



A Letter From Your Utilities Commission July 2016 Bandon, Oregon

A Bandon citizen asked some excellent questions this month: “How long does the Commission think it will take to raise the amount of money needed for repairs/maintenance, and how much money does the Commission want to have ‘in reserve’? In other words, is there a sunset on this rate increase or is this to become permanent?” This month’s letter will answer these questions. It is very helpful when utility customers submit their questions to us so we can do our best to provide answers and accurate information on which they can base their decisions.



The upcoming fiscal year budget estimates that, if the rate increase is approved by the voters, it would go into effect in January, 2017. If it were in effect for an entire year, it is projected to generate \$308,520 annually. However, since it would only be in effect for half of the upcoming fiscal year, it is projected to raise \$154,260, which is only about 39% of the \$395,000 needed for the four capital projects being proposed at this time. That means the City will have to borrow the remaining \$240,740 from other funds. In addition to contributing towards those projects, the rate increase will then have to also cover making future payments on those loans. Once these four projects are completed, and the loans repaid, the City will hopefully be able to begin building reserves for future expenses and needed projects. The money figures being discussed here only reflect the cost of the four critical water treatment plant improvement projects being proposed at this time. They do not include any other increased labor, operation, or maintenance costs for the water treatment, storage, or distribution systems, either now or in the future. Those costs will continue to increase every year as the system gets older and older. In addition, these four projects are only the first of a large number of improvement projects that are needed. A few of the other millions of dollars of projects that will have to be addressed in the not-too-distant future include renovation and painting the existing 2 MG treated

water storage tank, building additional treated water storage tanks since the City only has a maximum capacity of 3 million gallons of treated water storage, renovating the existing deteriorated backup clarifier or constructing a new one, dredging the middle pond, possibly dredging the remaining Ferry Creek and Geiger Creek reservoirs which are becoming increasingly silted in, possibly repairing the severely deteriorated dams at those reservoirs, maintaining and improving the water distribution system to ensure adequate water lines to provide the necessary supply of water for drinking and firefighting. All of this is in addition to the \$7-8 million needed to construct the proposed 100 acre-feet reservoir to provide a backup supply of water which will be necessary to protect the City in the event of continued drought or low flows in the two small creeks that provide 100% of the City's water supply.



With regard to the matter of the duration of the proposed water rate increase and whether it will have a sunset date, the answer is that the proposed rate increase is intended to be a permanent rate increase with no sunset date. It is anticipated that as funds are needed in the future to undertake additional improvement projects and cover the rising costs of properly and adequately operating, maintaining, and improving the water, sewer, and electric systems, the matter of utility rates will continue to be reviewed by the voters as additional needed utility rate increases and/or rate setting authority are brought before them at future elections.



Thanks again for your very thoughtful questions.



Your Utilities Commission welcomes your questions. Your Utilities Commission's next meeting is on Wednesday, July 13, 2016 at 3:00 P.M.