

## Beth Hager

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**From:** Beth Hager  
**Sent:** Thursday, April 25, 2019 11:23 AM  
**To:** 'Robert Mawson'  
**Cc:** Denise Russell  
**Subject:** FW: Utilities Commission Findings and Recommendation  
**Attachments:** 2019-2020 WATER & SEWER BUDGET EMERGENCY.wpd

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**From:** Matt Winkel <mattwinkel@outlook.com>  
**Sent:** Wednesday, April 24, 2019 7:11 PM  
**To:** Beth Hager <bhager@ci.bandon.or.us>  
**Subject:** Utilities Commission Findings and Recommendation

Beth:

Attached please find a .wpd copy of the Utilities Commission Findings and Recommendation from today's meeting.

Let me know when you have a copy of the revised document ready for me and Mary O'Dea to sign.

If you need anything further, please let me know.

Thanks.

Have a great day!

Matt

**FINDINGS BY THE BANDON UTILITIES COMMISSION  
THAT AN EMERGENCY EXISTS IN THE PROPOSED  
FISCAL YEAR 2019-2020 WATER AND SEWER UTILITY  
BUDGETS; AND RECOMMENDATIONS FOR ACTION BY  
THE CITY COUNCIL TO ADDRESS THAT EMERGENCY.**

WHEREAS, the Utilities Commission was established by the Mayor and City Council, "to plan for, and advise the mayor and city council, the city manager and the public on the water, wastewater and electric utilities;" and

WHEREAS, the Utilities Commission has reviewed and concurs with the recommendations of City staff, engineers, and consultants that certain water and sewer system expenditures and improvements are necessary to continue properly operating and maintaining those utility systems; and

WHEREAS, the Utilities Commission has reviewed the proposed fiscal year 2019-2020 City of Bandon Budget, and has found that current water and sewer utility rates and revenues are projected to be insufficient to generate the revenue necessary to continue properly operating, maintaining, and improving those utility systems; and

WHEREAS, 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; and

WHEREAS, considering the needs and projected revenues for the water and sewer systems, the Utilities Commission has found that an EMERGENCY exists in the water and sewer utility budgets.

NOW, THEREFORE, THE UTILITIES COMMISSION HEREBY 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;

AND, IT IS FURTHER 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 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 \$200,000 in the Water Fund (940) and \$198,000 in the Sewer Fund (950). Based on the revenues currently projected in the proposed Budget, generating sufficient revenues to cover these shortfalls would require a water rate increase of approximately 37% and a sewer rate increase of approximately 24%.

2. Include in the fiscal year 2019-2020 Budget and Capital Improvement Plan the expenditure of \$250,000 from the Water Plant Improvement Fund (941) for the following capital improvement project:
  - A. 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 (721) for the following projects:
  - A. Re-painting and corrosion repair on the 1MG and 2MG treated water storage tanks (\$500,000).
  - B. 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 \$3,450,000 to finance the following sewer system capital improvements:
  - A. Wastewater treatment plant headworks upgrade (\$450,000).
  - B. Replacement of the Fillmore Avenue pump station (\$1,600,000).
  - C. Wastewater treatment plant ultraviolet system improvements (\$100,000).
  - D. 2017-2018 I&I Study Projects #4, #5, #9, and #11 (\$1,300,000).
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 soonest possible simple-majority tax levy election), the matter of a general obligation bond which, in combination with any grant funds which may be available, will provide \$3,450,000 in net proceeds to finance the sewer system improvements listed in Item 4 above. Assuming the total bond debt, including bond issuance, bond counsel and underwriters costs, contingencies, etc., is \$3,800,000, it is estimated that repayment of a 20-year bond at a 5% annual interest rate would require property tax assessments in the range of \$0.62 per \$1,000 assessed valuation, based on the 2018-2019 City assessed valuation of \$490,372,860.

If the proposed general obligation bond for sewer system improvements is not approved by the voters, then it is recommended that a sewer revenue bond be issued to cover those costs, which would require an additional estimated 20-year EMERGENCY sewer rate increase in the range of 36% 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.

ADOPTED by the Utilities Commission, this 24<sup>th</sup> day of April, 2019.

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**Matt Winkel, Chair**

**ATTEST:**

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**Mary O'Dea, Vice Chair**

**Beth Hager**

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**From:** Beth Hager  
**Sent:** Friday, April 26, 2019 5:10 PM  
**To:** 'Donald Starbuck'; Patricia Soltys (patricia318@mac.com); Matt Winkel (mattwinkel@outlook.com); Sheryl Bremmer; Mary O'Dea; Joe Kuehner; Madeline Seymour (councilormadeline@earthlink.net); Peter Braun  
**Cc:** 'brian vick'; 'geri Procetto'; 'Mary Schamehorn'; Claudine Hundhausen; Chris Powell; 'Robert Mawson'  
**Subject:** April 17, 2019 Draft-Draft Utilities Commission Minutes  
**Attachments:** UC-Minutes.4.17.19

Hello Everyone

Attached are the Draft-Draft minutes from the April 17<sup>th</sup> Utilities Commission Minutes. Just a reminder, these have not been proofed for spelling or grammar errors.

Please let me know if you have any questions on these.

Thank You,  
Beth

Beth Hager  
Administrative Assistant

City of Bandon  
P.O. Box 67  
555 Highway 101  
Bandon, OR 97411  
Phone (541) 347-2437  
Fax (541) 347-1415  
[www.cityofbandon.org](http://www.cityofbandon.org)



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**PUBLIC RECORDS LAW DISCLOSURE**

This is a public document. This email is subject to the State Retention Schedule and may be made available to the public upon request.

**UTILITIES COMMISSION MEETING  
BANDON CITY HALL  
April 17, 2019**

**COMMISSION:**

- Matt Winkel, Chair
- Mary O'Dea Vice-Chair
- Sheryl Bremmer
- Joe Kuehner
- Patricia Soltys
- Don Starbuck

**STAFF:**

- Robert Mawson, City Manager
- Richard Anderson, Public Works Dir.
- Mark Dornath, Elec. Dept. Line Foreman
- Beth Hager, Administrative Assistant
- Tim Lakey, Public Works

**CITY COUNCILORS/MAYOR:**

- Peter Braun, Council Liaison
- Madeline Seymour, Council Liaison
- Mary Schamehorn, Mayor

- Dennis Lewis, Planning Director
- Bill Nielson, Wastewater Plant Supervisor
- Jim Wickstrom, Electric Dept. Supervisor
- Jim Youravish, Water Plant Operator

**1. CALL TO ORDER / WELCOME COMMENTS**

Winkel called the meeting to order at 3:00 p.m.

**A. Roll Call**

Roll call was taken as indicated above.

Winkel said that Daniel Graham—in a text message to Mayor Schamehorn and Winkel—offered to resign as a Utilities Commissioner because he's had to miss (and will have to continue to miss) so many meetings due to his existing business (Face Rock Creamery) and current business developments. Winkel said he appreciates the work Graham has done on the Commission and understands that Graham's businesses and family obligations make it difficult for him to serve as a Commissioner. Winkel asked that ideas for a new addition to the Utilities Commission to replace Graham be sent to Mayor Schamehorn or text Winkel and he'll pass it on.

**2. MINUTES FOR APPROVAL****A. March 20, 2019, Regular Meeting**

Copies of the minutes from the March 20, 2019, regular monthly meeting were provided to the Commissioners. Winkel asked for a motion to approve the minutes if there weren't any changes/corrections. Kuehner made a motion to approve the minutes and Soltys seconded that motion. The minutes were approved by a vote of 4:0:2 absent (Graham and O'Dea).

### **B. Review and Discuss the Draft-Draft Meeting Minutes Program**

Winkel asked if the Draft-Draft process should continue for Utilities Commission minutes. The consensus was “yes.” Schamehorn thinks it’s helpful to know what’s happening close to when it’s happening, and Council Liaison Seymour said it speeds up the approval process at the Utilities Commission meetings.

At 3:06 p.m., Starbuck joined the meeting.

### **3. DISCUSSION / ACTIONS**

#### **A. Consolidated Municipal Utility Report**

##### **A-1. Electric Utility Report/Update**

##### **A-2. Conservation Program Report/Update**

##### **A-3. Water Utility Report/Update**

##### **A-4. Wastewater Utility Report/Update**

City Manager Mawson reminded the Commissioners that staff will answer any questions they have on the utility reports in the meeting packet; no verbal reports will be given. Referring to the “March 2019 Annual Water Usage” report, Mawson commented that the average percentage of water loss was negative 12.78% (trending downward from previous months). Seymour noted the winter figures in the report are crazy. Winkel advised that the best gauge is to look at the average figure. Mawson said our goal is to average 10%.

Bremmer asked about the leak reported at the last meeting. Mawson said indications of the leak are hit or miss, but as of right now, there are no indications of a leak. Winkel asked if it had been determined what caused the leak. Mawson said they couldn’t determine an obvious cause.

Bremmer asked what phone number a customer should call when he/she discovers a sewer cap is broken or missing, or if the customer cannot locate it. Mawson said to call the main number at City Hall. Nielson, Water/Wastewater Plants Supervisor, said his department purchased 20 caps, and as part of a project, replaced 4 so far. Anderson, Public Works Director, asked for the ionized study, and cap replacement work orders were given to Anderson with the study. Then there wasn’t enough summer help for Anderson to continue the project. Mawson said customers should call when caps are missing or damaged and they will be replaced; the customer doesn’t need to buy a cap (the City will provide it). Anderson said 90% of the damage to caps is caused by mowers. Anderson said his department bought 25 caps. Winkel asked if the caps are placed below ground. Anderson said the caps are flush with the ground and if lawns are high around the cap, they place a 4x4 near the cap as an alert to mowers that there is a cap in that location.

### **B. Plans, Projects, and Reports**

#### **B-1. Status Report**

The packet included a document titled “History of Bandon as a Utility Company” prepared by Soltys. Soltys said that most of the information came from the book *Bandon-by-the-Sea* (which can be purchased in the museum in Bandon), and some information is from the Master Plan. Each of the three utilities is covered individually, and she’ll be talking to staff to flesh out the document, especially regarding the topics of the sewer, underground electrical lines, and “looping.” Soltys went on to review some of the information included in the document as well as describe her process of research. Winkel

pointed out that in 2016, the increase in the base water rate was \$10 for residents and \$20 for commercial entities (not the stated \$5).

Mawson said Dyer Engineering will have a draft of the Water Master Plan in May and Mawson is planning to have the report at the May Utilities Commission meeting.

Mawson said there is a meeting tomorrow regarding the 11<sup>th</sup> Street storm drain project for which bids were due on April 9<sup>th</sup>. Three bids were received; they ranged from \$385,000 to \$585,000 (two were closer to the \$585,000 figure). After the meeting and bid packet analyses, there will be enough information to be able to make a recommendation to the City Council.

The pavement improvements project has been awarded. There will be a pre-construction meeting on May 2<sup>nd</sup>.

The projects will overlap and there will be traffic control issues when the projects are underway: detours will be established, and flaggers will be used as needed. Consideration will be made to keep important access points open (hospital). Schamehorn asked if people have been warned so they can plan accordingly. Mawson said the police department knows and they are contacting the fire department, emergency services, and other personnel it will affect. The pre-construction meeting will address the logistics and time frame. Winkel asks if we know exactly when the projects will start and end. Mawson said we'll know more after the May 2<sup>nd</sup> pre-construction meeting.

Schamehorn asked what the 3<sup>rd</sup> estimate was for the storm drain project. Mawson said \$425,000. When the bids are analyzed in detail, they'll have a better idea why there is the variance in bids. Mawson said \$450,000 was budgeted for the project. Winkel asked where the funding is coming from and Mawson said System Development Charges (SDCs) and a from combination of other funds.

Schamehorn asked if merchants have been advised. Mawson said we put out notifications as a City and the contractors are also required to make sure everyone in the areas affected is notified as to what will be going on. Anderson said there were door-to-door notification. Mawson commented that when 2<sup>nd</sup> Street was done, emails were sent out to the affected merchants with updates as appropriate. The vibrating roller had the most impact (it was very noisy, and the vibrations could be felt). The result of this upcoming pavement improvement project is that two intersections will have access ramps on all four corners.

## **C. Communication Plan**

### **C-1. Newsletter Review**

Bremmer said she didn't have a draft of the newsletter for everyone as she is still editing it. She asked that any of the Commissioners who have educational degrees they would like added to their names to let her know. She reminded the Commissioners that the block that lists the Utilities Commissioners gets excised if the newsletter needs that space, then gets reinserted in future issues. Bremmer remarked that some utility customers will change their habits about disposing grease and "flushables"; some won't. Getting the word out using different avenues will reach more individuals. Amy Moss-Strong, Managing Editor of the *Bandon Western World* newspaper, said she would like the information sent to her. Bremmer asked for Soltys's advice. Soltys said she's planning to conference with Moss-Strong about the history she's writing about Bandon being a utility. She was advised not to send anything to Moss-



Strong before Thursday's print deadlines. After Thursday, Soltys can send her the brief history. It will tie in well, when talking about wastewater, to mention the issues with "grease and rags." Bremmer reiterated that there are no "flushable" wipes. Bremmer asked if the Commission is okay with reaching out to other avenues of information dissemination to reach the maximum number of people. Soltys mentioned she doesn't look at news online, but some do, and recommended putting information on the Bandon Webcam (bandon.tv) site and in the *Bandon Western World* and *Coffee Break*. Schamehorn said she put a picture of the sewage treatment plant taken in 1971 in her recent article ["As I See It," April 17, 2019]. Soltys said any pictures Schamehorn can provide to her for the history document would be appreciated.

Mawson asked if the newsletter is posted on the City's website. Hager, Administrative Assistant, said it isn't yet. Mawson said, "Let's do it!" and added we can also post Public Service Announcements (PSAs) on the site too. Winkel said maybe the newsletter could be posted on the Bandon Webcam site too. Schamehorn said she's sure they would be happy to. Winkel asked that the two pieces be sent to the Bandon Webcam site. Hager said the Bandon Webcam site has linking capabilities, and these could be linked in.

Mawson reiterated that educating the public about what is put down toilets (anything other than toilet paper) and sinks (grease), and what residents can do about broken or missing sewer caps are important topics to bring to the community's awareness.

Mawson mentioned that the last time the City performed a "smoke test" in the sewer lines (non-toxic smoke) the City received some calls from residents saying that smoke was coming up from their sinks and bathtubs. That is an indicator that traps had dried out. In some homes that have 2 or 3 bathrooms, some never get used and the traps dry out. The smoke coming up through plumbing indicated that water needed to be put in traps. If smoke in the test came up, then sewer gases come up. Mawson recommends that once a month water should be run through the pipes in unused bathrooms and the toilets need to be flushed anywhere there's a sewer connection. This information would make a good PSA. He added that the City won't be doing a smoke test for a few more years.

### **C-2. Utilities Commission Report to the Mayor and City Council**

Schamehorn said it's helpful for the Utilities Commission to give a report at City Council meetings and asked if they will be written reports. Winkel said the Utilities Commission will plan to do a report at the May City Council meeting and will provide a document with bullet points of what will be presented.

### **C-3. Public Service Announcements (PSAs)**

Nothing further was discussed.

### **C-4. Other**

Mawson asked Kuehner about his meeting with Washed Ashore. Kuehner said in addition to the articles in the monthly newsletter, Washed Ashore is an informational community resource. Kuehner said he is excited about his meeting with Washed Ashore, which included John Tannous, Executive Director of Washed Ashore. They are pleased to help us. Tannous is willing to make our efforts highly visibility in the community. Kuehner invited Tannous to the May Utilities Commission meeting to explore cooperative ideas. One idea is to celebrate a "Bandon Earth Day" next April; Washed Ashore will take the lead. Tannous also agreed to make a presentation to schools and create publicity. Washed Ashore has

national reach. Tannous suggested “refreshing” the fish sculpture in the lot beside Washed Ashore, “Henry,” and unveil it on Bandon Earth Day. They discussed how pharmaceuticals do harm in the water system. Kuehner asked that next month’s agenda include a spot for the Washed Ashore report. Kuehner said he hopes Schamehorn will be at the May Utilities Commission meeting. Winkel asked Hager to put Washed Ashore on the agenda near the top. Hager said she will put “Presentations” on the agenda after minutes approval.

Starbuck said the child abuse awareness campaign (“Pinwheels for Prevention” on April 4, 2019) resulted in whirligig pieces being blown all over the place, including going down storm drains. Schamehorn said of the 1,000 pinwheels displayed, most are gone due to the high winds that followed. Starbuck said it’s fine to stage an awareness program, but this one became a disservice; community awareness of our environment is critical before a program is launched. Mawson said it was partially sponsored by the Rotary Club, and he advised them the pinwheels needed to be put in deeply or the City would be left picking up the pieces. It was suggested that displays of this nature be discouraged. Schamehorn and Seymour noted that petals and pinwheel pieces went flying during the strong blow. Winkel said we are, after all, known for strong winds and it should have been a consideration.

#### **D. Enterprise Budget Update**

##### **D-1. Fiscal Year 2018–2019**

##### **D-2. Fiscal Year 2019–2020**

##### **D-3. Capital Improvement**

Winkel said the proposed budget was emailed (and the packet included “City of Bandon 2019–2020 Annual Budget/Funds by type: Enterprise Funds” pages 48–77). The pages in the packet include the proposed budgets for Water, Sewer, and Electric. A third Budget Committee meeting date was scheduled for April 29, 2019, to accommodate input from the Utilities Commission.

Some topics in the general discussion that ensued included:

- The process of balancing the budget (and unavoidable shortfalls)
- Loans (current and repaid)
- The possibility of needing to make budget cuts and letting the public know what discretionary services may need to “go away” if revenue doesn’t increase (library, Senior Center, Sprague Theater, underground electrical lines, police department, downsize City Hall personnel, etc.)
- Capital projects and various funds (the disadvantages of “robbing Peter to pay Paul”)
- Increasing revenues—SDCs, Transient Occupancy Tax (TOT), and gas tax—vs. budget cuts
- General obligation bond (a property tax supported bond) and how much could be put into one bond vs. rate increases (a dollar amount or a percentage)
- The “hit” the City could take with the outcome of the Bandon Beach Hotel (will it be shut down/torn down/rebuilt?)

It was agreed to hold a Utilities Commission Work Session on Wednesday, April 24, 2019, at 3:00 p.m. to review the proposed budget and prepare a list of Utilities Commission recommendations for the Budget Committee and City Council. In the meantime, Mawson said staff will work on the maintenance and operations aspects of the budget some more and will have an update at Wednesday’s work session. He said he’ll work out figures to propose for a rate increase or a general obligation bond.

#### **4. CITY MANAGER / DIRECTOR OF UTILITIES REPORT**

Mawson had nothing further to report.

#### **5. COMMISSION MEMBER COMMENTS / REMARKS**

Kuehner mentioned the water "boil order" in Coquille (due to turbidity) was lifted. Kuehner said he was pleased with the outcome of his meeting with Washed Ashore.

Schamehorn said there will be a special work session about gorse issues on Wednesday, May 22, 2019, at 4:00 p.m.

There was general discussion about the bird/eel encounter with a power pole which resulted in a power outage.

Schamehorn added that it was a big news week with the washout on Highway 42 that resulted in two cars dropping into a hole.

#### **6. CITY COUNCIL DIRECTION**

Suggestions for the bullet points were given in general discussion and included:

- General obligation bond
- Proposed budget recommendations
- Washed Ashore (Kuehner said he will send out an email with minutes of his meeting with Washed Ashore and include in it the idea proposed for a Bandon Earth Day in 2020)
- The dedicated fund to paint the water tank

#### **7. AGENDA ITEMS FOR THE NEXT MEETING**

Winkel directed Hager to use the same agenda format with "Presentations" in the #3. position, and to delete D-1 through D-3 under Enterprise Budget Update.

#### **8. PUBLIC COMMENTS**

Linda Frick from the Budget Committee said she would be willing to pay a higher utility rate to enable the City to afford what it needs. She suggested that the newsletter and other avenues bombard the community with our critical situation. Winkel said he thought that was a good idea.

#### **9. ADJOURN**

There being no further business, Winkel adjourned the meeting at 4:50 p.m.

Submitted by Fran McGuire, *Minutes Clerk*

## Beth Hager

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**From:** Beth Hager  
**Sent:** Monday, May 6, 2019 9:57 AM  
**To:** 'Mary Schamehorn'; Robert Mawson; 'Matt Winkel'  
**Cc:** 'Beth Hager'; 'Mary O'Dea'  
**Subject:** RE: Utilities Commission Recommendation  
**Attachments:** 20190506093215scan.pdf

Good Morning Mary,

Attached is the PDF version of the document I printed from my PC. Is anyone else having issues with the attachment Robert sent out? Please let me know.

Thanks  
Beth

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**From:** Mary Schamehorn <marys@coosnet.com>  
**Sent:** Monday, May 6, 2019 8:46 AM  
**To:** Robert Mawson <citymanager@ci.bandon.or.us>; Matt Winkel <mattwinkel@outlook.com>  
**Cc:** Beth Hager <bhager@cityofbandon.org>; Mary O'Dea <me\_odea@hotmail.com>  
**Subject:** Re: Utilities Commission Recommendation

Hi all. When I printed this out, the bold part of it is huge .... and the document itself is so small that it takes a magnifying glass to read it .... at least with my eyes. I would appreciate it if this could be redone in regular 10 or 12-point type, and I believe this may be important for me to see the percentages that you have come up with. It may be my computer as I don't know that others had the same problem, but I am always able to print out anything that is sent to me by the city and it is generally readable. But this is simply too tiny.

Thanks for redoing this so I will have it at my place tonight in a readable form.

mary

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**From:** Robert Mawson  
**Sent:** Friday, May 03, 2019 12:59 PM  
**To:** Matt Winkel  
**Cc:** Beth Hager ; Mary O'Dea ; Mary Schamehorn  
**Subject:** Utilities Commission Recommendation

Hi Matt.

I've enclosed the amended document for your review. If you see something that doesn't look right or anything else that needs to be amended just let me know.

I will ask Beth to print out a copy for your signatures.

Thanks.

**Robert J Mawson**  
City Manager



**City of Bandon**

P.O. Box 67

555 Highway 101

Bandon, OR 97411

Phone: (541) 347-2437

Fax: (541) 347-1415

[citymanager@cityofbandon.org](mailto:citymanager@cityofbandon.org)

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FISCAL YEAR 2019-2020 WATER AND SEWER UTILITY  
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THE CITY COUNCIL TO ADDRESS THAT EMERGENCY.**

WHEREAS, the Utilities Commission was established by the Mayor and City Council, "to plan for, and advise the mayor and city council, the city manager and the public on the water, wastewater and electric utilities;" and

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WHEREAS, the Utilities Commission has reviewed the proposed fiscal year 2019-2020 City of Bandon Budget, and has found that current water and sewer utility rates and revenues are projected to be insufficient to generate the revenue necessary to continue properly operating, maintaining, and improving those utility systems; and

WHEREAS, 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; and

WHEREAS, considering the needs and projected revenues for the water and sewer systems, the Utilities Commission has found that an EMERGENCY exists in the water and sewer utility budgets.

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AND, IT IS FURTHER 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 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 (940) and \$222,000 in the Sewer Fund (950). Based on the revenues currently projected in the proposed Budget, generating sufficient revenues to cover these shortfalls would require a water rate increase of approximately 20.5% and a sewer rate increase of approximately 28%.

2. Include in the fiscal year 2019-2020 Budget and Capital Improvement Plan the expenditure of \$250,000 from the Water Plant Improvement Fund (941) for the following capital improvement project:
  - A. 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 (721) for the following projects:
  - A. Re-painting and corrosion repair on the 1MG and 2MG treated water storage tanks (\$500,000).
  - B. 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 sewer system capital improvements:
  - A. Wastewater treatment plant headworks upgrade (\$450,000).
  - B. Replacement of the Fillmore Avenue pump station (\$1,600,000).
  - C. Wastewater treatment plant ultraviolet system improvements (\$100,000).
  - D. 2017-2018 I&I Study Projects #4, #5, #9, and #11 (\$1,300,000).
  - E. 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 soonest possible simple-majority tax levy 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 sewer & water system improvements listed in Item 4 above. Assuming the total bond debt, including bond issuance, bond counsel and underwriters costs, contingencies, etc., is \$4,800,000, it is estimated that repayment of a 20-year bond 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 \$490,372,860.

If the proposed general obligation bond for sewer and water 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 sewer rate increase in the range of 36%, and water rate increase in the range of 11%, 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.

ADOPTED by the Utilities Commission, this 24<sup>th</sup> day of April, 2019.

\_\_\_\_\_  
**Matt Winkel, Chair**

**ATTEST:**

\_\_\_\_\_  
**Mary O'Dea, Vice Chair**



**Beth Hager**

---

**From:** Matt Winkel  
**Sent:** Monday, May 6, 2019 2:00 PM  
**To:** Beth Hager; Robert Mawson  
**Subject:** Revised Utilities Commission Findings and Recommendations  
**Attachments:** 2019-2020 WATER SEWER BUDGET EMERGENCY (Rev 5-6-19).wpd

Robert and Beth:

Attached is the latest revised copy of the Utilities Commission Findings and Recommendations for tonight's meeting. Please check to make sure I got everything correct, and let me know.

Thanks!

Matt

BH 0017

**FINDINGS BY THE BANDON UTILITIES COMMISSION  
THAT AN EMERGENCY EXISTS IN THE PROPOSED  
FISCAL YEAR 2019-2020 WATER AND SEWER UTILITY  
BUDGETS; AND RECOMMENDATIONS FOR ACTION BY  
THE CITY COUNCIL TO ADDRESS THAT EMERGENCY.**

WHEREAS, the Utilities Commission was established by the Mayor and City Council, "to plan for, and advise the mayor and city council, the city manager and the public on the water, wastewater and electric utilities;" and

WHEREAS, the Utilities Commission has reviewed and concurs with the recommendations of City staff, engineers, and consultants that certain water and sewer system expenditures and improvements are necessary to continue properly operating and maintaining those utility systems; and

WHEREAS, the Utilities Commission has reviewed the proposed fiscal year 2019-2020 City of Bandon Budget, and has found that current water and sewer utility rates and revenues are projected to be insufficient to generate the revenue necessary to continue properly operating, maintaining, and improving those utility systems; and

WHEREAS, prior to the proposed 2019-2020 Budget presentation, the Utilities Commission was not aware of the Water (940), Water Plant Improvement Fund (941), and Sewer Fund (950) shortfalls or current cash balances; and

WHEREAS, considering the needs and projected revenues for the water and sewer systems, the Utilities Commission has found that an EMERGENCY exists in the water and sewer utility budgets.

NOW, THEREFORE, THE UTILITIES COMMISSION HEREBY 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;

AND, IT IS FURTHER 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 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 (940) and \$222,000 in the Sewer Fund (950). 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 in the fiscal year 2019-2020 Budget and Capital Improvement Plan the expenditure of \$250,000 from the Water Plant Improvement Fund (941) for the following capital improvement project:
  - A. 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 (721) for the following projects:
  - A. Re-painting and corrosion repair on the 1MG and 2MG treated water storage tanks (\$500,000).
  - B. 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:
  - A. Wastewater treatment plant headworks upgrade (\$450,000).
  - B. Replacement of the Fillmore Avenue pump station (\$1,600,000).
  - C. Wastewater treatment plant ultraviolet system improvements (\$100,000).
  - D. 2017-2018 I&I Study Projects #4, #5, #9, and #11 (\$1,300,000).
  - E. 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 soonest possible simple-majority tax levy 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 & sewer system improvements listed 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 \$490,372,860.

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.

ADOPTED by the Utilities Commission, this 24<sup>th</sup> day of April, 2019.

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**Matt Winkel, Chair**

**ATTEST:**

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**Mary O'Dea, Vice Chair**

## Beth Hager

---

**From:** Beth Hager  
**Sent:** Wednesday, May 8, 2019 8:52 AM  
**To:** 'Donald Starbuck'; Patricia Soltys (patricia318@mac.com); Matt Winkel (mattwinkel@outlook.com); Sheryl Bremmer; Mary O'Dea; Joe Kuehner; Peter Braun; Madeline Seymour (councilormadeline@earthlink.net)  
**Cc:** 'brian vick'; 'geri Procetto'; 'Mary Schamehorn'; Claudine Hundhausen; Chris Powell; 'Robert Mawson'  
**Subject:** Draft-Draft Minutes from the April 24, 2019, Special Meeting / Work Session of the Utilities Commission  
**Attachments:** UC-WorkSessionMinutes.4.24.19 Draft - Draft.pdf

Hello Everyone,

I have attached a copy of the Draft-Draft Minutes from the Special Meeting / Work Session that the Utilities Commission held on April 24. These minutes have not been looked at for spelling, grammar or any other errors.

Please let me know if you have any questions.

Thanks  
Beth

Beth Hager  
Administrative Assistant

City of Bandon  
P.O. Box 67  
555 Highway 101  
Bandon, OR 97411  
Phone (541) 347-2437  
Fax (541) 347-1415  
[www.cityofbandon.org](http://www.cityofbandon.org)



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### PUBLIC RECORDS LAW DISCLOSURE

This is a public document. This email is subject to the State Retention Schedule and may be made available to the public upon request.

**UTILITIES COMMISSION  
SPECIAL MEETING / WORK SESSION  
BANDON CITY HALL  
April 24, 2019**

**COMMISSION:**

- Matt Winkel, Chair
- Mary O'Dea Vice-Chair
- Sheryl Bremmer
- Joe Kuehner
- Patricia Soltys
- Don Starbuck

**CITY COUNCILORS/MAYOR:**

- Peter Braun, Council Liaison
- Madeline Seymour, Council Liaison
- Mary Schamehorn, Mayor

**STAFF:**

- Robert Mawson, City Manager

**1. CALL TO ORDER / WELCOME COMMENTS**

Winkel called the meeting to order at 3:00 p.m.

**A. Roll Call**

Roll call was taken as indicated above.

**2. ADJOURN TO WORK SESSION**

Winkel adjourned to the Work Session at 3:02 p.m.

**A. Review and Discuss the Proposed Fiscal Year (FY) 2019–2020 Budget**

Winkel said at the April 17, 2019, Utilities Commission meeting, the shortfalls in the budgets for water and sewer's operations and maintenance (primarily) were discussed; the electric utility's budget was not difficult to balance and was in reasonable condition. The budgets for capital projects was also discussed at that meeting.

Winkel explained the logistics of this work session and special meeting and why it was set up this way (because at a work session, no motions can be entertained).

He turned the meeting over to Mawson, City Manager.

Mawson narrated a slide show (with accompanying handouts depicting the slides) titled "Utilities Commission/FY 19–20 Budget Review & Recommendations/24 April 2019." In addition, Mawson touched on the following points:

- Electric utility staff do most projects in-house and for the most part do not contract projects out.
- Water and sewer utilities staff do projects they are able to do, but larger projects have to be contracted out.
- Regarding the top slide (slide 9) on page 5 titled “Sewer Department/Capital Projects—Treatment Plant,” Mawson mentioned that rather than replacing the Fillmore pump station, a consideration to reduce expenses may be to use the same configuration and install new efficient pumps; retrofit instead of rebuild.
- The utilities need reserves to fund unexpected expenses that occur. For example, just today, a leak was caused by an old pipe that broke.

Mawson distributed 5 handouts with updated/revised figures—“City of Bandon/2019–2020 Annual Budget/Revenues and Other Resources”:

- ✓ Electric Fund (910)
- ✓ Water Fund (940)
- ✓ Water SDC Reimbursement Fund (720)
- ✓ Sewer Fund (950)
- ✓ Sewer SDC Reimbursement Fund (730)

Mawson answered questions about the slide presentation and handouts, and pointed out that staff members were also available at the meeting if anyone wanted to address questions to them.

After discussion about the dire funding situation which has been snowballing for years and is not the creation of Mawson or current staff but rather was created by the community with the Charter Amendment that doesn’t allow the City Council to raise rates, it was the consensus that this year’s budget review process has shown that financial needs are now at emergency levels. To that end, Winkel handed out and reviewed a proposal titled “Findings by the Bandon Utilities Commission that an Emergency Exists in the Proposed Fiscal Year 2019–2020 Water and Sewer Utility Budgets; and Recommendations for Action by the City Council to Address that Emergency.” Winkel said in order for this to take effect for the 2019–2020 fiscal year, quick (courageous) action by the Mayor and City Council on these recommendations is imperative. Winkel pointed out the example of Flint, Michigan’s water crisis and resulting lawsuits against their city council and manager for not properly treating their water. He said the goals of the Bandon utilities are health, safety, and welfare. He does not want people in Bandon to have to boil water because the water is unsafe and he does not want sewer discharged into the bay as the result of equipment failure due to inadequate funding. If it came to that point, the utilities would be taken over by outside entities and the rates would go up beyond any increase needed to weather this emergency situation.

Winkel said, if it came to a vote rather than adopt these emergency measures, from past experience, he feels the voters would be more likely to favor a general obligation bond (which is based on property taxes according to value) rather than a revenue bond or rate increase.

Winkel emphasized that this is a one-year emergency proposal which can be reviewed/reassessed at the end of the year. The downside of not doing anything is simply disastrous.

General discussion ensued and Winkel answered questions about the proposal.

Mayor Schamehorn pointed out that most cities have rate increases every year. In comparison to surrounding communities in our county, Bandon's rates—even with proposed rate increases and a general obligation bond—would still be less than our neighboring cities. She added, "This is the year the buck stops here." She is not willing to destroy the town by not taking emergency steps—however unpopular and controversial—to remedy the gap in what is needed vs. what is available. Mawson said another consideration is that we have to have sufficient funds to meet state regulations as well. He added that Bandon's property taxes are lower than surrounding areas. Living in Bandon is a "good deal" all around. Later in the meeting, O'Dea underscored that even with increased rates, Bandon will still be charging less than neighboring communities. She recited rate comparisons using the approximate monthly rates on the display in the lobby for other communities, and for Bandon, O'Dea calculated, Winkel's proposed new monthly rates of sewer \$31.13 plus water \$29.15 for 2,000 gallons or less of treated water):

Bandon	\$60.28
Myrtle Point	\$70.00
Coos Bay	\$72.00
Powers	\$77.00
Port Orford	\$83.00
Coquille	\$124.00

Mayor Schamehorn added that our electric rates are also the lower than Coos-Curry Electric to the south and Pacific Power to the north.

Several mentioned that band-aids have helped the utilities limp along and now it's time to correct the financial situation wholly. Mayor Schamehorn said she would like to tell the voters and utilities customers about these emergency measures. Mawson said that these steps may get us completely out of the emergency situation we are in, and then the health of the utilities can be reassessed next year to see if the problems were remedied completely. Kuehner suggested including the life expectancy facets of our facilities in educating the public about our emergency situation.

Discussion ensued about the many years and ways residents have been warned about the impending need to revamp utilities revenues. Suggestions were made as to how and what to include when telling the City about the emergency measures that are being proposed:

- ❖ Hold a public meeting.
- ❖ Have photos showing how old the facilities/equipment are and detail life expectancy realities.
- ❖ Explain that some funds are "dedicated" and cannot be used for other purposes.
- ❖ Show the comparison of our utility rates, even with increases, still being less than neighboring cities; property taxes are also lower.
- ❖ The shortsightedness of the utilities being set up not to make a profit (that left no room for reserves and/or emergencies).
- ❖ The band-aid approach to barely getting by is of necessity over.
- ❖ The proposal is for a year, after which the emergency state will be reevaluated.
- ❖ Show a comparison of where we were and where we are now.
- ❖ These steps are necessary to protect the health, safety, and welfare of people in Bandon.



- ❖ If we don't meet state regulations, the utilities would be taken out of our control, and rates would go up significantly.
- ❖ To make Bandon an attractive place to visit/inhabit, paying slightly higher utility rates is more attractive than the alternative of having to boil water and having raw sewage in the mud flats.
- ❖ Education about this emergency situation can be disseminated via the newsletter, on the information displays in the lobby, and at meetings as ways of helping people look at and understand the history and needs behind the decisions being made.
- ❖ Quell rumors.

Bremmer mentioned that the City Councilors and the Planning Commissioners take oaths/make affirmations to uphold the constitution and protect the general welfare of the populace, and that is what we are doing.

Braun applauded the proactive steps being taken to insure the financial health of our utilities and City.

Mawson said this emergency remedy would be a recommended departure from the way the budget has been cobbled together in the past which was to work within the limited confines of deciding what we absolutely needed to do with the funds available and what could be put off (knowing that it was merely pushing the inevitability of unfavorable consequences to a future time).

During these discussions there were multiple side chats going on simultaneously.

Mawson said he is fine with Winkel's recommendations, but asked if the cost of the clarifier at the water plant could be added to the general obligation bond as a capital project because we need redundancy in case one clarifier fails. Winkel agreed, and said as long as the property tax assessment per \$1,000.00 is under a dollar, we're good (Mayor Schamehorn agreed). Winkel also asked that the staff review the figures in the document to make certain everything is current.

Mawson answered questions about the budgets.

### **3. ADJOURN TO SPECIAL MEETING**

Winkel adjourned to the Special Meeting at 4:21 p.m.

#### **A. Recommendation to the Budget Committee and City Council**

Winkel asked for motions to approve any recommendations including forwarding "Findings by the Bandon Utilities Commission that an Emergency Exists in the Proposed Fiscal Year 2019-2020 Water and Sewer Utility Budgets; and Recommendations for Action by the City Council to Address that Emergency" as amended in the Work Session (adding the water plant clarifier to the general obligation bond and double-checking/adjusting figures and calculations as discussed), to the Budget Committee and City Council. Starbuck moved to approve the amended document. Soltys seconded the motion. The amended document was approved by a vote of 6:0:0 (there is one vacant seat on the Utilities Commission).

Discussion ensued regarding advising the Budget Committee (which meets Monday, April 29, 2019) about the document. Winkel said the Budget Committee needs to be aware of it. The general obligation bond doesn't have to be in the budget.

O'Dea had questions about fund transfers (941) which Mawson, Mayor Schamehorn, and Winkel explained.

Winkel asked how much change to the operations and maintenance budget can be made before it would have to go back to the Budget Committee. Mawson was asked to look that up. Mayor Schamehorn said she wanted to keep the number of Budget Committee meetings to 3.

Winkel asked if it's legal if the budgets have negatives reflected, and said negatives give basis and creditability to the state of emergency.

Mawson remarked that the amended document approved at this meeting could be an addendum for the Budget Committee's meeting on Monday. Winkel said this document is a separate issue on which the Budget Committee makes no recommendations, and although the Budget Committee should be made aware of it, it is after all, a motion by the Utilities Commission to the City Council.

#### 4. ADJOURN

There being no further business, Winkel adjourned the meeting at 4:35 p.m.

DRAFT - DRAFT

Submitted by Fran McGuire, *Minutes Clerk*

**Beth Hager**

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**From:** drussell@ci.bandon.or.us  
**Sent:** Friday, May 10, 2019 12:52 PM  
**To:** 'Mary Schamehorn'; 'Michael O'Neill'; 'Linda Frick'; 'Blythe Tiffany'; 'Sheryl Bremmer'; 'Matt Winkel'; 'Doug Spencer'; 'Claudine Hundhausen'; 'Madeline Seymour'; 'geri Procetto'; 'brian vick'; 'Chris Powell'; 'Peter braun'; 'Ruth Keith'  
**Cc:** 'Robert Mawson'; 'Beth Hager'  
**Subject:** Reminder - Next Budget Meetings  
**Attachments:** BUDGET DOCUMENT - Approved 20190513.pdf; BUDGET COMMITTEE MEMO - 5-13-19 Meeting.pdf; BUDGET COMMITTEE MEMO2 - 5-13-19 Meeting.pdf

**Importance:** High

Hello Everyone,

Just a reminder that the next Budget Committee meeting will be this coming Monday, May 13, 2019, at 7pm in the Council Chamber. This meeting will be to continue discussion on the City budget. I have printed pages ready for pick up, for those that would like to review the budget over the weekend.

I have also attached the .pdf version of the budget document and the suggested memos for review from Matt. The memos will also be included with the budget pages.

Please let me know if you have any questions.

Regards,

Denise Russell  
City Recorder / Assistant Administrative Services Manager

City of Bandon  
P.O. Box 67  
555 Highway 101  
Bandon, OR 97411  
Phone (541) 347-2437  
Fax (541) 347-1415  
[www.cityofbandon.org](http://www.cityofbandon.org)



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PUBLIC RECORDS LAW DISCLOSURE

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## MEMO

Date: May 6, 2019  
To: Mayor and City Council  
Budget Committee  
Utilities Commission  
City Manager  
From: Matt Winkel, Budget Committee Member and Utilities Commission Chair  
SUBJECT: Proposed Adjustments to the Fiscal Year 2019-2020 City of Bandon  
and Urban Renewal Budgets

As a follow-up to the last, May 2, 2019, Budget Committee meeting, and based on the information provided at that meeting, I am respectfully requesting that the Budget Committee consider and discuss the following issues and possible adjustments to the proposed FY 2019-2020 City and Urban Renewal Budgets. I am forwarding this to all of you, so you will have a chance to review my questions and proposals in advance of the upcoming May 13, 2019, meeting.

1. I recommend restoring the Code Compliance Officer as a 0.5 FTE in the Planning Department (P.30), instead of using those funds to pay Coos Watershed Association for their gorse eradication program. Create a separate "Gorse Control" line item in State Revenue Sharing Fund (260) (P.45), to pay GAG, Coos Watershed Association, or other appropriate person, entity, or contractor for gorse control and eradication efforts.
2. What is the status of the "Utility Round-Up" and "H2Others" Programs? (P.80, P.87) How much of the Electric Low Income Energy Assistance revenue is from the \$0.18/month charge, and how much is from the "Utility Round-Up" Program? Are these voluntary programs being "sold" when new customers apply for service? Are these funds being "carried forward?" If so, how? Can the Utilities Commission get an accounting for receipts and expenditures from these programs for the last three fiscal years?
3. There are apparently no funds in the proposed Budget specifically designated for Workforce Housing development. A "Workforce Housing Planning and Infrastructure" line item could be added to the Urban Renewal Area 1 budget (P.143) and to the Capital Improvement Plan, for use in the event the City is able to find a developer to work with on the construction of some workforce housing in the upper Woolen Mill area? Perhaps the anticipated revenues from selling the Urban Renewal Woolen Mill property could be earmarked for this purpose.

4. Could the proposed Accounting and Billing Department Budget (P.24) be amended to include funds to hire a new Finance Director? These expenditures could be spread among all the various City Departments, probably requiring relatively small adjustments to those individual budgets. Even hiring an experienced Finance Director for a few years could relieve pressure on the City Manager and other staff; provide training for existing employees who could eventually move up into the Finance Director position; and help avoid some of the City's recent financial problems such as the projected utility system emergencies, late financial statements and audits, Budget Committee and Utilities Commission concerns, etc. It would also enable the City to start the budget processes earlier, and allow more participation by Department Heads in its formulation.
5. Would the proposed Planning Department Budget (P.30) or other Department Budgets be negatively impacted by re-establishing the weekly, regularly scheduled, public Development Review Board (DRB) Program?

## MEMO

Date: May 9, 2019

To: Mayor and City Council  
Budget Committee  
Utilities Commission  
City Manager

From: Matt Winkel, Budget Committee Member and Utilities Commission Chair

**SUBJECT: Proposed Adjustments to the Fiscal Year 2019-2020 City of Bandon and Urban Renewal Budgets**

I would like to add the following recommendation #6 to the list of proposed FY 2019-2020 budget adjustments which were in my last memo to you:

6. Proceeds from revenue bonds and general obligation bonds approved by the voters during a particular fiscal year can be expended without a Supplemental Budget, and do not necessarily have to be included in the approved Budget for that year. Nevertheless, I feel it is good budgeting practice to include bonds in the proposed Budget when those expenditures can be foreseen. Assuming that the City Council will adopt the water and sewer measures recommended by the Utilities Commission, this may be a good time to add the previously discussed "Water Reserve Fund" and "Sewer Reserve Fund," and include the anticipated bond proceeds and expenditures in those Funds. If the proposed bonds are issued, Funds for the receipt and expenditure of those proceeds would have to be established anyway. Doing it now, as part of the Budget Committee's approval process, would help improve budget clarity and transparency for the public, and would ensure that those capital projects are fully reflected in the Budget and shown in the Capital Improvement Plan.

**Beth Hager**

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**From:** Beth Hager  
**Sent:** Tuesday, May 14, 2019 4:41 PM  
**To:** 'Donald Starbuck'; Rod Jackson ; Patricia Soltys; Matt Winkel; Sheryl Bremmer; Mary O'Dea; Joe Kuehner; Madeline Seymour (councilormadeline@earthlink.net); Peter Braun  
**Subject:** Packet for tomorrow's Utilities Commission meeting  
**Attachments:** Agenda.pdf; 2.A Meeting Minutes - April 17, 2019.pdf; 2.B Meeting Minutes - April 24, 2019.pdf; 4.A Policy Discussion - Electric Demand Charges.pdf; 4 B1-B4 Consolidated Municipal Utility Report.pdf; 4.C Plans, Projects & Reports.pdf; 4 E1-E3 Enterprise Budget Update.pdf

Hello Everyone,

Attached is the electronic copy of the packet for tomorrow's meeting. I have your hard copies in your folders by my desk.

See you tomorrow!  
Beth

Beth Hager  
Administrative Assistant

City of Bandon  
P.O. Box 67  
555 Highway 101  
Bandon, OR 97411  
Phone (541) 347-2437  
Fax (541) 347-1415  
[www.cityofbandon.org](http://www.cityofbandon.org)



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**PUBLIC RECORDS LAW DISCLOSURE**

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**UTILITIES COMMISSION**  
Wednesday, May 15, 2019, 3:00 pm  
City Council Chambers

**COMMISSION:** Matt Winkel, Chair  
Mary O'Dea, Vice-Chair  
Sheryl Bremmer  
Don Starbuck

Patricia Soltys  
Joe Kuehner  
Rod Jackson  
Madeline Seymour, Council Liaison  
Peter Braun, Council Liaison

**AGENDA**

1. **CALL TO ORDER / WELCOME COMMENTS**
  - A. Roll Call
  - B. Introduction of new Commission Member – Rod Jackson
2. **MINUTES FOR APPROVAL**
  - A. April 17, 2019 – Regular Meeting
  - B. April 24, 2019 – Special Meeting / Work Session
3. **PRESENTATIONS**
  - A. John Tannous, Washed Ashore Executive Director
  - B. BPA, Doug Johnson, Transmission Account Executive & Greg Vassallo, Customer Service Engineer
4. **DISCUSSION / ACTIONS**
  - A. Electric Demand Charge Policy Discussion
  - B. Consolidated Municipal Utility Report
    - B-1 Electric Utility Report / Update
    - B-2 Conservation Program Report / Update
    - B-3 Water Utility Report / Update
    - B-4 Wastewater Utility Report / Update
  - C. Plans, Projects & Reports
    - C-1 Status Report
  - D. Communication Plan
    - D-1 Newsletter Review
    - D-2 Utility Commission Report to the Mayor and City Council
    - D-3 Public Service Announcements
    - D-4 Other
  - E. Enterprise Budget Update
    - E-1 FY 18-19
    - E-2 FY 19-20
    - E-3 Capital Improvement
5. **CITY MANAGER / DIRECTOR OF UTILITIES REPORT**
6. **COMMISSION MEMBER COMMENTS/REMARKS**
7. **CITY COUNCIL DIRECTION**

8. **AGENDA ITEMS FOR NEXT MEETING**

9. **PUBLIC COMMENTS** - The City of Bandon offers this time for citizens to comment on issues not already on the agenda. After the Chair asks for comments, rise or raise your hand for the Chair to acknowledge you. Come to the podium and state your name and address and sign in on the sheet at the podium. Please be sure to speak into the microphone. Comments should be limited to 3 minutes. Please supply 12 copies of the material brought to the meeting for distribution.

10. **ADJOURN**

Council Chamber is accessible to persons with disabilities.  
For services contact City Hall 48 hours in advance at 541-347-2437; 711 TTR;  
E-Mail: [citymanager@cityofbandon.org](mailto:citymanager@cityofbandon.org)

# City of Bandon

<b>UTILITY COMMISSION</b>	<b>DATE: May 15, 2019</b>
<b>SUBJECT: Utilities Commission Meeting Minutes</b>	<b>ITEM NO: 2.A</b>

**BACKGROUND:**

Utilities Commission Meeting Minutes for April 17, 2019 as submitted by Fran McGuire, Minutes Clerk.

**FISCAL IMPACT:**

None

**RECOMMENDATION:**

Motion to approve the minutes

**SUBMITTED BY:**



Beth Hager, Administrative Assistant

1

**UTILITIES COMMISSION MEETING  
BANDON CITY HALL  
April 17, 2019**

**COMMISSION:**

- Matt Winkel, Chair
- Mary O'Dea Vice-Chair
- Sheryl Bremmer
- Joe Kuehner
- Patricia Soltys
- Don Starbuck

**STAFF:**

- Robert Mawson, City Manager
- Richard Anderson, Public Works Dir.
- Mark Dornath, Elec. Dept. Line Foreman
- Beth Hager, Administrative Assistant
- Tim Lakey, Public Works

**CITY COUNCILORS/MAYOR:**

- Peter Braun, Council Liaison
- Madeline Seymour, Council Liaison
- Mary Schamehorn, Mayor

- Dennis Lewis, Planning Director
- Bill Nielson, Wastewater Plant Supervisor
- Jim Wickstrom, Electric Dept. Supervisor
- Jim Youravish, Water Plant Operator

**1. CALL TO ORDER / WELCOME COMMENTS**

Winkel called the meeting to order at 3:00 p.m.

**A. Roll Call**

Roll call was taken as indicated above.

Winkel said that Daniel Graham—in a text message to Mayor Schamehorn and Winkel—offered to resign as a Utilities Commissioner because he's had to miss (and will have to continue to miss) so many meetings due to his existing business (Face Rock Creamery) and current business developments. Winkel said he appreciates the work Graham has done on the Commission and understands that Graham's businesses and family obligations make it difficult for him to serve as a Commissioner. Winkel asked that ideas for a new addition to the Utilities Commission to replace Graham be sent to Mayor Schamehorn or text Winkel and he'll pass it on.

**2. MINUTES FOR APPROVAL**

**A. March 20, 2019, Regular Meeting**

Copies of the minutes from the March 20, 2019, regular monthly meeting were provided to the Commissioners. Winkel asked for a motion to approve the minutes if there weren't any changes/corrections. Kuehner made a motion to approve the minutes and Soltys seconded that motion. The minutes were approved by a vote of 4:0:1 absent (O'Dea).

### **B. Review and Discuss the Draft-Draft Meeting Minutes Program**

Winkel asked if the Draft-Draft process should continue for Utilities Commission minutes. The consensus was "yes." Schamehorn thinks it's helpful to know what's happening close to when it's happening, and Council Liaison Seymour said it speeds up the approval process at the Utilities Commission meetings.

At 3:06 p.m., Starbuck joined the meeting.

### **3. DISCUSSION / ACTIONS**

#### **A. Consolidated Municipal Utility Report**

##### **A-1. Electric Utility Report/Update**

##### **A-2. Conservation Program Report/Update**

##### **A-3. Water Utility Report/Update**

##### **A-4. Wastewater Utility Report/Update**

City Manager Mawson reminded the Commissioners that staff will answer any questions they have on the utility reports in the meeting packet; no verbal reports will be given. Referring to the "March 2019 Annual Water Usage" report, Mawson commented that the average percentage of water loss was negative 12.78% (trending downward from previous months). Seymour noted the winter figures in the report are crazy. Winkel advised that the best gauge is to look at the average figure. Mawson said our goal is to average 10% or lower.

Bremmer asked about the leak reported at the last meeting. Mawson said indications of the leak are hit or miss, but as of right now, there are no indications of a leak. Winkel asked if it had been determined what caused the leak. Mawson said they couldn't determine an obvious cause.

Bremmer asked what phone number a customer should call when he/she discovers a sewer cap is broken or missing, or if the customer cannot locate it. Mawson said to call the main number at City Hall. Nielson, Wastewater Plants Supervisor, said his department purchased 20 caps, and as part of a project, replaced 4 so far. Anderson, Public Works Director, asked for the ionized study, and cap replacement work orders were given to Anderson with the study. Then there wasn't enough summer help for Anderson to continue the project. Mawson said customers should call when caps are missing or damaged and they will be replaced; the customer doesn't need to buy a cap (the City will provide it). Anderson said 90% of the damage to caps is caused by mowers. Anderson said his department bought 25 caps. Winkel asked if the caps are placed below ground. Anderson said the caps are flush with the ground and if lawns are high around the cap, they place a 4x4 near the cap as an alert to mowers that there is a cap in that location.

### **B. Plans, Projects, and Reports**

#### **B-1. Status Report**

The packet included a document titled "History of Bandon as a Utility Company" prepared by Soltys. Soltys said that most of the information came from the book *Bandon-by-the-Sea*, written by Dow Beckham (which can be purchased in the museum in Bandon), and some information is from the Master Plan. Each of the three utilities is covered individually, and she'll be talking to staff to flesh out the document, especially regarding the topics of the sewer, underground electrical lines, and "looping." Soltys went on to review some of the information included in the document as well as describe her

process of research. Winkel pointed out that in 2016, the increase in the base water rate was \$10 for residents and \$20 for commercial entities (not the stated \$5).

Mawson said Dyer Engineering will have a draft of the Water Master Plan in May and Mawson is planning to have the report at the May Utilities Commission meeting.

Mawson said there is a meeting tomorrow regarding the 11<sup>th</sup> Street storm drain project for which bids were due on April 9<sup>th</sup>. Three bids were received; they ranged from \$385,000 to \$585,000 (two were closer to the \$585,000 figure). After the meeting and bid packet analyses, there will be enough information to be able to make a recommendation to the City Council.

The pavement improvements (11<sup>th</sup> Street from Baltimore to Hwy 101) project has been awarded to Knife River. There will be a pre-construction meeting on May 1<sup>st</sup>.

The projects will overlap and there will be traffic control issues when the projects are underway: detours will be established, and flaggers will be used as needed. Consideration will be made to keep important access points open (hospital). Seymour asked if people have been warned so they can plan accordingly. Mawson said the police department knows and they are contacting the fire department, emergency services, and other personnel it will affect. The pre-construction meeting will address the logistics and time frame. Winkel asks if we know exactly when the projects will start and end. Mawson said we'll know more after the pre-construction meeting.

Schamehorn asked what the Engineer's estimate was for the storm drain project. Mawson said \$425,000. When the bids are analyzed in detail, they'll have a better idea why there is the variance in bids. Mawson said \$450,000 was budgeted for the project. Winkel asked where the funding is coming from and Mawson said System Development Charges (SDCs) and from a combination of other funds.

Seymour asked if merchants will be advised. Mawson said we put out notifications as a City and the contractors are also required to make sure everyone in the areas affected is notified as to what will be going on. Anderson said there were door-to-door notification. Mawson commented that when 2<sup>nd</sup> Street was done, emails were sent out to the affected merchants with updates as appropriate. The vibrating roller had the most impact (it was very noisy, and the vibrations could be felt). The result of this upcoming pavement improvement project is that two intersections will have accessible ramps on all four corners.

## **C. Communication Plan**

### **C-1. Newsletter Review**

Bremmer said she didn't have a draft of the newsletter for everyone as she is still editing it. She asked that if any of the Commissioners have educational degrees they would like added to their names to let her know. She reminded the Commissioners that the block that lists the Utilities Commissioners gets excised if the newsletter needs that space, then gets reinserted in future issues. Bremmer remarked that some utility customers will change their habits about disposing grease and "flushables"; some won't. Getting the word out using different avenues will reach more individuals. Amy Moss-Strong, Managing Editor of the *Bandon Western World* newspaper, said she would like the information sent to her. Bremmer asked for Soltys's advice. Soltys said she's planning to talk with Moss-Strong about the history she's writing about Bandon being a utility. She was advised not to send anything to Moss-Strong

before Thursday's print deadlines. After Thursday, Soltys can send her the brief history. It will tie in well, when talking about wastewater, to mention the issues with "grease and rags." Bremmer reiterated that there are no "flushable" wipes. Bremmer asked if the Commission is okay with reaching out to other avenues of information dissemination to reach the maximum number of people. Soltys mentioned she doesn't look at news online, but some do, and recommended putting information on the Bandon Webcam (bandon.tv) site and in the *Bandon Western World* and *Coffee Break*. Schamehorn said she put a picture of the sewage treatment plant taken in 1971 in her recent article ["As I See It," April 17, 2019]. Soltys said any pictures Schamehorn can provide to her for the history document would be appreciated.

Mawson asked if the utility newsletter is posted on the City's website. Hager, Administrative Assistant, said it isn't yet. Mawson said, "Let's do it!" and added we can also post Public Service Announcements (PSAs) on the site too. Winkel said maybe the newsletter could be posted on the Bandon Webcam site too. Schamehorn said she's sure they would be happy to. Winkel asked that the two pieces be sent to the Bandon Webcam site. Hager said the Bandon Webcam site has linking capabilities, and these could be linked in.

Mawson reiterated that educating the public about what not to put down toilets (anything other than toilet paper) and sinks (grease), and what residents can do about broken or missing sewer caps are important topics to bring to the community's awareness.

Mawson mentioned that the last time the City performed a "smoke test" in the sewer lines (non-toxic smoke) the City received some calls from residents saying that smoke was coming up from their sinks and bathtubs. That is an indicator that traps had dried out. In some homes that have 2 or 3 bathrooms, some never get used and the traps dry out. The smoke coming up through plumbing indicated that water needed to be put into the traps. If smoke in the test came up, then sewer gases could come up also. Mawson recommends that once a month water should be run through the pipes in unused bathrooms and the toilets need to be flushed anywhere there's a sewer connection. This information would make a good PSA. He added that the City won't be doing a smoke test for a few more years.

### **C-2. Utilities Commission Report to the Mayor and City Council**

Schamehorn said it's helpful for the Utilities Commission to give a report at City Council meetings and asked if they have a written report, that they provide a copy of it ahead of time so that the Council has something to follow along with. Winkel said the Utilities Commission will plan to do a report at the May City Council meeting and will provide a document with bullet points of what will be presented.

### **C-3. Public Service Announcements (PSAs)**

Nothing further was discussed.

### **C-4. Other**

Mawson asked Kuehner about his meeting with Washed Ashore. Kuehner said in addition to the articles in the monthly newsletter, Washed Ashore is an informational community resource. Kuehner said he is excited about his meeting with Washed Ashore, which included John Tannous, Executive Director of Washed Ashore. They are pleased to help us. Tannous is willing to make our efforts highly visibility in the community. Kuehner invited Tannous to the May Utilities Commission meeting to explore cooperative ideas. One idea is to celebrate a "Bandon Earth Day" next April; Washed Ashore will take the lead. Tannous also agreed to make a presentation to schools and create publicity. Washed Ashore has

national reach. Tannous suggested “refreshing” the fish sculpture in the lot beside Washed Ashore, “Henry,” and unveil it on Bandon Earth Day. They discussed how pharmaceuticals do harm in the water system. Kuehner asked that next month’s agenda include a spot for the Washed Ashore report. Kuehner said he hopes Schamehorn will be at the May Utilities Commission meeting. Winkel asked Hager to put Washed Ashore on the agenda near the top. Hager said she will put “Presentations” on the agenda after minutes approval.

Starbuck said the child abuse awareness campaign (“Pinwheels for Prevention” on April 4, 2019) resulted in whirligig pieces being blown all over the place, including going down storm drains. Schamehorn said of the 1,000 pinwheels displayed, most are gone due to the high winds that followed. Starbuck said it’s fine to stage an awareness program, but this one became a disservice; community awareness of our environment is critical before a program is launched. Mawson said it was partially sponsored by the Rotary Club, and he advised them the pinwheels needed to be put in deeply or the City would be left picking up the pieces. It was suggested that displays of this nature be discouraged. Schamehorn and Seymour noted that petals and pinwheel pieces went flying during the strong blow. Winkel said we are, after all, known for strong winds and it should have been a consideration.

#### **D. Enterprise Budget Update**

##### **D-1. Fiscal Year 2018–2019**

##### **D-2. Fiscal Year 2019–2020**

##### **D-3. Capital Improvement**

Winkel said the proposed budget was emailed (and the packet included “City of Bandon 2019–2020 Annual Budget/Funds by type: Enterprise Funds” pages 48–77). The pages in the packet include the proposed budgets for Water, Sewer, and Electric. A third Budget Committee meeting date was scheduled for April 29, 2019, to accommodate input from the Utilities Commission.

Some topics in the general discussion that ensued included:

- The process of balancing the budget (and unavoidable shortfalls)
- Loans (current and repaid)
- The possibility of needing to make budget cuts and letting the public know what discretionary services may need to “go away” if revenue doesn’t increase (library, Senior Center, Sprague Theater, underground electrical lines, police department, downsize City Hall personnel, etc.)
- Capital projects and various funds (the disadvantages of “robbing Peter to pay Paul”)
- Increasing revenues—SDCs, Transient Occupancy Tax (TOT), and gas tax—vs. budget cuts
- General obligation bond (a property tax supported bond) and how much could be put into one bond vs. rate increases (a dollar amount or a percentage)
- The “hit” the City could take with the outcome of the Bandon Beach Hotel (will it be shut down/torn down/rebuilt?)

It was agreed to hold a Utilities Commission Special meeting/Work Session on Wednesday, April 24, 2019, at 3:00 p.m. to review the proposed budget and prepare a list of Utilities Commission recommendations for the Budget Committee and City Council. In the meantime, Mawson said staff will work on the maintenance and operations aspects of the budget some more and will have an update at Wednesday’s special meeting/work session. He said he’ll work out figures to propose for a rate increase or a general obligation bond.



#### 4. CITY MANAGER / DIRECTOR OF UTILITIES REPORT

Mawson had nothing further to report.

#### 5. COMMISSION MEMBER COMMENTS / REMARKS

Kuehner mentioned the water "boil order" in Coquille (due to turbidity) was lifted. Kuehner said he was pleased with the outcome of his meeting with Washed Ashore.

Schamehorn said there will be a special work session with City Council and the Planning Commission, about gorse issues on Wednesday, May 22, 2019, at 4:00 p.m.

There was general discussion about the bird/eel encounter with a power pole which resulted in a power outage.

Schamehorn added that it was a big news week with the washout on Highway 42 that resulted in two cars dropping into a hole.

#### 6. CITY COUNCIL DIRECTION

Suggestions for the bullet points were given in general discussion and included:

- General obligation bond
- Proposed budget recommendations
- Washed Ashore (Kuehner said he will send out an email with minutes of his meeting with Washed Ashore and include in it the idea proposed for a Bandon Earth Day in 2020)
- The dedicated fund to paint the water tank

#### 7. AGENDA ITEMS FOR THE NEXT MEETING

Winkel directed Hager to use the same agenda format with "Presentations" in the #3. position, and to delete D-1 through D-3 under Enterprise Budget Update.

#### 8. PUBLIC COMMENTS

Linda Frick from the Budget Committee said she would be willing to pay a higher utility rate to enable the City to afford what it needs. She suggested that the newsletter and other avenues bombard the community with our critical situation. Winkel said he thought that was a good idea.

#### 9. ADJOURN

There being no further business, Winkel adjourned the meeting at 4:50 p.m.

Submitted by Fran McGuire, *Minutes Clerk*

# City of Bandon

<b>UTILITY COMMISSION</b>	<b>DATE:</b> May 15, 2019
<b>SUBJECT:</b> Utilities Commission Meeting Minutes	<b>ITEM NO:</b> 2.B

**BACKGROUND:**

Utilities Commission Special Meeting/ Work Session Minutes for April 24, 2019 as submitted by Fran McGuire, Minutes Clerk.

**FISCAL IMPACT:**

None

**RECOMMENDATION:**

Motion to approve the minutes

**SUBMITTED BY:**



Beth Hager, Administrative Assistant

**UTILITIES COMMISSION  
SPECIAL MEETING / WORK SESSION  
BANDON CITY HALL  
April 24, 2019**

**COMMISSION:**

- Matt Winkel, Chair
- Mary O'Dea Vice-Chair
- Sheryl Bremmer
- Joe Kuehner
- Patricia Soltys
- Don Starbuck

**CITY COUNCILORS/MAYOR:**

- Peter Braun, Council Liaison
- Madeline Seymour, Council Liaison
- Mary Schamehorn, Mayor

**STAFF:**

- Robert Mawson, City Manager

**1. CALL TO ORDER / WELCOME COMMENTS**

Winkel called the meeting to order at 3:00 p.m.

**A. Roll Call**

Roll call was taken as indicated above.

**2. ADJOURN TO WORK SESSION**

Winkel adjourned to the Work Session at 3:02 p.m.

**A. Review and Discuss the Proposed Fiscal Year (FY) 2019–2020 Budget**

Winkel said at the April 17, 2019, Utilities Commission meeting, the shortfalls in the budgets for water and sewer operations and maintenance (primarily) were discussed; the electric utility's budget was not difficult to balance and was in reasonable condition. The budgets for capital projects was also discussed at that meeting.

Winkel explained the logistics of this work session and special meeting and why it was set up this way (because at a work session, no motions can be entertained).

He turned the meeting over to Mawson, City Manager.

Mawson narrated a slide show (with accompanying handouts depicting the slides) titled "Utilities Commission/FY 19–20 Budget Review & Recommendations/24 April 2019." In addition, Mawson touched on the following points:

- Electric utility staff do most projects in-house and for the most part do not contract projects out.
- Water and sewer utilities staff do projects they are able to do, but larger projects have to be contracted out.
- Regarding the top slide (slide 9) on page 5 titled "Sewer Department/Capital Projects—Treatment Plant," Mawson mentioned that rather than replacing the Fillmore pump station, a consideration to reduce expenses may be to use the same configuration and install new efficient pumps; retrofit instead of rebuild.
- The utilities need reserves to fund unexpected expenses that occur. For example, just today, a leak was caused by an old pipe that broke.

Mawson distributed 5 handouts with updated/revised figures—"City of Bandon/2019–2020 Annual Budget/Revenues and Other Resources":

- ✓ Electric Fund (910)
- ✓ Water Fund (940)
- ✓ Water SDC Reimbursement Fund (720)
- ✓ Sewer Fund (950)
- ✓ Sewer SDC Reimbursement Fund (730)

Mawson answered questions about the slide presentation and handouts and pointed out that staff members were also available at the meeting if anyone wanted to address questions to them.

After discussion about the dire funding situation which has been snowballing for years and is not the creation of Mawson or current staff but rather was created by the community with the Charter Amendment that doesn't allow the City Council to raise rates, it was the consensus that this year's budget review process has shown that financial needs are now at emergency levels. To that end, Winkel handed out and reviewed a proposal titled "Findings by the Bandon Utilities Commission that an Emergency Exists in the Proposed Fiscal Year 2019–2020 Water and Sewer Utility Budgets; and Recommendations for Action by the City Council to Address that Emergency." Winkel said in order for this to take effect for the 2019–2020 fiscal year, quick (courageous) action by the Mayor and City Council on these recommendations is imperative. Winkel pointed out the example of Flint, Michigan's water crisis and resulting lawsuits against their city council and manager for not properly treating their water. He said the goals of the Bandon utilities are health, safety, and welfare. He does not want people in Bandon to have to boil water because the water is unsafe, and he does not want sewer discharged into the bay as the result of equipment failure due to inadequate funding. If it came to that point, the utilities would be taken over by outside entities and the rates would go up beyond any increase needed to weather this emergency situation.

Winkel said, if it came to a vote on the capital projects mentioned in his recommendation, from past experience, he feels the voters would be more likely to favor a general obligation bond (which is based on the assessed value of all property in the city) rather than a revenue bond, which is based on revenues generated by the utilities. This allows all property owners, including those with unimproved property, to share in the cost of the bond rather than just the utility customers.

Winkel emphasized that this is a one-year emergency proposal which can be reviewed/reassessed at the end of the year. The downside of not doing anything is simply disastrous.

General discussion ensued and Winkel answered questions about the proposal.

Mayor Schamehorn pointed out that most cities have rate increases every year. In comparison to surrounding communities in our county, Bandon's rates—even with proposed rate increases and a general obligation bond—would still be less than our neighboring cities. She added, "This is the year the buck stops here." She is not willing to destroy the town by not taking emergency steps—however unpopular and controversial—to remedy the gap in what is needed vs. what is available. Mawson said another consideration is that we must have sufficient funds to meet state regulations as well. He added that Bandon's property taxes are lower than surrounding areas. Living in Bandon is a "good deal" all around. Later in the meeting, O'Dea underscored that even with increased rates, Bandon will still be charging less than neighboring communities. She recited rate comparisons using the approximate monthly rates on the display in the lobby for other communities, and for Bandon, O'Dea calculated Winkel's proposed new monthly rates of sewer \$31.13 plus water \$29.15 for 2,000 gallons or less of treated water:

Bandon	\$60.28
Myrtle Point	\$70.00
Coos Bay	\$72.00
Powers	\$77.00
Port Orford	\$83.00
Coquille	\$124.00

Mayor Schamehorn added that our electric rates are also lower than Coos-Curry Electric to the south and Pacific Power to the north.

Several mentioned that band-aids have helped the utilities limp along and now it's time to correct the financial situation wholly. Mayor Schamehorn said she would like to tell the voters and utilities customers about these emergency measures. Mawson said that these steps may get us completely out of the emergency situation we are in, and then the health of the utilities can be reassessed next year to see if the problems were remedied completely. Kuehner suggested including the life expectancy facets of our facilities in educating the public about our emergency situation.

Discussion ensued about the many years and ways residents have been warned about the impending need to revamp utilities revenues. Suggestions were made as to how and what to include when telling the City about the emergency measures that are being proposed:

- ❖ Hold a public meeting.
- ❖ Have photos showing how old the facilities/equipment are and detail life expectancy realities.
- ❖ Explain that some funds are "dedicated" and cannot be used for other purposes.
- ❖ Show the comparison of our utility rates, even with increases, still being less than neighboring cities; property taxes are also lower.
- ❖ The shortsightedness of the utilities being set up not to make a profit (that left no room for reserves and/or emergencies).
- ❖ The band-aid approach to barely getting by is of necessity over.
- ❖ The proposal is for a year, after which the emergency state will be reevaluated.
- ❖ Show a comparison of where we were and where we are now.

- ❖ These steps are necessary to protect the health, safety, and welfare of people in Bandon.
- ❖ If we don't meet state regulations, the utilities would be taken out of our control, and rates would go up significantly.
- ❖ To make Bandon an attractive place to visit/inhabit, paying slightly higher utility rates is more attractive than the alternative of having to boil water and having raw sewage in the mud flats.
- ❖ Education about this emergency situation can be disseminated via the newsletter, on the information displays in the lobby, and at meetings as ways of helping people look at and understand the history and needs behind the decisions being made.
- ❖ Quell rumors.

Bremmer mentioned that the City Councilors and the Planning Commissioners take oaths/make affirmations to uphold the constitution and protect the general welfare of the populace, and that is what we are doing.

Braun applauded the proactive steps being taken to ensure the financial health of our utilities and City.

Mawson said this emergency remedy would be a recommended departure from the way the budget has been cobbled together in the past which was to work within the limited confines of deciding what we absolutely needed to do with the funds available and what could be put off (knowing that it was merely pushing the inevitability of unfavorable consequences to a future time).

During these discussions there were multiple side chats going on simultaneously.

Mawson said he is fine with Winkel's recommendations but asked if the cost of the clarifier at the water plant could be added to the general obligation bond as a capital project because we need redundancy in case one clarifier fails. Winkel agreed and said as long as the property tax assessment per \$1,000.00 is under a dollar, we're good (Mayor Schamehorn agreed). Winkel also asked that the staff review the figures in the document to make certain everything is current.

Mawson answered questions about the budgets.

### **3. ADJOURN TO SPECIAL MEETING**

Winkel adjourned to the Special Meeting at 4:21 p.m.

#### **A. Recommendation to the Budget Committee and City Council**

Winkel asked for motions to approve any recommendations including forwarding "Findings by the Bandon Utilities Commission that an Emergency Exists in the Proposed Fiscal Year 2019-2020 Water and Sewer Utility Budgets; and Recommendations for Action by the City Council to Address that Emergency" as amended in the Work Session (adding the water plant clarifier to the general obligation bond and double-checking/adjusting figures and calculations as discussed), to the Budget Committee and City Council. Starbuck moved to approve the amended document. Soltys seconded the motion. The amended document was approved by a vote of 6:0:0 (there is one vacant seat on the Utilities Commission).

Discussion ensued regarding advising the Budget Committee (which meets Monday, April 29, 2019) about the document. Winkel said the Budget Committee needs to be aware of it. The general obligation bond doesn't have to be in the budget.

O'Dea had questions about fund transfers (941) which Mawson, Mayor Schamehorn, and Winkel explained.

Winkel asked how much change to the operations and maintenance budget can be made before it would have to go back to the Budget Committee. Mawson was asked to look that up. Mayor Schamehorn said she wanted to keep the number of Budget Committee meetings to 3.

Winkel asked if it's legal if the budgets have negatives reflected, and said negatives give basis and creditability to the state of emergency.

Mawson remarked that the amended document approved at this meeting could be an addendum for the Budget Committee's meeting on Monday. Winkel said this document is a separate issue on which the Budget Committee makes no recommendations, and although the Budget Committee should be made aware of it, it is after all, a motion by the Utilities Commission to the City Council.

#### **4. ADJOURN**

There being no further business, Winkel adjourned the meeting at 4:35 p.m.

Submitted by Fran McGuire, *Minutes Clerk*

# City of Bandon

<b>UTILITIES COMMISSION</b>	<b>DATE:</b> May 15, 2019
<b>SUBJECT:</b> Policy Discussion - Electric "Demand" Charges	<b>ITEM #:</b> 4-A

## BACKGROUND

Mr. Jim Wickstrom, Electric Department Manager, will be addressing the Commission and explaining the current "demand" charge policy and recommending a change in how these charges are triggered and applied.

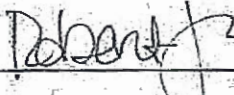
## FISCAL IMPACT

N/A

## RECOMMENDATION

This item is intended for discussion only, no formal action is being requested at this meeting. General discussion and guidance is welcome as the conversation dictates.

## SUBMITTED BY



Robert J Mawson, City Manager/Director of Utilities



# City of Bandon

<b>UTILITIES COMMISSION</b>	<b>DATE: May 15, 2019</b>
<b>SUBJECT: Consolidated Municipal Utility Report</b>	<b>ITEM NO: 4 B1-B4</b>

**BACKGROUND:**

The Consolidated Municipal Utility Report is attached.

Staff is available for any question.

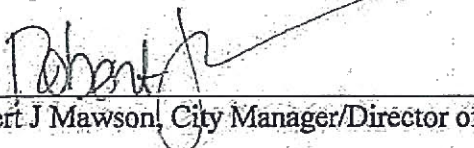
**FISCAL IMPACT:**

Report item only.

**RECOMMENDATION:**

None Requested

**SUBMITTED BY:**



Robert J Mawson, City Manager/Director of Utilities