



Your Utility Company Newsletter

Main Points From the Utilities Commission's Recommendations to the Mayor and City Council¹

- * City staff, engineers, and consultants have recommended that certain water and sewer system expenditures and improvements are necessary to continue properly operating and maintaining those utility systems.
- * Upon review of the proposed fiscal year 2019-2020 City of Bandon Budget, the Utilities Commission has found that current water and sewer utility rates and revenues are projected to be insufficient to generate the revenue necessary to continue operating, maintaining, and improving those utility systems.
- * Prior to the proposed 2019-2020 Budget presentation, the Utilities Commission was not aware of the Water and Sewer Fund shortfalls or current cash balances.
- * After considering the needs and projected revenues for the water and sewer systems, the Utilities Commission recommends that the Mayor and City Council immediately declare that an **emergency** exists in the proposed fiscal year 2019-2020 water and sewer utility system budgets.
- * It is recommended that, to address the **emergency**; to help protect the health, safety, economic, and general welfare of existing and future citizens, visitors, and utility customers of the City of Bandon; to help provide an adequate supply of high quality, safe water for drinking, fire protection, commercial, and other domestic uses; to help ensure adequate and safe sewage treatment and effluent discharge; and to help keep future water and sewer and property tax rates as low as possible, the Utilities Commission hereby recommends that the Mayor and City Council take the following actions:
 - * 1. Institute one-year **emergency** water and sewer rate increases for fiscal year 2019-2020 in amounts necessary to generate sufficient revenues to cover all of the water and sewer system operation and maintenance expenses. The proposed fiscal year 2019-2020 Budget currently projects shortfalls of approximately \$160,000 in the Water Fund and \$222,000 in the Sewer Fund. Based on the revenues currently projected in the proposed Budget, plus 5% for contingencies, [generating sufficient revenues to cover these shortfalls would require a water rate increase of approximately 21% and a sewer rate increase of approximately 28%](#).
 - * 2. Include the expenditure of \$250,000 from the Water Plant Improvement Fund for the following capital improvement project: 2 million gallon treated water storage tank seismic protection valves;
 - * 3. Include in the fiscal year 2019-2020 Budget and Capital Improvement Plan the expenditure of \$1,000,000 from the Water SDC Improvement Fund for the following projects: Re-painting and corrosion repair on the 1MG and 2MG treated water storage tanks (\$500,000); and Emergency back-up generators for the water treatment plant (\$500,000);
 - * 4. Initiate negotiations with private and public financial institutions, lenders, and bond counsel to determine the amount, costs, and terms of loans and grants that may be available for providing \$4,400,000 to finance the following water and sewer system capital improvements: Wastewater

¹ Approved by the Utilities Commission on April 24, 2019.

Treatment Plant headworks upgrade (\$450,000); Replacement of the Fillmore Avenue pump station (\$1,600,000); Wastewater Treatment Plant ultraviolet system improvements (\$100,000); 2017-2018 I&I Study Projects #4, #5, #9, and #11 (\$1,300,000); Water Plant Replacement Clarifier (\$950,000);

- * 5. Include in the fiscal year 2019-2020 Budget and Capital Improvement Plan, and place before the voters at the November 5, 2019, general election, the matter of a general obligation bond which, in combination with any grant funds which may be available, will provide \$4,400,000 in net proceeds to finance the water and sewer system improvements in Item 4 above. Adding 10% for bond issuance, bond counsel, and underwriters costs, contingencies, etc., and assuming no outside grant funding, **it is estimated that repayment of a 20-year bond in the amount of \$4,840,000, at a 5% annual interest rate, would require property tax assessments in the range of \$0.79 per \$1,000 assessed valuation, based on the 2018-2019 City assessed valuation of \$490,3721,860.** If the proposed general obligation bond for water and sewer system improvements is not approved by the voters then it is recommended that sewer and water revenue bonds be issued to cover those costs, which would require an additional estimated 20-year **emergency** water rate increase in the range of 11%, and sewer rate increase in the range of 37%, to cover the annual payments necessary to service the debt on that revenue bond.
- * And, it is further recommended that the Mayor and City Council continue to monitor the financial condition and needs of the water, sewer, and electric utilities, and determine annually whether an **emergency** exists in those municipal utilities; and determine whether subsequent annual **emergency** utility rate increases and actions are necessary to meet the future operation, maintenance, and capital improvement needs of those utilities.
- * And, it is further recommended that the Mayor and City Council place before Bandon voters at the next possible and appropriate election the matter of amending the Bandon City Charter to restore **permanent** utility rate setting authority to the Mayor and City Council.

This recommendation has been discussed with the Budget Committee and will be considered by the Mayor and City Council at their June City Council Meeting.

2017-2018 I&I Study Projects

#4 Manhole 10-1 to Manhole 8-10. Collection Lines/Manholes (active infiltration in manhole channel)

#5 Manhole 16 to Manhole 14. Collection Lines/Manholes (active infiltration in manhole channel)

#9 Manhole 12-12 to Manhole 12-11, and Manhole 12-17 to Manhole 12-15. Collection Lines/Manholes (active infiltration, weeping base and bottom ring)

#11 Manhole Rehabilitation.

11 projects were recommended in the Inflow and Infiltration Study, to reduce inflow and infiltration into the City's Sewer Plant. The 4 projects above were the highest priority and should be completed first.