

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 8, 2017

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 2017-18. Committee members present: Laird Bryan, Mike Erbele, Patty Scott, Lucinda DiNovo, Dr. Charles Sharps, Greg Solarz, and Melissa Cribbins. Committee members absent: Bob Dillard. Water Board staff present: Ivan Thomas, General Manager; Matt Whitty, Engineering Manager; Bill Hagan, Operations Manager; Jeff Howes, Finance Director; Bryan Tichota, Customer Relations Supervisor; Rick Abbott, Distribution Supervisor; Jerre Cover, Water Treatment Supervisor; and Karen Parker, Administrative Assistant. Board Legal Counsel James Coffey was present. Media present: none. Committee Chair Laird Bryan opened the meeting at 12:00 noon.

Chair Bryan asked if there were any corrections or additions to the June 1, 2017 Budget Committee Minutes. There being none, Mr. Erbele moved the minutes be approved as written. The motion was seconded by Ms. Scott and passed unanimously.

Chair Bryan asked Mr. Thomas to present the proposed budget.

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

Engineering Manager Matt Whitty gave an overview of the capital budget. Mr. Whitty explained how staff identify projects and develop the utility's capital budget with the guidance of planning documents to include:

- Hydraulic Study (Master Plan) - includes guidance on future improvements for pump stations and upsizing water mains
- Distribution System Condition Assessment and Replacement Plan (DSCARP)-develop replacement costs for water mains, pump stations and reservoirs, a schedule for replacement and funding levels needed
- Funding Strategy for Mains, Pump Stations and Reservoirs
- Five year Capital Improvement Plan
- Vehicle Replacement Program

Mr. Whitty identified categories of capital assets at the utility including Source of Supply, Treatment, and the Distribution System. He stated guidelines are set in the Distribution System Condition Assessment and Replacement Plan (DSCARP) for project selection and preparation of the utility's 5-year Capital Improvement Program.

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 reviewed some of the major projects proposed for the coming fiscal year:

Water main replacements - North 8th Street and Hemlock (\$336,200); McCullough Bridge steel pipe relocation (\$155,000); Juniper Avenue and Hemlock Avenue (\$172,000); State Street (\$45,000); Coos River Highway (\$60,100).

SCADA and Telemetry Projects – Telemetry unit replacement at Newmark & Ash Pump Station and Radar Reservoir (\$17,600); telemetry unit replacement at Charleston Reservoir & Wisconsin Pump Station (\$17,600).

Miscellaneous Projects – McCullough Bridge 16-inch steel pipe coating (\$55,000); well meter replacements (\$6,500); liquid chlorine conversion (\$36,500); transmission main tunnel repair (\$189,900); clearwell manifold 8-inch meter replacement (\$5,500); and campus lighting project (\$52,900).

Pumps, Tanks and Reservoir Projects - Steel tank maintenance program (\$122,400); 14th Street and F Street roof replacement (\$54,400) and Wisconsin Pump Station replacement design study (\$13,800)

Mr. Whitty explained the utility has seven steel tanks, one of them being the Bay Park Tank located in Bunker Hill which serves most of that area. The tank was scheduled to be recoated, however due to other main breaks this project was postponed. In preparation of the Bay Park Tank recoating, staff discovered the steel beams supporting the roof were in bad shape. Engineers did an assessment and their recommendation was a total tank replacement. Staff estimated the costs associated in a total tank replacement to be approximately \$600,000. This was not a budgeted project. Staff researched and located a company that would provide long term maintenance for coatings on tanks. This company would coat all the tanks within the first two years of the maintenance program and also maintain the coating, complete tank cleanings and inspections, and be responsible for fixing any defects over an 8 year contract. One percent of the proposed 3.5 percent rate increase for Fiscal Year17-18 would fund this steel tank maintenance program. This program would postpone any tank replacements and save the utility major expense.

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 (1995) 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 costs, and resale value. For FY18 staff proposes to replace 2 meter reader pickups, a compact excavator, a pipe trailer (which will be a new piece of equipment), and vehicle accessories totaling approximately \$165,100. Funds carried over from last fiscal year total \$162,400, and an annual contribution for FY18 of \$95,000 for a total of \$257,400, plus salvage value, remain in the Vehicle Replacement Program.

Mr. Thomas summarized an eye on the future. The last Master Plan was prepared in 1996. Since then, the Board has taken into consideration a Water Management and Conservation Plan, a Hydraulic Study and a Distribution System Condition Assessment and Replacement Plan. Mr. Thomas reviewed and explained each of the categories recognized when preparing a Master Plan:

- Major infrastructure and identified needs
- Seismic Resiliency
- Environmental commitments and water rights
- Financing planning

Mr. Thomas summarized major infrastructure into four main categories: dams and supply, water treatment plants, clearwells, and transmission mains. Mr. Thomas stated that in preparation of master planning, the Water Board needed to keep these aging assets in mind when preparing for the future. He added these assets need to be included in seismic resiliency planning and future financial planning. Mr. Thomas also added that as strategic planning of major infrastructure takes place, Water Rights and environmental commitments will need to be measured as plans for future expansion unfold. It is recommended in the next fiscal year that updated master planning be researched and the capital improvement funding plan that was created in 2012 be updated to consider the current financial outlook.

There being no further discussion of the capital improvement projects portion of the proposed budget, Mr. Thomas reminded the Committee the next meeting was scheduled for Thursday, June 15, 2017, at 12:00 noon. Chair Laird Bryan declared the meeting adjourned at 1:10 p.m.

Approved _____

By _____
Chair Laird Bryan

ATTEST _____