

# MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL

March 18, 1999

The minutes of the proceedings of a work session of the City Council of the City of Coos Bay, Coos County, Oregon, beginning at 7 p.m. in the Council Chambers at City Hall, 500 Central Avenue, Coos Bay, Oregon.

## Those Present

Those present were Mayor Joanne Verger, Councilors Joe Benetti, Cindi Miller, Don Spangler, Kevin Stufflebean, and Judy Weeks. Councilor Jeff McKeown was out of town due to medical reasons. City staff present were City Manager Bill Grile, Deputy Recorder Joyce Jansen, Community Services Director Bill Finney, and Finance Director Janell Howard.

## New Carissa Artifacts

Bill Milwee, representing the owners of New Carissa, presented a life ring and the flag from the New Carissa to Mayor Verger. Mr. Milwee reported they will be removing other items from the stern and will seal the vessel to make it safer. He commented a meeting is scheduled for tomorrow to discuss the disposition of the stern section. Mayor Verger asked what he thought would be discussed and Mr Milwee reported the meeting is not a decision making meeting, but to discuss the status and options for dealing with the wreck. Mayor Verger expressed how fortunate the community was to have someone of his caliber and knowledge here during this time of real concern. Mayor Verger expressed appreciation for the items and said the City would be looking at one of the lifeboats. Councilor Spangler asked if he would be pulling the two anchors out and Mr. Milwee asked what anchors.

## Wastewater Rate Study

City Manager Bill Grile introduced Marv Winer of Brown and Caldwell and noted Mr. Winer has worked on rate studies for over 26 years. Mr. Grile commented the last rate study done for the City was in 1987 and the purpose of the study is to make sure the City is charging fair and adequate rates to maintain the current wastewater system as well as providing for future needs of the community.

Mr. Winer explained the process for study includes several areas of study including (1) Objectives – Collect the revenue, allocate costs commensurate with usage, rates must be practical and acceptable, and legal. (2) Sufficient revenue – Revenues must be sufficient to meet all operating costs and capital expenditures, remain at a stable level, and easy to administer and collect. (3) Criteria for cost allocation – Rates must be equitable, customers pay their fair share and not subsidized by others, and must be acceptable to the customers. Mayor Verger inquired about a flat rate for customers. Mr. Winer responded a flat rate actually has the customer paying more than if they were metered and usually flat rate customers use more water than metered customers. Mr. Winer explained the rate study begins with reviewing operations and maintenance costs, determining the annual revenue requirements, and allocating revenue into the functional cost categories. The costs are then taken and divided by the total of each category to arrive at the unit costs and the unit costs are used to develop the rate. Mr. Winer reported residences are usually charged a fixed monthly charge for wastewater and commercial/industrial is usually charged a combination of fixed monthly and quantity charge.

Councilor Benetti inquired how certain businesses are rated and suggested reviewing what users are now paying. Mr. Grile commented the necessary capital improvements to the system will drive the rates up and explained there has been 0.82 percent increase in the wastewater contract in four years. He reported approximately \$840,000 has been set aside in reserves for infrastructure. Mayor Verger commented before

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contracting with OMI the City was looking at expanding Plant II and due to the knowledge and efficiency of OMI the City has not needed to increase rates to do the expansion. Mayor Verger inquired if the study will take into consideration growth of the community and Mr. Winer said it would, although it is projected Coos Bay’s growth rate will remain relatively flat for the next five years. If the growth factor is figured in and the growth does not happen, there will be a revenue shortfall.

Mr. Grile commented the rates would be developed on a spreadsheet and the City would have the program for future use, and suggested the systems development charge be programmed to allow the City to build up a reserve to finance capital improvements. He noted other communities in Oregon use this type of plan. Mr. Winer reported the study would include future revenue requirements and user characteristics such as retail, residential, multiple unit, commercial, industrial, and high strength. Other users such as Bunker Hill and Charleston will also be considered.

Councilor Spangler asked how flow into the storm drains is computed and Mr. Winer reported they are part of the unaccounted flows. Coos Bay has a high rate of inflow which is normal for northern coastal communities. Councilor Benetti inquired if Bunker Hill uses part of the City’s collection system and noted this should be taken into consideration. Mr. Winer commented Bunker Hill would be sharing in the other costs at this time and would be considered in the study. Councilor Benetti asked about treatment of alum sludge from the Water Board. Mr. Grile reported the sludge is dumped into our system and the City currently has a contract with the Water Board to treat the sludge. He further explained the Water Board helped pay for the line in Eastside and established the agreement with the City many years ago. Mr. Winer commented I & I is a fact of life, is everyone’s responsibility equally and is factored into the cost to all customers equally.

Mayor Verger inquired about the new regulation for testing runoff water for harmful materials and how this would be factored in the I & I. Mr. Winer reported this addresses storm water runoff and is not a part of the study. Mr. Grile explained capital improvements and infrastructure will drive up the costs for the City and will require an increase in rates, and commented the systems development charge would be for growth. Mayor Verger commented there is 10 percent unemployment in the community and this may require the City to dip into the reserves. Councilor Spangler asked about the capital improvement plan and Mr. Grile said the City has been spending down the carryover. Councilor Benetti commented it is important to invest in the City’s infrastructure. Mayor Verger thanked Mr. Winer for taking time to make the presentation to the Council.

**Adjournment**

There being no further business to come before the Council, Mayor Verger adjourned the meeting to April 6, 1999 at 6:45 p.m. in the Council Chambers of City Hall.

ATTEST:

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Joyce Jansen  
Deputy Recorder of the City of Coos Bay  
Coos County, Oregon

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Joanne Verger  
Mayor of the City of Coos Bay  
Coos County, Oregon