

A letter from Coos Bay Mayor Crystal Shoji

Hello,

I'm writing to share some bad news. The City of Coos Bay is "up against the wall" with its sewage system and streets.

This news is not really new, and it applies to lots of cities. Under Oregon's Measure 5, the taxes we collect from residents don't even cover the cost of police and fire protection, let alone maintain infrastructure such as streets and sewers.

The federal government used to provide infrastructure grants. Today, grants can cover only small portions of projects, if they're available at all.

The bottom line is that we have to pay our own way.

Sewage Plant: No Alternative

Coos Bay sewer rates have been rising, and it's going to continue. The city is under an order from DEQ to

upgrade our sewer treatment plants, and to raise our rates to pay for it. We don't have a choice.

Meanwhile, Our underground pipes are crumbling, and our 26 pump stations need to be replaced over time.

Most of us understand the importance of maintaining water quality in our beautiful bay. Clean water is essential for oyster production, for healthy fish stocks, and for recreation. Cleaning up what we flush is expensive.

Coos Bay has received \$1,250,000 in grants, but that will cover less than 1.5 percent of the improvements we need. We have gradually raised rates, building up reserves. That will cushion the shock of the project – somewhat.

But we still have a lot of money to raise.

Your City Council and mayor can't change the situation. Rising costs result from engineering and law, not politics.

Asphalt Isn't Forever

For decades, the city has put off street maintenance to avoid burdening our hard-pressed taxpayers. But we can't keep doing that. Deferring maintenance means streets get worse, while the cost to fix them goes up.

The City Council recently appointed a committee of knowledgeable citizens to study the street situation. Their report is available at City Hall or online at bit.ly/1jBPbx8.

In the next few months, we'll distribute information and hold some meetings. We need to change the city charter, to let the City Council reduce the cost of borrowing money.

We want to hear from citizens. Please attend one of the meetings listed on the other side of this flier.

We have some options, but ignoring our problems is not one of them.

Mayor Shoji



Q&A : Coos Bay Wastewater Treatment

Why do we need a sewage plant upgrade?

Like cities throughout Oregon and nationwide, Coos Bay is dealing with antiquated, deteriorating infrastructure. Our two aging wastewater treatment plants have major components that need replacing. We need plants that can handle increased wastewater flow and meet new environmental regulatory requirements. Our 26 pump stations are aging as well.

How old are the two plants?

One was built in 1954, the other in 1964. Both were upgraded in the early 1970s and again in the early 1990s.

Our population hasn't grown significantly. Why is there more wastewater?

It's primarily because our sewer pipes are old and leaky. Most are about 60 years old, and some were installed more than a century ago. In rainy weather, water leaks in. At times, this extra water has overwhelmed the treatment plants.

What happens when the flow exceeds plant capacity?

When that happens, untreated wastewater is discharged to the bay.

Why not replace the leaky pipes?

The city is working on that. As funding has allowed, we've been replacing the worst pipes, and we're gradually working our way down the priority list. Even so, we still need more treatment capacity.

What's the plan?

The main project is to replace Plant No. 2 in Empire. After that, we'll upgrade Plant No. 1 in Coos Bay. We'll also update some pump stations one at a time, and we'll upgrade the bio-solids treatment systems. And, of course, we'll continue replacing worn-out sewer pipe.

Are we the only Oregon city facing this situation?

No, dozens of communities throughout Oregon have replaced their treatment plants, or are working on it. Nearby examples are Bandon, Coquille, Powers and Reedsport.

How do Coos Bay's rates compare with other places?

There's a lot of variation from place to place. Sewer rates depend on a lot of factors, including geography, climate, past investment and interest rates. (See chart)

Why are our rates so much higher than North Bend's?

Coos Bay operates two wastewater treatment plants, as opposed to just one in North Bend. Our two plants are older, and we need to rebuild one plant and refurbish the other. In addition, our collection system requires using many more pump stations than North Bend's system.

How much will the project cost?

Our 20-year master plan has an estimated cost of \$81.4 million (in 2013 dollars). We have saved and borrowed some money already, but the unfunded portion is still nearly \$68.8 million.

That's a lot. Where will it come from?

We'll have to borrow it. We have a couple of

options for how to do that. The City Council wants to hear your opinion.

What are the options?

One option is general obligation bonds. Bonds are basically IOUs with interest, and we would raise property taxes to pay them off. That's probably not going to be popular.

Another option is revenue bonds, which we would pay off with higher sewer rates. That approach spreads the burden among everyone who uses the sewers.

A third option would be some combination of the first two.

How high would we have to raise the sewer rates?

Unfortunately, it's substantial – about 7% a year. (See table.)

Hold on – didn't you already raise my rates? Where did that money go?

Yes, rates have risen in recent years. Previous City Councils saw this crisis coming, and they wisely socked away money to reduce the shock. As of July 1, we expect to have almost

\$3.7 million set aside. It's not nearly enough, but it will prevent an even higher rate increase.

What happens if we do nothing?

That's not an option. The existing system is a pollution problem, and it's getting worse. Even if we were willing to pollute our bay, the state wouldn't let us. In Coquille, the state put a moratorium on new wastewater hookups until they upgraded their treatment plant. Theoretically, the state could upgrade the plants and send us the bill.

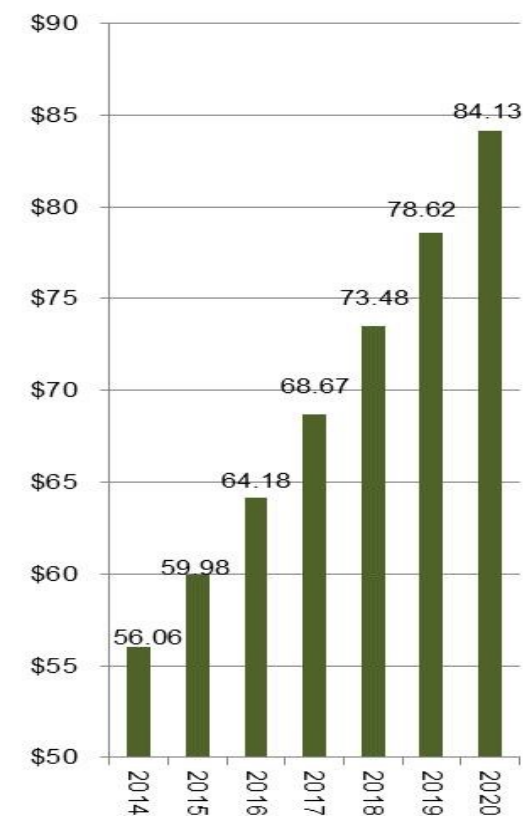
Don't we have any choice?

Yes and no. We definitely have to upgrade our wastewater treatment. But we want everyone to have a say in the details, including how to pay for it.

That's why we sent out this flier. Next we'll hold some meetings for city residents to speak their minds. (See other side of flier.)

Even though the project is unavoidable, the City Council wants to hear your viewpoint and ideas.

Estimated Sewer Rate Increases (Single-Family Residence)



* Estimated rates if city uses revenue bonds. Additional increases after 2020 are possible.

2013 Rates

(Based on consuming 4,190 gallons of water monthly)

CITY	RATE	CITY	RATE
Lincoln City	\$28.67	Florence	\$49.72
North Bend	\$29.75	Gold Beach	\$50.00
Seaside	\$32.32	Newport	\$51.70
Eugene	\$33.11	Coos Bay	\$52.39
Bandon	\$34.00	Charleston	\$57.00
Myrtle Point	\$36.80	Coquille	\$61.00
LaGrande	\$38.05	Tillamook	\$70.00
Astoria	\$38.47	Port Orford	\$75.02
Lakeside	\$45.00	Win'ster Bay	\$77.00
K. Falls	\$46.92	Reedsport	\$80.25

Q&A : Coos Bay Streets

Why do we suddenly have a streets problem?

It's not sudden. Our streets have been getting worse for a long time. Previous City Councils knew about it, but they didn't have a stable source of funding for maintenance. So we just kept putting it off.

So what's changed?

Last year the city formed a Streets Task Force, made up of local business people and neighborhood representatives. The Task Force studied the issue and made some recommendations.

What are the recommendations?

The first one is to update our 2002 streets

condition assessment. We know our streets are in bad shape, but we don't know how much the repairs will cost. We need an engineering firm to update the assessment and evaluate exactly what needs doing.

Second, the Task Force recommends coming up with revenue to pay for improvements.

How much money are we talking about?

That will depend on what the updated assessment says. It also depends on how much of a burden our citizens are willing to tackle. That's another reason the City Council wants to hear the opinions of city residents.

What about the Oregon gas taxes we already pay? Why can't the city use that money?

The gas tax has not kept pace with inflation. Additionally, people are buying less fuel. So the gas tax revenue has fallen behind the costs of materials, energy and labor needed to maintain streets.

Why now? Why not just wait a few more years to address this problem?

We could do that. But streets in poor condition can pose safety hazards, slow emergency responses, and discourage economic development. Also, waiting means it will cost more when we finally do make the repairs.

Funding options for streets

Transportation Utility Fee -- A surcharge on your water and sewer bill. (Downside: Only city residents would pay.)

Local Gasoline Tax -- Anyone buying gas in Coos Bay would pay a little extra. (Downside: People might fill up in North Bend to avoid the tax.)

Franchise Fees -- Already paid by

our garbage haulers, this could be put into streets, rather than the General Fund.

Local Improvement Districts -- Neighborhood property tax assessments. Property owners on each street would pay for their improvements.

System Development Charges -- Fees paid by developers. These can only be

used to increase capacity on roads, not repair existing roads.

Downtown Parking District -- A special assessment on downtown property owners to pay for improvements in their area.

Shared Services -- The city already saves some money by sharing more services with other government entities. Maybe that could be expanded.

Tough choices ahead

An important message to Coos Bay residents from Mayor Crystal Shoji



City of Coos Bay
500 Central Ave.
Coos Bay, OR 97420

What's Your Opinion?

Please share your views at one of these meetings:

Tuesday, May 13 — noon, Coos Bay Library Myrtle Room

Wednesday, May 14 — 6 p.m., Sunset Middle School Commons Room

Can't get to a meeting?

Please write to:

rcraddock@coosbay.org

Or:

City Manager

Coos Bay City Hall

500 Central Ave.

Coos Bay, OR 9742

