

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 25, 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, Mike Erbele, Patty Scott, Greg Solarz, Dr. Charles Sharps and Dick Vigue. Committee members absent: Tom Graham and Melissa Cribbins. Water Board staff present: Rob K. Schab, General Manager; Ron Hoffine, Operations Director; Bryan Tichota, Customer Relations Supervisor; Rick Abbott, Distribution Supervisor; Matt Whitty, Engineering Supervisor; Jim Kaylor, Treatment Plant Supervisor; Reshma Parrish, Water Quality 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 18, 2015 Budget Committee Minutes. There being none, Mr. Craddock 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 revenue side of the budget and budget estimates of receipts and expenditures for FY15-16.

Mr. Schab reviewed revenue items. Operating revenue and specifically sale of water is the largest form of revenue. There are several different customer classes which are charged different commodity rates. There is a minimum charge based on the meter size. The majority of sales in terms of dollars are derived from residential customers, next being commercial, industrial, and the public sector.

Mr. Schab gave an overview of the operating revenue. For the current 2015 fiscal year \$6,484,200 was budgeted from sales of water with an estimated year ending of \$6,543,100. That revenue is affected by the amount of water sold and rates applied to that amount of water. Sales for next year are being targeted at \$6,944,400. Mr. Schab reviewed the breakdown of the sale of water as follows:

Current Budget FY 14/15	Operating Income Sale of Water	Estimated Year Ending 06/30/2015	Budget FY 15/16
\$3,877,100	Residential	\$3,926,600	\$4,166,300
\$1,406,300	Commercial/Multi-Residential	\$1,432,200	\$1,522,500
\$ 697,200	Industrial	\$ 703,200	\$ 746,000
\$ 32,400	Commercial Fire Protection	\$ 32,200	\$ 34,200
\$ 424,800	Public Authorities	\$ 406,600	\$ 431,200
\$ 31,500	Public Hydrants	\$ 31,000	\$ 32,900
\$ 14,900	Other Water Sales	\$ 11,300	\$ 11,300

Other Operating Revenues include rent from site leases, servicing customer's installations and miscellaneous water revenue. The budgeted FY14-15 amount totals \$145,200 with an estimated year ending of \$155,900. The utility's total operating revenue for FY14-15 was budgeted at \$6,629,400 with an estimated year ending of \$6,699,000. Sales for next year, driven primarily by the proposed rate increase, are being targeted at \$7,089,800.

The utility's net operating income forecast for fiscal year 2016 is \$817,300 after expense reductions.

Interest revenue was projected at \$23,000 with an estimated year ending at \$17,800. Miscellaneous non-operating revenue was budgeted at \$65,000, estimated year ending at \$150,100. Sewer fees were forecast at \$7,500,500 with an estimated year ending at \$7,308,600. The reason for the decrease is because the City of North Bend did not enact their rate adjustment until mid-year. The Water Board bills for three other utilities – North Bend sanitary, North Bend storm and Coos Bay sanitary. For billing, collecting and disbursing these monies to the Cities the utility budgeted \$120,600. This agreement has an inflationary clause based on the municipal cost index; a 1.51% increase is anticipated for Fiscal Year 16.

Mr. Schab reviewed the budget estimates of receipts and expenditures for the period of July 1, 2015 to June 30, 2016. He summarized the proposed budget contains a 6.1 percent rate adjustment in revenue from rate changes, which cover inflationary changes in labor and materials costs and maintains capital funding goals as previously set by the Board, as well as \$100 increase per equivalent dwelling unit on System Development Charges

There being no further discussion of the proposed budget for FY15-16, Mr. Craddock moved they accept the budget as proposed by staff and recommend to the Board approval of the budget as presented, including the general water rate, fire services and SDC adjustments. The motion was seconded by Ms. Scott and passed unanimously.

Chair Mike Erbele declared the meeting adjourned at 12:50 p.m.

Approved \_\_\_\_\_

By \_\_\_\_\_

Chair \_\_\_\_\_

ATTEST \_\_\_\_\_