

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 9, 2016

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 2016-17. Committee members present: Mayor Crystal Shoji, Laird Bryan, Mike Erbele, Patty Scott, Dr. Charles Sharps, Greg Solarz, and Melissa Cribbins. Committee members absent: Dick Vigue. Water Board staff present: Ivan Thomas, General Manager; Jim Kaylor, Water Treatment Plant Supervisor/Operations Manager; Matt Whitty, Engineering Manager; Bryan Tichota, Customer Relations Supervisor; Rick Abbott, Distribution Supervisor; Monica Kemper, Accounting 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 2, 2016 Budget Committee Minutes. There being none, Dr. Sharps moved the minutes be approved as written. The motion was seconded by Ms. Cribbins and passed unanimously.

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

As an introduction to the capital budget, Mr. Whitty reviewed earthquake resiliency and what direction the utility is taking based on recommendations by the State. Mr. Whitty presented photos of a major earthquake that took place 40 miles off the coast of Japan in March of 2011. As a result of the earthquake, lives were lost, with the majority of deaths from the tsunami that followed. This was a city with a population similar to the Coos Bay and North Bend communities. This unfortunate event heightened awareness and concerns at the state level.

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 seismic analysis of the Upper Pony Creek Dam was conducted by AECOM and staff recently received a draft report on the analysis.

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 in efforts to minimize the time required to restore service to critical facilities following a major disaster.

Engineering Manager 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, 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.

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 (2013-2017)	<u>310,900</u>
Annual allocation:	\$1,103,400

Other Capital funding; Other Projects (dunes, treatment, telemetry And misc)	<u>\$ 155,000</u>
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Total annual funding for capital expenditures: \$1,258,400

Proposed expenditures for FY17 are as follows:

Water main replacements (9 projects)	\$1,129,900
Reservoirs and pump stations (2 projects)	40,400
Other projects (5 projects)	88,100

Total proposed capital expenditures: \$1,258,400

Mr. Whitty reviewed some of the major projects proposed for the coming fiscal year such as water main retirements and replacements on North 8th Street (\$520,800); Hemlock St. (\$304,400); South Broadway (\$86,900); 6th Avenue (\$20,200); 13th Court (\$41,000); Flanagan Avenue (\$60,800); Madrona Court (\$26,000); Lombard Street (\$39,800); and Barham Terrace (\$30,000); 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 (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 cost, and resale value. For FY17 staff proposes to replace a diesel compressor, 4 pickups (engineering/customer service(2)/distribution) and vehicle accessories totaling approximately \$111,700. Funds carried over from last fiscal year total \$168,600, and an annual contribution for FY17 of \$95,000 for a total of \$263,600, plus salvage value, remain in the Vehicle Replacement Program.

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 16, 2016, at 12:00 noon. Chair Mike Erbele declared the meeting adjourned at 12:45 p.m.

Approved _____

By _____
Chair Mike Erbele

ATTEST _____