

**WATER RESOURCE COMMITTEE SPECIAL MEETING
HELD IN THE COUNCIL CHAMBERS, BANDON CITY HALL
WEDNESDAY, JULY 30, 2014**

PRESENT: Chair Peter Hughes, Committee Members Patricia Soltys (via telephone), Donald Starbuck, Madeline Seymour, Bob Berry, Roy Ashworth

STAFF: City Manager Matt Winkle, Beverly Lanier

ABSENT: Committee Member Kristina Campina, Brian Vick (council liaison)

1. CALL TO ORDER

The meeting was called to order at 4:07 p.m. by Chair Hughes.

1.1 Roll Call

Roll call was taken with members present as indicated above.

2. DISCUSSION

2.1 Recommendation to the City Council regarding a ballot measure to restore utility rate setting authority.

Chair Hughes: The Chair is passing out a document titled “Summary Chair Water Resources Meeting July 30, 2014.” He ordered that it be entered into the documentation of the meeting.

Chair said that he was going to give a summary of events, as per the above stated document. He stated that in 1995, a ballot measure came up and passed, effectively taking away the right of the City Council to set rates regarding utilities, engineering studies, copying documents, gorse abatement, applications (for building, etc.), rental of equipment, and use of personnel. He said that this ballot measure was an intentional retribution against the City Council. He said that the series of ballot measures have caused nothing but damage.

Chair said that in 1996, major cities in Oregon were starting to boom; Portland especially. He said that the State Legislature passed a bill that is called a “mill.” He said that a “mill” is a very basic rate for property tax; in Bandon’s case \$0.46. (See attached document for other city rates.)

Chair said quoted the intent of measures 47 and 50 as, “These permanent taxes (rates/mills), sometimes referred to as “operating taxes”, are to be used to fund the general operating budgets of the taxing districts and account for the single largest component of property taxes.”

Chair said that Bandon has less than 5% of the Revenue from basic property taxes than neighboring communities as well as communities throughout Oregon.

Chair stated that Bandon's governing body has responsibility without authority, as they cannot adjust revenue rates to meet rising costs.

Chair stated that the consequences of this are constant choices and periodic emergencies. He said that between 1997 and 2010, Bandon has had to propose 17 ballot measures, eight of which dealt with authorization and/or rate levees, seven were rejected. The citizens said no to \$0.58 added to their property taxes for Parks and Recreation. They said no to a utility increase of 10% over 10 years. They said no to a water rate increase of 10% to improve fire flows pressure. They said no to City Council authority. They said no to Park Maintenance tax of \$2.00. They said no to a police levy of \$0.56, twice.

Chair ordered a second document, titled "2002-2003 \$17,118,055 Proposed Budget" be entered into the record. He said this document is only page 5 and 6 of a much larger document that he was working on when researching the budgets and rates.

Chair said that City Manager Winkle wrote in 2002, "Those increases will impact the City's water and sewer utility customers. In accordance with the court rulings in the Stadelman vs. City of Bandon, water and sewer rate suit, the sewer rate increases are required by the City's Wastewater Plant construction loan agreements with the Department of Environmental Quality and can therefore be implemented by the City Council. The water rate increases, however, would be subject to the City Charter requirements for approval by the voters. The budget anticipates that the water rate vote would be placed on the ballot for the September 17, 2002 election. It is recommended that the ballot measure either grant full authority to the City Council to adjust rates, or allow a limited increase (i.e. 5%) per year. To keep the impacts on our utility customers as low as possible, it is also recommended that water, sewer and electric rates be included in the ballot measure, to allow small preemptive increases each year instead of large increases every several years."

Chair quoted Winkle again on page 2 of the document. "Unlike cities which typically depend on property taxes as an important revenue base, the City of Bandon continues to essentially function as a utility company, operating water, sewer, and electric systems. Revenues from the sale of those services are deposited into the enterprise funds, and used to operate and maintain the respective utility systems. Taxes and reimbursements from those utilities also serve as the primary revenue base for providing other essential municipal services, including police protection, fire protection, administration, accounting, planning, street and drainage maintenance, and parks and maintenance and parks and recreation.

"Although the City has been able to successfully keep its expenditures in line with relatively constant revenues, some changes on the revenue side of the equation will be necessary in the near future, if the City is going to be able to continue providing quality services. These increases will be needed to ensure that the City can properly operate and maintain the water, sewer and electric systems, and address such items as upgrading electric system components, replacing deteriorated water lines, correcting sewer system inflow and infiltration problems, and protecting the significant investments of the new water and wastewater treatment plants."

Chair stated that there are a lot of effects on the City, and that a lot of them are not noticed.

Chair stated that Committee Member Soltys, on the telephone in Chicago, has a broken and falling utility pole in her front yard. He said that the City came out and did what they could, by attaching a 2x4 to it, but they don't have the money for a new pole.

Chair said that there are untold numbers of small items like the above referenced that the ordinary citizen has yet to have to deal with, but that we are fast approaching the time when the little things will become bigger.

Chair handed out the final document, titled "Draft Resolution Water Resources July 30, 2014", and suggested that instead of saying to the City Council, "We recommend that you try to do something to rescue the City" that the Water Resources Committee could put it in a form that details or expresses the problem, and then makes its recommendation. He said that it needed to be a clear public reading/hearing of the recommendation. Chair said that he came up with the age old notion of a resolution.

Chair Hughes read the Draft Resolution word for word, which is available by record request via the City offices.

Members Ashworth and Seymour passed in the first round of discussion, opting to comment later on the recommendation.

Member Starbuck said that he feels this body is "good where we are right now."

Member Berry said that Chair did a great job with the documents provided; they draw a very clean picture painted in a clear manner.

Chair said that he appreciates that, and it is his job to make sure that these things get on the record.

Member Soltys said that she feels that this body may need to do something to set limits on the rate increases. She wondered if it could be a completely separate issue, addressed at a later time if need be, following getting rate authority back to the City Council. She said that people would be afraid that the City Council is going to go wild.

City Manager Winkle said that he agrees with Soltys, and thinks that rate caps could be on a separate ballot.

Chair said that a majority of the committee has expressed concern over the same issues presented by Soltys.

Chair yielded the floor to Winkle.

Winkle handed out a document titled "Ballot Title Process." He explained what each form of ballot is. He said that the type of ballot that would go to the citizens is a referral. He said that he wanted to point to the ballot title, itself. Winkle said that there are three parts to a ballot title: the caption, can only be 10 words; the second is a question not exceeding 20 words; and the last is a summary of the entire measure that cannot be any longer than 175 words. Winkle said that the last three pages are previous ballot measures that were proposed, updated today to ensure accuracy. He said that the measures presented are only the ones that were water/sewer associated or directly correlating to those items. Winkle said that the water system itself was being subsidized by the General Fund, causing jobs/positions within the City to be vacated to cover the costs of the water systems.

Winkle said that until the Council can set the rates, the City will continue to have to subsidize the water systems because they are not paying for themselves at the current rate values.

Winkle referred the committee to the copies of the previous rate authority ballot measures. He said he included them for wording purposes. All of the documentation provided the Committee is available as part of this record via record request at the City offices.

Winkle said that he could put together the ballot measure, if the Committee decides if they are talking about all of the systems or just the water.

Ashworth said that looking back at 2002, looking at the 10% and the failure rate of the ballot measure, he is discouraged. He still believes that there should be a limit on the rate increase.

Berry said that the first thing that should be worked out is what exactly we're going for; just water or all of the utilities? He said that he felt that going for just water rates would be prudent.

Soltys agrees that it should be limited just to water. This body is only the Water Resources Committee, and as such has no other say in the other utilities. She said that if City Council were to add all of the other utilities into that ballot, then that would be at their discretion. Soltys felt that there was better luck of a passing vote with only the water rate up for the vote.

Starbuck said that Water Resources includes sewer, as this body is looking at all water resources. He said he is hesitant to restrict the recommendation to one or two of the utilities. He thinks it's like sticking one's finger in a cracked all over dyke. Starbuck said that there were previous resource committees that went out and sold them to the public and got it to pass. He thinks it's possible. He stated that his opinion is to go for all utilities with a cap.

Seymour made a motion for this body to vote on the percentage limit to go on the recommendation to City Council; to be set between 0% and 5%, 5% being the highest possible increase. Ashworth seconded the motion. The motion passed with a unanimous vote.

Berry made a motion to move forward with the recommendation to get water only rate increase. Seymour seconded the motion. The motion was opposed 5 to 1.

Seymour made a motion to move forward with the recommendation to the City Council to attempt to regain rate setting authority for both water and sewer. Soltys seconded the motion.

Starbuck said he felt that we should blanket it for all utilities, as there is not Electric Committee.

Seymour said that she thinks that next this body could vote on all utilities to get all of the bases covered.

Berry said that he is against including sewer.

Soltys said that she thinks this body should go for all of the utilities and if it were to fail, then the option of going for individual utilities would still be available.

The motion was opposed 5 to 1.

Seymour made the motion to have the recommendation contain all utilities. Starbuck seconded the motion. The motion passed 5 to 1 in favor.

Starbuck made a motion that the members of this committee, City Council, and Staff be actively engaged in presenting the facts regarding utility system to the general public regarding this initiative. Soltys seconded the motion. The motion passed with a unanimous vote.

Chair asked if everyone understood that what was just done was to be added to the Resolution. The members said that they understood.

Seymour made a motion to go forward with the wording of the Resolution, as is, with the recommendation of this body inserted. Starbuck seconded the motion. The motion passed unanimously.

3. ADJOURNMENT

Chair Hughes adjourned the meeting at 5:30 p.m.

Minutes taken by Beverly Lanier and transcribed by Anne Jelinek.