

COOS BAY-NORTH BEND WATER BOARD
P. O. Box 539 – 2305 Ocean Boulevard
Coos Bay, Oregon 97420

Minutes
Budget Committee Meeting

12:00 noon
June 18, 2015

The Budget Committee of the Coos Bay-North Bend Water Board met in open session in the Board Room at the above address, date, and time for the purpose of reviewing the proposed budget for fiscal year 2015-16. Committee members present: Rodger Craddock, Tom Graham, Mike Erbele, Patty Scott, Dr. Charles Sharps, Greg Solarz, Melissa Cribbins and Dick Vigue. Committee members absent: None. Water Board staff present: Rob K. Schab, General Manager; Ron Hoffine, Operations Director; Matt Whitty, Engineering Supervisor; Bryan Tichota, Customer Relations Supervisor; Rick Abbott, Distribution Supervisor; Jim Kaylor, Water Treatment Supervisor; Vince Stonesifer, Field Services Technician; and Karen Parker, Administrative Assistant. Board Legal Counsel James Coffey was present. Media present: none. Committee Chair Mike Erbele opened the meeting at 12:00 noon.

Chair Erbele asked if there were any corrections or additions to the June 4, 2015 Budget Committee Minutes. There being none, Mr. Graham moved the minutes be approved as written. The motion was seconded by Dr. Sharps and passed unanimously.

Mr. Schab stated this meeting will focus on the capital projects portion of the budget, vehicle replacement program and resilient utility planning.

Engineering Supervisor Matt Whitty gave an overview of the capital budget. Mr. Whitty identified categories of capital assets at the utility to include Source of Supply, Treatment, Distribution System, vehicles/equipment and buildings. He stated guidelines are set out in the Distribution System Condition Assessment and Replacement Plan (DSCARP) for project selection and preparation of the utility's 5-year Capital Improvement Program.

The utility is focusing more on the distribution system, mains, pump stations and reservoirs. He explained how staff determines which water mains need replacing or which pump stations need upgrading. The utility maintains a main break data base to track main breaks making note of the depth of the water main and condition of the pipe. If a particular water main has numerous breaks, it is targeted for replacement. Others factors considered are asbuilt records, institutional knowledge, water quality, hydraulics and criticality.

Mr. Whitty summarized Capital funding sources for mains, pump stations and reservoirs:	
Baseline for mains, pump stations and reservoirs	\$600,000
Timber Sale Revenue	192,500
Rate Increases for Capital Funding (2013-2016)	<u>250,000</u>
Annual allocation:	\$1,042,900

Other Capital funding;	
Other Projects (dunes, treatment, telemetry And misc)	\$ 100,000
Equipment:	50,000
Vehicle Replacement Program	<u>95,000</u>
Total allocation:	\$ 245,000

Total annual funding for capital expenditures:	\$1,287,900
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Proposed expenditures for FY16 are as follows: Main, Pump Stations and Reservoirs - \$1,889,000; Other Projects - \$996,200; Equipment - \$31,700; and Vehicle Replacement Program - \$164,400. The total proposed capital expenditures for FY16 come to approximately \$3,081,300. The source of funds for FY16 will be derived from revenue/timber funding; deferred FY15 projects; Vehicle Replacement Program reserves, and capital reserves.

Mr. Whitty reviewed some of the major projects proposed for the coming fiscal year such as main retirement and replacement on South Empire Boulevard (\$1,417,500); main retirement

and placement on Isabelle (\$36,300); main retirement and placement on North 11th and Redwood (\$47,500); main retirement and placement on Union at Grant Circle (\$44,300); main placement on Everest Road (\$36,500); Everest 3rd Level Pump Station (\$91,300); Flanagan and 6th and I Pump Station Mag Meter Installations (\$22,300); Meter Replacements (\$21,800); Distribution System Asbuilding (\$20,000); McCullough Bridge 16-inch Steel Pipe Zinc Coating (\$38,800); and many miscellaneous projects.

Distribution Supervisor Rick Abbott reviewed the vehicle replacement program. The purpose of this program is to lower corrective maintenance costs, increase reliability of the utility's equipment, minimize breakdowns and provide annual funding for ongoing replacements. Mr. Abbott reviewed the fleet and rotation of the vehicles as well as the corrective maintenance costs prior to the start of the program (1997) to current. Mr. Abbott gave a breakdown of the vehicle replacement program based on age of the vehicle. Other considerations for vehicle replacement are mileage, corrective maintenance cost, and resale value. For FY16 staff proposes to replace a crew truck, lawn mower, tack trailer, equipment trailer, 2 compact trucks (engineering and meter reader) and vehicle accessories totaling approximately \$164,400. Funds carried over from last fiscal year total \$213,590, contribution for FY16 of \$95,000, for a total of \$310,990 remaining in the Vehicle Replacement Program. This results in the amount of \$146,680 to carryover for next fiscal year.

Mr. Whitty reviewed earthquake resiliency. In 2012 the Oregon Seismic Safety Policy Advisory Commission began a statewide process to determine the condition of critical infrastructure. Recommendations were made to the State to conduct comprehensive seismic risk assessments and develop mitigation plans for all infrastructure. The Commission recommends a targeted phased approach over 50 years to build greater resilience into Oregon's critical infrastructure.

The utility plans to analyze critical infrastructure and develop recommendations for improving earthquake resilience in our system. One option under consideration is construction of a hardened network of distribution mains serving critical facilities such as the hospital and emergency gathering locations within our service area. Developing the plan will require input from community leaders and stakeholders. Staff is reviewing and will be evaluating the seismicity of Upper Pony Creek and Merritt Dams. A project to evaluate Pony Creek Treatment Plant is identified but not yet scheduled. The long-term plan may include changing the location of the treatment plant. Staff will identify the distribution system backbone. The primary resilience plan goals include development of resiliency in source of supply, water treatment and water distribution and minimize the time required to restore service to critical facilities following a major disaster.

There being no further discussion of the capital improvement projects portion of the proposed budget, Mr. Schab reminded the Committee the next meeting was scheduled for Thursday, June 25, 2014, at 12:00 noon. Chair Mike Erbele declared the meeting adjourned at 1:00 p.m.

Approved _____

By _____
Chair Mike Erbele

ATTEST _____