate is \$13.50 and comes with 2000 gallons of water per month. The water system is one of the lowest base rate systems in the State of Oregon.

Soltys noted that the water system has consistently been using funds from the general fund to subsidize the operations of the Water Plant because the current base rate does not provide enough income to cover the expenses and maintenance of the system. The general fund is supposed to fund the parks, police and planning departments not utility operations.

Lundy wondered if the money then comes from the property taxes. Soltys clarified that much of the revenue for the general fund comes from utility taxes rather than property taxes. Property taxes are a very low source of revenue for the City. The benefit of having a utility tax is that the systems users are contributing to the ability of the City to operate the utilities rather than just the property owners.

Lundy explained, as a former resident of Michigan, the water infrastructure issues initially alarmed him. Flint got into a lot of trouble; they started out wanting to lower their rates by providing their

own water rather than purchasing overpriced water from the City of Detroit. Detroit passed on the expense of those within the city limits that did not pay their bills, to the three counties that purchased water from the City.

Flint breaking away from Detroit's water service turned out to be a disaster. Most people that lived in Flint have left because they do not trust the water.

Lundy wondered if a vacation rental is considered commercial or residential. Winkel believes that it is a residential account because it is a residential meter on a house. Just the base rate will go up.

Lundy inquired if the law created fifteen years ago, could be changed? Winkel and Seymour noted that the City has tried three or four times to reamend the Charter, which is the only way to change the rate setting authority. The last time a ballot measure was proposed, that would have allowed the Council to raise the rates by a maximum of five percent a year, it was defeated.

Lundy wondered how the electric utility billing is done. Winkel explained that the City purchases the electricity from Bonneville Power Administration at a wholesale rate. The City passes through to the customer, the wholesale cost plus the cost of operating the distribution system, which then becomes the rate. The customers and the City get charged based upon how much power they use. Winkel further explained that the City can pass through the increase from BPA to the customers, but not any increases in the cost of operating the distribution system.

Lundy noted that a lot of communities in Oregon charge more for their water base rates than what Bandon's base rate is or will be if the ballot measure passes. Soltys directed Lundy to the storyboards in the hallway that show what other municipalities in Coos County charge for their utilities.

Lundy wondered if it is possible to get grant funding from Federal or State agencies. Seymour explained in Oregon most grants are tied in with loans now, and the agencies that offer loans in conjunction with grant sources need proof that the entity will be able to pay the loan back. If the municipality is not able to prove their ability to raise rates when needed to cover the loan, the grant funding is also not available.

Seymour and Soltys thanked Lundy for coming to the meeting.

6. COMMISSION MEMBER REMARKS

Mr. Berry wondered if the Commission will need to meet prior to November 8th, 2016. After discussion, the Commission decided that they could call a special meeting if there was a reason to do so; otherwise, the meeting will be November 9th, 2016.

Berry wondered why there are no signs that say "yes", how did the Commission miss that. Soltys explained that to have signs, a political action committee would have had to be formed. The Commission cannot advocate for a particular outcome, just provide facts on the issues.

Seymour wondered if the Editor of the World would be writing on article on the Ballot Measure. Berry responded both the Editors of the Bandon Western World and The World Newspaper should be writing and article on the ballot measure.

Bremmer noted that for the last eight months, hopefully, everyone that receives a utility bill will have read the facts of what is being asked for and why. She cautioned making a hasty decision

about putting up signs in response to the negative one, which has the possibility of an error. The advocacy of passing this measure, is now in the hands of the elected officials.

7. ADJOURN

There being no further business, the meeting was adjourned at 4:15 p.m.

DRAFT

Submitted by: Denise Russell, *City Recorder*