



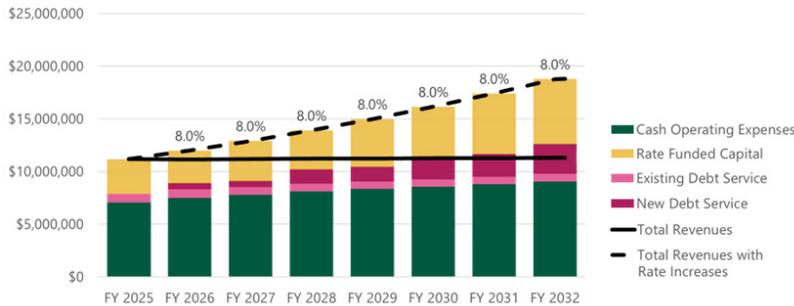
COOS BAY NORTH BEND WATER BOARD

Water Rate Study

Water Utility Revenue Requirement and Cost of Service Results

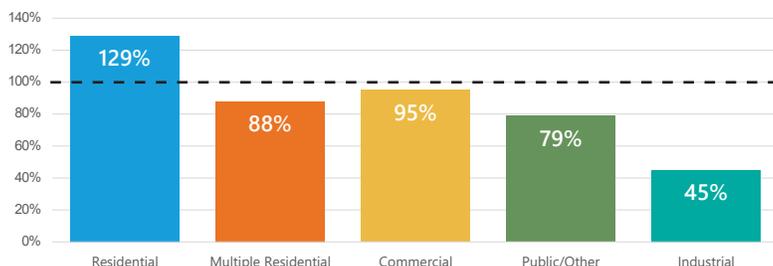
Utility Revenue Requirement Adjustments

In 2025, the Water Board contracted with FCS, a Bowman company, to complete a water rate study. This study included a utility revenue requirement, cost-of-service analysis (COSA), and a rate design evaluation. A revenue requirement analysis identifies the total revenue needed to fully fund the water utility on a standalone basis, considering operating and maintenance expenditures, capital improvement plans, and fiscal policy goals. **The revenue requirement results showed the total needs of the system require 8% rate adjustments each year until FY 2032.**



Cost of Service Results & Improving the Fairness of the Rates

A cost-of-service analysis takes the overall revenue requirement results and determines how the revenue should be collected from each customer class, or in other words how those 8% overall revenue adjustments should be distributed among the residential, commercial, industrial, (etc.) classes based on their different use of water. The graph below displays the results of the COSA and if a particular "customer class" is above or below 100% of its cost of service to the utility. **In order to adjust each customer class toward the 100% margin, the COSA recommends a realignment of rates through FY 2032, so each class is moving closer to their actual cost to serve. (Proposed COSA adjustments on next page)**



Coos Bay-North Bend Water Board key metrics

The Water Board supplies clean drinking water services to approximately 35,000 people throughout the communities of Coos Bay, North Bend, and the neighboring areas (13,600 residential, commercial, industrial, public, and irrigation service connections).

- The Water Board owns and manages three surface water reservoirs in the Coos Bay area plus several raw water production wells located north of the cities of Coos Bay and North Bend in the Oregon Dunes National Recreation Area (ODNRA).
- The Water Board currently relies primarily on surface water from the Pony Creek system, composed of the main fork of Pony Creek and its upper tributaries, Upper Pony Creek Reservoir, and Lower Pony Creek Reservoir (Merritt Lake), for its municipal water supply.
- The Board's water distribution system contains:
 - 263 miles of piping composed of various pipe types in sizes ranging from 1 to 36 inches in diameter.
 - 32 pump stations located throughout the service area.
 - 9 finished water storage facilities with a combined storage capacity of approximately 16.5 MG.

Why the adjustment in rates?

Our utility's water rate adjustments are driven by several factors. The Water Board requires a large investment for its capital improvement plan needs through FY 2028 (\$32 million). Notably, this includes replacement of our primary storage reservoir anticipated to cost approximately \$19.1 million.

The Water Board also faces rising operating and maintenance costs due to increase in materials, staffing, and regulatory requirement costs through 2028, adding approximately \$435K to the existing budget.

Proposed Cost-of-Service Rates by Customer Class (FY2027 Rates Effective July 1, 2026)

| Revenue Requirement Increase Phase-In Plan | FY 2026 8.00% | FY 2027 8.00% | FY 2028 8.00% | FY 2029 8.00% | FY 2030 8.00% | FY 2031 8.00% | FY 2032 8.00% |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Residential | 8.00% | 8.00% | 4.00% | 7.00% | 4.00% | 8.00% | 5.00% |
| Multiple Residential | 8.00% | 13.00% | 12.00% | 11.00% | 10.00% | 9.00% | 9.00% |
| Commercial | 8.00% | 13.00% | 12.00% | 11.00% | 10.00% | 9.00% | 9.00% |
| Public/Other | 8.00% | 13.00% | 12.00% | 11.00% | 10.00% | 9.00% | 9.00% |
| Industrial | 8.00% | 13.00% | 12.00% | 11.00% | 10.00% | 9.00% | 8.00% |
| Fire Service | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% |
| Hydrant | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% |



Important Information

- Rate adjustment proposals are for water rates only.
- FCS plans to present the final rate study results to the Water Board of Directors in a public meeting to be held on April 16th, 2026.
Time: 8:00 AM
Place: Coos Bay Public Library
525 Anderson Ave, Coos Bay
"For virtual option, please contact the Water Board."
- Final rate adjustments will be adopted by the Water Board Budget Committee and Board of Directors in June 2026. (FY 2027 rates are effective July 1, 2026)
- For any questions, please contact the Water Board.
(541) 267-3128

