

City of Bandon

CITY COUNCIL AGENDA DOCUMENTATION

DATE: 7/11/16

SUBJECT:

**RESOLUTION NO. 16-09: PROPOSED WATER BASE RATE
REFERRAL FOR NOVEMBER 8, 2016, ELECTION**

ITEM NO:

5.2.1

BACKGROUND:

At the May 2nd meeting, in accordance with a recommendation from the Utilities Commission, the City Council directed staff to prepare a ballot measure and ballot title, and take the other actions necessary to place before the voters at the November 8, 2016 election a proposed water base rate increase of \$10 per month for residential customers and \$20 per month for commercial and industrial customers. Funds from the proposed rate increase will be used exclusively for water treatment and distribution system operation, maintenance, and capital improvements including seismic protection for the 2 million gallon treated water tank, repairing the water filters and replacing the filter media, replacing the chlorine generator, purchasing spare pumps, and building reserves for future projects.

At the June 6th meeting, the City Council reviewed the draft ballot title prepared by staff, and forwarded it to the Utilities Commission for their review and comment. The Utilities Commission reviewed the draft ballot title and has recommended proceeding to place the subject referral measure on the ballot for the November 8, 2016 election. Resolution No. 16-09 would file with the Elections Officer the ballot title for the proposed water utility base rate increases.

FISCAL IMPACT:

If approved by the voters, the base rate for residential customers would be increased by \$10 per month and the base rate for commercial and industrial customers would be increased by \$20 per month. The cost of the first 2,000 gallons of water used would still be included in the base rate, and the rate for gallons above the first 2,000 would remain the same price as currently charged. The proposed water rate increase would have no impact on the sewer or electric rates or bills.

It is projected that the proposed rate increase would generate an estimated \$308,520 per year. If approved by the voters at the November 8, 2016 election, it is anticipated that the increase would not go into effect until January 1, 2017. Therefore, during the upcoming fiscal year 2016-2017, the actual amount collected would be for only 6 months, for a total of \$154,260. This amount, combined with potential loans from other funds would allow the budgeted projects to take place in the upcoming fiscal year.

RECOMMENDATION:

MOTION: Adopt Resolution No. 16-09.

SUBMITTED BY:



MATT WINKEL, CITY MANAGER

RESOLUTION NO. 16-09

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF BANDON, FILING WITH THE ELECTIONS OFFICER A BALLOT TITLE FOR PLACEMENT ON THE NOVEMBER 8, 2016, ELECTION BALLOT A REFERRAL MEASURE TO INCREASE THE MONTHLY WATER UTILITY BASE RATE \$10 FOR RESIDENTIAL CUSTOMERS AND \$20 FOR COMMERCIAL AND INDUSTRIAL CUSTOMERS.

WHEREAS, the City Charter restricts the ability of the Mayor and City Council to increase water utility rates unless approved by the voters; and

WHEREAS, the Utilities Commission has recommended that monthly water utility base rates be increased \$10 for residential customers and \$20 for commercial and industrial customers to help provide the funds necessary for proper operation, maintenance, and improvement of the water utility system; and

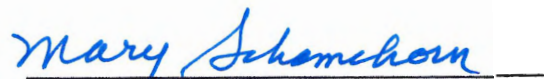
WHEREAS, the Mayor and City Council agree that monthly water utility base rates should be increased \$10 for residential customers and \$20 for commercial and industrial customers to help provide the funds necessary for proper operation, maintenance, and improvement of the water utility system.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of Bandon that the referral measure ballot title captioned "Water Utility Base Rate Increase," which is included herein as Exhibit A, is hereby filed with the City Elections Official; and

BE IT FURTHER RESOLVED that the City Elections Official is hereby directed to proceed with giving public notice and taking the other actions necessary to place on the November 8, 2016, election ballot for the City of Bandon the referral measure captioned "Water Utility Base Rate Increase," which is included herein as Exhibit A; and

BE IT FURTHER RESOLVED that this resolution shall become effective upon its adoption and approval.

ADOPTED by the City Council this 11th day of July, 2016.


Mary Schamehorn, Mayor

Attest:

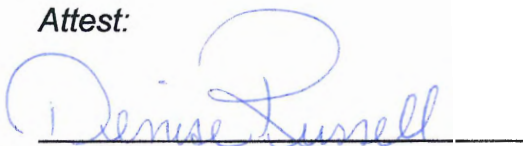

Denise Russell, City Recorder

Exhibit A

RESOLUTION NO. 16-09

REFERRAL MEASURE FOR NOVEMBER 8, 2016, ELECTION

BALLOT TITLE

CAPTION: Water Utility Base Rate Increase

QUESTION: Shall the monthly water utility base rate be increased \$10 for residential customers and \$20 for commercial and industrial customers?

SUMMARY: City Charter restrictions prevent the City Council from increasing water rates unless approved by the voters. Without any rate increases, water system costs are projected to exceed sales revenues. As recommended by the Bandon Utilities Commission, the Mayor and City Council are requesting voter approval to increase the monthly water utility base rate \$10 for residential customers and \$20 for commercial and industrial customers. All funds from the proposed rate increase will be used exclusively for water treatment and distribution system operation, maintenance, and capital improvements including seismic protection for the 2 million gallon treated water tank, repairing the water filters and replacing the filter media, replacing the chlorine generator, purchasing spare pumps, and building reserves for future projects. The effect of a YES vote will be to increase the monthly water utility base rate \$10 for residential customers and \$20 for commercial and industrial customers. This will not increase any sewer or electric utility rates or bills. The effect of a NO vote will be to retain the current water utility base rates.