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

Minutes 12:00 noon
Budget Committee Meeting June 5, 2025

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 2025-26. Committee members present: Aaron Speakman, Jennifer Wirsing, Timm Slater; Patty Scott (virtually), Greg Solarz, Rob Kilmer, Bill Richardson and Carmen Matthews. Committee members absent: None. Water Board staff present: Ivan Thomas, General Manager; Matt Whitty, Engineering Manager; Jeff Miller, Operations Manager; Aimee Hollis, Customer Relations Manager; Jason Mills, Distribution Supervisor; Micah Demanett, Meter Services Supervisor; Junibert Magalona, Accounting Technician; Stacey Parrott, Executive Assistant-HR Specialist; Board Legal Counsel Melissa Cribbins was present. Media present: none.

Board Chair Carmen Matthews opened the meeting at 12:00 noon and led the Board and assembly in the Pledge of Allegiance.

Introductions of the Budget Committee members, council and staff were made.

Board Chair Matthews stated as this was the first Budget Committee meeting for this fiscal year's budget process, it was appropriate to elect a Committee Chair. Mr. Solarz moved to nominate Aaron Speakman as Budget Committee Chair. The motion was seconded by Mr. Richardson and passed unanimously.

Board Chair Matthews asked if there were any corrections or additions to the June 13, 2024, Budget Committee Minutes. Mr. Kilmer moved the minutes be approved as written. The motion was seconded by Mr. Richardson and passed unanimously

Board Chair Matthews asked if there were any public comments, there were none.

Budget Committee Chair Aaron Speakman asked Mr. Thomas to present the proposed budget.

General Manager Ivan Thomas presented an overview of the budget, stating the first meeting would be more in-depth than in previous years. The goal is to provide a clearer understanding of several significant budgetary and operational developments, particularly surrounding proposed rate adjustments and long-term planning. The agenda for the meeting outlines several core topics to be discussed, including budget projections and a proposed water rate adjustment, long-range planning over the next 20 years, early results from the water rate study currently underway, an overview of operations and maintenance (O&M) expenses, a look at current and anticipated debt, and a review of the capital improvement program. Mr. Thomas

also shared that a second Budget Committee meeting would be held on Friday, June 20, 2025, to review final budget figures and examine the rate breakdown in more detail.

Attention was drawn to the Water Board's mission statement, which emphasizes the commitment to providing reliable, quality service while addressing the current and future needs of the community. Mr. Thomas reiterated that this mission remains central to every decision made in the budgeting and planning process.

Mr. Thomas stated the utility's budget format follows guidance from the National Association of Regulatory Utility Commissioners (NARUC) and the American Water Works Association (AWWA).

Operations and maintenance groups expenses by functional categories related to working divisions, providing clarity on how labor and resources are allocated across different areas of the utility. Revenue projections are calculated using a conservative approach based on a five-year historical analysis. Specifically, the lowest-performing month for each category over the past five years is used as a benchmark to ensure revenue expectations remain cautious and realistic. For the current year, revenues are projected to fall approximately $161,000 below budget, driven primarily by reduced water sales across residential, commercial, and industrial accounts.

The proposed rate adjustment for the upcoming fiscal year 25-26 is an 8% water rate adjustment. This recommendation is supported by early findings from the ongoing water rate study which is being conducted. The proposed rate increase would result in an estimated $750,000 in additional revenue. It is intended to address several key areas of need, including labor costs, inflationary increases in services and supplies, and a significant increase in capital project funding. This year's budget also incorporates wage adjustments based on a newly negotiated union contract, which includes a 2.3% cost-of-living increase. Additionally, the Board recently completed a compensation study, the first in five years, which recommended salary adjustments averaging 2.8% across seven key positions. The budget also accounts for rising service contract costs, credit card processing fees, and increased inventory costs due to tariffs and market conditions. Importantly, the 8% rate increase is split between operational and capital needs: 5.35% would fund operations and maintenance, with most of that amount supporting three new positions in the distribution group, and the remaining 2.65% would go toward capital funding.

A major driver of the long-term financial planning is the newly completed Water System Master Plan. This is the first comprehensive update to the plan in over 15 years, even though best practice recommends such reviews occur every 10 years. The master plan evaluates current infrastructure conditions, identifies system deficiencies, and lays out a structured list of capital improvement projects necessary to meet future demands. Over the next 20 years, the plan estimates a total capital need of approximately $122.8 million. Key projects include the replacement of aging asbestos-cement water mains, fire flow improvements, upsizing of critical pipes, and the installation of a new SCADA (Supervisory Control and Data Acquisition) system at the water treatment plant. One of the most critical components of the capital plan is the replacement of the Water Board's 9-million-gallon clearwell tank, located at the top of Water Board hill. This aging structure serves as the daily holding tank for all treated water before distribution. Though structurally sound, it lacks modern safeguards, and replacing it with new, covered storage facilities is estimated to cost $22 million.

CIP CATEGORY	5 YEAR	10 YEAR	20 YEAR
STORAGE	$ 24,095,000	$ 3,655,000	$ 4,130,000
PUMPING	$ 1,300,000	$ 2,300,000	$ 1,600,000
PIPING	$ 16,750,000	$ 14,200,000	$ 25,225,000
PLANNING	$ 370,000	$ 75,000	$ 310,000
OTHER/OPERATIONAL	$ 7,335,000	$ 17,195,000	$ 4,310,000
SUB TOTALS	$ 49,850,000	$ 37,425,000	$ 35,575,000
TOTAL NEED FOR CAPITAL 20 YEARS	**$ 122,850,000**		

To help align rates with these capital and operational needs, staff presented a summary of the preliminary water rate study. The last rate study was completed in 2002, making this update long overdue. FCS Group, which was hired to conduct the study, has built a highly detailed model incorporating all expenses, revenues, and future capital needs. Their analysis confirms that an 8% annual rate increase over the next seven years would be sufficient to fully fund the utility's operations, staffing plan, and capital improvements, while also supporting a projected $40 million in additional debt financing over the next 10–12 years.

As part of the rate study, FCS is also conducting a cost-of-service analysis to examine how the burden of water rates is distributed among different customer classes. Preliminary findings suggest that residential customers may currently be subsidizing other classes, such as industrial and public users. The study aims to gradually correct this imbalance over time, moving each class toward contributing an equitable share based on the actual cost of service. One example presented showed that if the current model were followed as-is, residential users would see modest increases of about 2.25% annually over the next five years, while public and industrial classes could see significantly steeper increases, up to 14% in some cases. Mr. Thomas emphasized that these figures are not final and acknowledged that further refinement is needed to make the plan more balanced and politically feasible.

The operations and maintenance expenses are classified into functional categories as shown on Schedule B of the budget. Mr. Thomas walked the committee through the utility's functional budget categories, ranging from Source of Supply to Administrative and General. It was emphasized that these categories do not directly correspond to working divisions, multiple divisions may contribute to each functional category. Importantly, changes in expenditures from year to year, such as a noticeable increase in the Customer Accounting and Collection line item, are not necessarily tied to rate increases. Some increases reflect shifts from operating to capital budgets, and others may be due to changes in labor allocation or project timing.

Depreciation is also included in the expense total, although it is later offset when capital assets are retired. The total projected operating expense for the coming year is approximately $9.8 million, with a projected net operating income of about $715,000.

SCHEDULE B

Actual 7/1/23 to 7/2/2024	Current Budget 2024-2025	ITEM	Estimated Year Ending 6/30/2025	Budget Fiscal Year 7/1/25-6/30/26
		OPERATING REVENUE		
		Sale of Water		
5,924,523	6,174,100	Residential	5,977,100	6,442,000
2,127,477	2,135,800	Commercial / Multi-Residential	2,113,000	2,281,000
739,185	697,300	Industrial	766,100	827,300
60,887	61,000	Commercial Fire Protection	65,300	70,500
543,756	555,200	Public Authorities	546,700	590,100
46,853	50,000	Public Hydrants	50,800	54,900
51,829	48,800	Other Water Sales	42,100	45,400
9,494,511	**9,722,200**	**Total Water Sales**	**9,561,100**	**10,311,200**

		Other Operating Revenue		
43,628	32,700	Rent from Water Property	32,300	34,000
8,014	5,300	Servicing Customer's Installations	2,400	2,600
199,516	152,800	Misc Water Revenue	209,500	167,600
251,157	**190,800**	**Total Other Operating Revenue**	**244,200**	**204,200**
9,745,668	**9,913,000**	**Total Operating Revenue**	**9,805,300**	**10,515,400**
		OPERATING REVENUE DEDUCTIONS		
		Operating Expenses		
162,021	216,500	Source of Supply	214,800	290,500
442,558	536,000	Power and Pumping	527,300	579,800
1,381,664	1,620,800	Purification	1,313,100	1,575,200
981	12,800	Transmission	14,600	19,400
1,369,825	1,608,900	Distribution	1,478,300	1,914,400
1,522,017	1,807,100	Customer Accounting & Collecting	1,765,300	1,994,200
1,185,584	1,261,200	Administrative & General	1,307,400	1,411,200
6,064,648	**7,063,300**	**Total Operating Expenses Excl Depreciation**	**6,620,800**	**7,784,700**
1,877,690	1,935,900	Depreciation	1,976,400	2,015,900
7,942,338	**8,999,200**	**Total Operating Expense**	**8,597,200**	**9,800,600**
1,803,330	**913,800**	**NET OPERATING INCOME**	**1,208,100**	**714,800**

Mr. Thomas then provided a focused overview of the Source of Supply budget and operations. This portion of the utility's system includes vital infrastructure such as the Upper Pony Creek Dam, which serves as the primary water storage reservoir. The reservoir holds approximately 2 billion gallons of water. In the event of a prolonged drought, and with no inflow from precipitation or tributaries, this volume would be sufficient to meet the district's water demands for nearly two years. The dam was recently cleared of vegetation and debris and is in good condition.

Also highlighted was Merritt Lake, which stores an additional 125 million gallons of water and plays a crucial role in water quality control prior to treatment. Merritt Lake is closely connected to the treatment process, with all treated water passing through it before entering the system. He noted that maintaining water quality in the lake is vital to ensuring the effectiveness of the treatment process and the reliability of the water supply to the community.

The Source of Supply function is supported by nearly all divisions within the organization, with the exception of finance and customer service. Responsibilities include maintaining lake infrastructure, managing pump stations, checking lake levels, and monitoring wells, especially in the dunes area. The district also maintains 18 production wells in the dunes region that provide non-potable water to industrial customers, such as the operators of the ocean outfall line.

Mr. Thomas reported that the Source of Supply budget for the current year is tracking just under the approved amount, essentially meeting expectations. The proposed budget for the coming year reflects a modest increase, in part due to the addition of new positions in the distribution division who will also support work in this area. Key initiatives for the upcoming year include finalizing the Water Management and Conservation Plan with GSI Water Solutions and continuing ongoing environmental monitoring and compliance efforts in partnership with the Coos Watershed Association, the Oregon Department of Fish and Wildlife, the U.S. Forest Service, and the Oregon Water Resources Department. These efforts include stream monitoring at Tenmile and Beale Creeks, maintenance of the reservoir infrastructure, and preparation of fisheries reports for Madison Creek to ensure the utility remains in compliance with its water rights and environmental obligations.

Operations Manager Jeff Miller began the next portion of the presentation by explaining the role of power and pumping within the water system, describing it as the process of moving

water from one location to another. Water begins its journey at the Upper Pony Creek Reservoir, which regularly overflows during the wetter months. Water flows from the dam into Merritt Lake, then into the Pony Creek Water Treatment Plant, where it is treated to meet drinking water standards. From there, it is pumped to the clearwell and then out to the other 19 reservoirs in the system, ultimately reaching homes and businesses across the service area.

Due to rising power costs, staff has focused on optimizing pump operations. This includes installing Variable Frequency Drives (VFDs) on pumps for more efficient, controlled operation, as well as implementing a robust leak detection program, which helps reduce water loss and unnecessary pump activity. Leak detection is both a cost-saving strategy and a requirement under the utility's Water Management and Conservation Plan. The pumping budget for the upcoming year includes labor costs related to leak detection efforts and pump maintenance. A modest increase in labor expenses is projected due to additional staff resources dedicated to this work.

2021 -2022	2022 - 2023	2023 - 2024	2024 - 2025	2024 – 2025	2025 - 2026
Actual	Actual	Actual	Budget	Est. YE	Budget
$408,252	$396,032	$442,558	**$536,000**	**$527,300**	**$579,800**

The presentation transitioned to the purification section, where Mr. Miller focused on the treatment plant operations. The plant operates as a batch system, filling the 9-million-gallon clearwell daily before shutting down. While rated to treat up to 12 million gallons per day, average daily production in 2024 was 3.4 million gallons, with a peak day of 6 million gallons recorded in September. In addition to producing water, treatment plant staff also monitors the watershed, pump stations, reservoir levels, and conditions throughout the distribution system. The plant consistently meets regulatory standards, and staff takes pride in delivering high-quality drinking water.

A notable point of pride for the utility is its in-house laboratory, which is one of only 28 labs in Oregon accredited by ORLAP (Oregon Environmental Laboratory Accreditation Program) to conduct microbiological testing. This accreditation allows staff to collect and process compliance samples, saving the district approximately $2,000 per month in outsourcing costs. In total, staff performs around 17,000 tests per year, including both regulatory compliance and process control testing. Parameters include pH, chlorine, manganese, nitrogen, color, odor, and taste.

Several projects and upgrades were discussed from FY24-25, including:

- A new sampling SUV that allows safer, more efficient field testing (replacing a pickup previously used with limited lab space).
- Completed installation of a super sack unloader for chemical feed, which is now operational.
- Consulting with Fontus Blue to evaluate chemical use for improving water quality.
- Completion of a SCADA (Supervisory Control and Data Acquisition) Master Plan, with RFPs now being solicited to select new SCADA software.

Upcoming FY25-26 projects were discussed including:

- The addition of a SolarBee mixer to Merritt Lake to improve water circulation - this floating pontoon device helps reduce thermal stratification and low-oxygen zones, which can lead to taste and odor issues in treated water. The mixer circulates cooler, oxygen-

depleted water from the bottom to the surface, helping to maintain more consistent water quality throughout the lake.

- Replacement of the HVAC system, which is currently failing and being supplemented with space heaters during cold weather in the chemical feed room.
- Acquisition of a portable peristaltic Blue-White pump for emergency chemical dosing.
- Replacement of aging valve actuators in the plant's pipe gallery, which are incompatible with the upcoming SCADA system. There are 32 actuators slated for gradual replacement.

Mr. Miller reviewed the budget pie chart for purification. Labor costs are expected to increase slightly due to scheduled COLAs and staff attaining higher certification levels. Maintenance expenses are lower this year, and chemical costs have remained relatively stable. Additionally, the power rate increase was lower than expected, 8.6% instead of a projected 16.9%, helping to further reduce overall costs. Despite inflationary pressures, the treatment division budget for FY24–25 reflects a modest decrease compared to the previous year.

2021-22	2022-23	2023-24	2024-25	2024-25	2025-26
Actual	Actual	Actual	Budget	Est. YE	Budget
$1,004,468	$1,163,052	$1,381,664	**$1,620,800**	**$1,313,100**	**$1,575,200**

Meter Services Supervisor Micah Demanett gave an overview of the Field Customer Services section which falls under the Customer Service category in the budget. The department consists of three Field Customer Service Representatives, whose responsibilities include reading meters, opening and closing water accounts, turning water on or off, responding to customer complaints, and replacing meters or meter boxes as needed. Additionally, two Field Service Technicians oversee the cross-connection program, ensuring that non-potable sources do not contaminate the public water supply. These technicians also assist with meter testing and maintenance.

Over the past fiscal year, staff opened and closed over 2,100 accounts each, performed nearly 3,100 shutoffs for non-payment, and issued an equivalent number of service orders to restore service after payment. In addition, the team handled 2,381 billing service orders, including more than 1,800 re-read requests, which are initiated when abnormal usage is detected. This courtesy service helps customers identify potential issues like leaks. Staff also conducted 58 cross-connection investigations to uphold public health and regulatory standards.

Mr. Demanett emphasized the importance of accurate metering, noting that the utility maintains about 13,350 meters. Of these, approximately 7,000 are AMR (Automated Meter Reading) meters, which can be read remotely. The remaining 6,300 are still read manually each month. The utility began its AMR upgrade in Spring 2022, and the transition has yielded major efficiency gains—a full billing cycle that once took several days of manual labor can now be completed in a few hours. AMR technology also eliminates human reading errors and allows for detailed hourly usage history, which can be invaluable for leak detection and billing disputes. In the upcoming fiscal year, the utility will install 1,058 new AMR meters, a $300,000 project included in the FY2025 budget. This will continue the transition toward full AMR coverage.

The department also maintains rigorous meter testing protocols. For smaller meters (up to 2"), testing is performed in-house using a calibrated test bench. Larger meters (3" and up) are

tested annually in the field by a third-party contractor. These tests ensure that all meters meet American Water Works Association (AWWA) accuracy standards, which in turn protect billing integrity.

Mr. Demanett also highlighted the Cross Connection Control Program, which is essential for protecting drinking water quality. The program ensures that the public water system is not exposed to backflow from non-potable sources without proper backflow prevention devices. Oregon Health Authority regulations set the minimum requirements, but the utility's standards exceed those. Finally, Mr. Demanett noted a small but meaningful improvement from the prior year's budget; the department successfully converted the former supply room into a dedicated office space, providing a centralized and professional workspace for the meter services team.

Customer Relations Manager, Aimee Hollis gave an overview of the Customer Service and Data Processing section and an overview of their responsibilities, staff structure, and budget. In the past year the team handled approximately 26,000 incoming calls; processed over 12,000 service requests, and nearly 150,000 billings were generated.

A major operational change this year was the transition from postcard bills to full-sheet bills, approved by the Board last year. This new format is printed and mailed by Springbrook, a third-party service. The decision was both cost-effective and efficient, saving approximately $3,000 annually and freeing up internal resources. The average monthly billing cost is just over $11,000, with an average cost per bill of 98 cents, which includes printing, paper, ink, and postage. This approach not only reduced costs but also enabled enhanced communication with customers. For just 10 cents per bill, the utility can include flyers or letters, such as water quality reports or notices about meter change-outs.

For FY 2025-2026, the department is requesting an increase of approximately $187,000 over the previous year's expenses. This increase is primarily driven by labor and benefit costs, including pay equity and compensation adjustments; wage reallocations from distribution to customer service for meter-related work; higher supply and inventory costs for meter services; and ongoing increases in credit card processing fees, which represent the most common, and most expensive, form of customer payment.

2021-22	2022-23	2023-24	2024-25	2024-25	2025-2026
Actual	Actual	Actual	Budget	Est YE	Budget
$1,422,771	$1,361,514	$1,522,017	**$1,807,100**	**$1,765,300**	**$1,994,200**

The department remains on track to meet its current fiscal year budget and continues to seek ways to enhance efficiency and service quality.

Distribution Supervisor, Jason Mills gave an overview of the Distribution and Transmission section. The Distribution section includes 10 hourly employees, two crew leaders, two distribution techs, six utility workers, and 50% of the operations manager's time. The Distribution System serves customers from north of Hauser to south of Millington; up Coos River and extends west to Shore Acres State Park. The system consists of 34 pump stations; 19 reservoirs; 259 miles of water mains sized from 1-inch to 36 inches in diameter; 1,500 fire hydrants, and 8 miles of transmission mains. The system covers customers at various elevations, requiring numerous pump stations, reservoirs, and pressure-reducing valves.

The team performs a wide range of tasks including main break repairs; valve turning, hydrant installations, and water service replacements; watershed road maintenance, including brushing and debris removal; pump station and reservoir maintenance, including cleaning and structural repairs. Notable recent work included emergency repairs costing up to $36,000 and pump upgrades in aging stations like the Terramar Pump Station.

The team is also responsible for maintaining seven welded steel reservoirs, now under a tank asset management program, which has improved condition and reduced long-term costs. Initial refurbishment was costly at $300,000/year, but has since dropped to a maintenance cost of $115,000/year.

Some projects and new equipment for FY26 include: a hydraulic jackhammer; reversible plate compactor; and a test/chemical pump for main testing. Planned capital projects for include: two-inch main replacements; pump upgrades at 10th Avenue Pump Station; roof replacement for the High-Level Reservoir; and generator installation at Terramar Pump Station, funded largely by a tribal grant.

The department is currently understaffed by three positions to meet its operational and maintenance goals. Workload has increased due to: year-round flushing for water quality; expanding on-call coverage from one to two people daily; increased expectations for in-house capital project completion; higher incidence of main breaks and valve inaccessibility. Currently, the team logs about 17,000 hours annually, short of the 22,000 hours needed. Staff frequently hit vacation accrual caps and are accumulating comp time, signaling burnout and understaffing.

For fiscal year 2026, the department is budgeting $300,000 more than the previous year, reflecting: labor and benefit cost increases; hiring of three new positions; rising material, equipment, and fuel costs; and shifted expenses to other departments. Fiscal year 2025 is estimated to come in under budget due to low staffing levels and Operations Manager vacancy at the beginning of the year.

2021-22	2022-23	2023-24	2024-25	2024-25	2025-26
Actual	Actual	Actual	Budget	Estm. YE	Budget
$1,057,169	$752,829	$1,369,825	**$1,608,900**	**$1,478,300**	**$1,914,100**

General Manager Ivan Thomas introduced the Administrative and General sections which include the administrative staff, finance team, and general operational expenses. The team includes the general manager, administrative staff, and finance personnel. Responsibilities cover office operations, legal and audit services, insurance, and property maintenance. The department is now fully staffed, with recent hires filling previously open roles.

The upcoming fiscal year 2026 budget accounts for standard labor and benefit adjustments, including a position identified in the recent compensation study and an increase in property, liability, and cyber insurance.

2021-22	2022-23	2023-24	2024-25	2024-25	2025-26
Actual	Actual	Actual	Budget	Estm YE.	Budget
$1,209,961	$1,176,554	$1,185,584	**$1,261,200**	**$1,307,400**	**$1,411,200**

The Water Board tracks its fixed assets using a straight-line depreciation method, including buildings, equipment, and water system infrastructure. Asset lifespans are planned out to ensure timely replacement. The fixed asset budget is just under $2 million, which reflects

ongoing investment and asset retirement. Depreciation is computed using the straight-line method over the estimated useful lives of the various assets as follows:

Buildings	5 to 50 years
Land Improvements	10 to 100 years
Furniture and fixtures	3 to 15 years
Machinery and equipment	3 to 15 years
Vehicles	6 to 20 years
Water utility system	10 to 75 years

2022-23	2023-24	2024-25	2024-25	2025-26
Actual	Actual	Budget	Estm. YE	Budget
$1,877,577	$1,877,690	**$1,935,900**	**$1,976,400**	**$2,015,900**

Last year the utility budgeted $1,935,900 with an estimated year ending of $1,976,400. This year the utility budgeted $2,015,900.

Mr. Thomas reviewed other income:

- Interest revenues - Last year the utility budgeted $199,800 with an estimated year ending of $295,300 This year the utility budgeted $221,500.
- Misc non-operating revenues - Last year the utility budgeted $219,000 with an estimated year ending of $1,500,400. This year the utility budgeted $19,000.
- Sewer/Surcharge funds collected – Last year the utility budgeted $12,612,900 with an estimated year ending of $13,036,600. This year the utility budgeted $13,680,600.
- Sewer/Surcharge billing & collecting fee – Last year the utility budgeted $193,700 with an estimated year ending of $193,700. This year the utility budgeted $197,100.

Mr. Thomas reviewed income deductions:

- Interest on long term debt and other interest - Last year the utility budgeted $232,800 with an estimated year ending of $275,100. This year the utility budgeted $191,900.
- Amortization of bond discount and expense - Last year the utility budgeted $13,200 with an estimated year ending of $13,200. This year the utility budgeted $0.
- Sewer/Surcharge funds remitted – Last year the utility budgeted $12,858,900 with an estimated year ending of $13,036,600. This year the utility budgeted $13,680,600.

Net income available for FY25-26 for debt reduction is $960,500.

Mr. Thomas gave an overview of the Debt Service Schedule which includes debt for the Water Treatment Plant Expansion Project, and the Oregon Department of Transportation South Empire Boulevard Main Replacement Project. Total outstanding debt at the end of FY25 is $4,617,800. The total amount of principal and interest to be paid in FY2025-26 is $629,400.

Engineering Manager Matt Whitty gave an overview of the Engineering Section. The Engineering Section consists of Mr. Whitty and two Engineering Technicians. The Engineering Section manages a large portion of the utility's capital projects, from the planning level through construction management and project completion. The Water Board has City, ODOT and County projects which influence the capital budget.

The Engineering Section's primary responsibilities are assessing the condition of the utility's infrastructure, management of the watershed which spans over 3,000 acres, coordinate with

ODOT, County and City projects, inspection of contractor installations, utility locates, private development regulation and capital project delivery.

Infrastructure condition assessments include dam inspections, tank and pump station inspections when they are getting cleaned, inspect concrete tanks looking for any cracks, customer calls/concerns, visual inspections on sample asbestos cement water mains, water main leaks and breaks.

Water main breaks have roughly doubled over the last 20 years, from fifteen per year to thirty, indicating aging infrastructure. Maintenance costs, even after adjusting for inflation, have risen alongside the increase in breaks. A main break tracking system helps identify vulnerable materials and prioritize replacements.

Mr. Whitty shared that the watershed has over 1,400 acres of harvestable timber under the Water Board's control. The goal is a sustainable, even-age forest management plan, allowing for a 50-acre timber harvest every two years. Past timber sales (2017, 2020, and 2023) brought in significant revenue, including $1.5 million from a 78 acre sale of older growth in 2023. Normally a timber sale is planned every two years, however these reserves will allow flexibility to pause logging as needed.

Regarding Capital Project Delivery: reservoir work is normally consultant supported; pump stations are in-house design on smaller pump stations but use consultants for the larger stations; most water main designs are done in-house for contractor installations. Staff take care of identifying the project, surveying, producing and designing all specifications, bid the project, project management and inspection.

Mr. Whitty reviewed the capital budget summary proposed for the coming fiscal year:

Water main replacement projects:	$1,040,400
Reservoir projects:	$ 354,400
Pump station projects:	$ 523,000
Pony Creek Treatment Plant projects:	$ 194,000
Mission RTU Bundle/SCADA Design:	$ 500,000
Transmission Tunnel Rehab:	$ 281,000
Meter replacement program:	$ 406,000
Miscellaneous projects:	$ 223,200
Total FY23-24 Capital Project Budget:	$3,522,000

The FY2026 capital improvement budget is $3.5 million, up from $2.5M last year. The increase is funded through rate adjustments, debt retirement savings, and timber sale revenues.

Mr. Whitty reviewed some major water main projects proposed for the coming fiscal year:

• Neese and Wallace 1,000' 6" PVC	$ 231,000
• Andrews Rd 1,000' 8" PVC	$ 319,000
• Flanagan Rd 1,000' 8" DI	$ 343,000
• 10th Ave 610' 2" PVS	$ 83,600
• McCullum Ave 460' 2" PVC	$ 63,800
	$1,040,400

Mr. Whitty reviewed equipment to be replaced as part of the vehicle replacement program for the coming fiscal year:

• Commercial Grade Riding Mower, Cub Cadet Pro	$ 15,500

• 2025 Virnig V60 Industrial Rotary Cutter 72”	$ 14,000
• Drop Deck Tilt Trailer, 16’ 12,000lb Towmaster	$ 15,000
• Plate Compactor	$ 12,000
	$ 57,000

For the Engineering Section, last year the utility budgeted $549,800 with an estimated year ending of $549,800. This year the utility budgeted $600,500. The increase is due to wages and benefits. These costs do not include what staff has estimated will be spent on capital projects.

There being no further discussion of the operating and maintenance expenses, the debt service schedule and capital portions of the budget, Mr. Thomas reminded the Budget Committee the next meeting was scheduled for Friday, June 20, 2025, at 12:00 noon. The meeting adjourned at 2:04 p.m.

Approved___June 20, 2025_____ By _____
Aaron Speakman
Budget Committee Chair

ATTEST _____