

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

Minutes
Regular Board Meeting

November 6, 2025
7:00 a.m.

Coos Bay-North Bend Water Board met in open session in the Board Room at the above address, date, and time with Vice-chair Rob Kilmer presiding. Other Board members present: Greg Solarz, and Carmen Matthews. Board Members absent: Bill Richardson. Water Board staff present: Ivan D. Thomas, General Manager; Jeff Miller, Operations Manager; Matt Whitty, Engineering Manager; Monica Kemper, Finance Director; Aimee Hollis, Customer Relations Manager; Micah Demanett, Meter Services Supervisor; Junibert Magalona, Accounting Technician; and Stacey Parrott, Executive Assistant & HR Specialist. Board Legal Counsel Melissa Cribbins was present. Tara Kamp, Lorraine Kirtland, Kyle Janicki, and Kristin Rance from Clear Trail CPAs were present (virtually); John Ghilarducci, Doug Gabbard, and Amanda Levine from FCS Consulting Group were present (virtually). Greg Stone was present. Media present: None.

Vice-chair Kilmer opened the meeting at 7:00 a.m. and led the Board and assembly in the Pledge of Allegiance.

Vice-chair Kilmer asked if there were any corrections or additions to the October 1, 2025, Regular Board meeting minutes. Mr. Solarz moved the minutes be approved as written. The motion was seconded by Mr. Matthews and passed unanimously.

Vice-chair Kilmer asked if there were any public comments; Mr. Greg Stone, a retired forester and representative of the Society of American Foresters, addressed the Board. Mr. Stone commended the Board and staff for their effective management of the Pony Creek watershed and shared his history of involvement in the area dating back to the 1970s. He informed the Board that the Coos Chapter of the Society will be hosting the Oregon State Convention in early May of 2026 and requested permission to include a short, two-hour field tour of the Pony Creek watershed as part of the event. The proposed tour would involve a smaller group of participants traveling in vans to view key areas and learn about the watershed's management practices. The Board thanked Mr. Stone for his comments and expressed support for the idea, noting they would review the request and would need to coordinate details around any active logging operations at the time.

Regarding the FY2025 Financial Audit and Statements, Finance Director Monica Kemper introduced Tara Kamp from the audit firm Clear Trail CPAs, to present the audit findings. Ms. Kamp explained that the audit included both a financial statement audit and an Oregon Minimum Standards compliance audit. She reported that Clear Trail issued an unmodified, or "clean," opinion on the financial statements, with no exception or issues found in the compliance audit. A separate management letter noted one significant deficiency related to an accounting error discovered during testing, which was later corrected by staff. Ms. Kamp stated that the audit process went smoothly, commending the Finance Director and staff for their professionalism and efficiency. She confirmed there were no disagreements with management and reviewed upcoming accounting standard changes that may affect future audits.

Following the presentation and a brief discussion, Mr. Solarz moved to accept the final draft of the Fiscal Year 2025 Financial Audit and Statements completed by Clear Trail CPAs, ratifying the decision of the General Manager. The motion was seconded by Mr. Matthews and passed unanimously.

Regarding the corrective plan of action for audit deficiencies, Finance Director Monica Kemper reported on the corrective action plan addressing the deficiency identified in the FY2025 audit by Clear Trail CPAs. The audit noted a dating error in which a 2026 insurance payment was incorrectly allocated as a 2025 transaction under prepaid expenses and accounts payable. Ms. Kemper explained that the correction had already been made and that, due to the large dollar amount involved, a formal plan of action must be submitted to the Oregon Secretary of State. To prevent similar issues in the future, staff have implemented a calendar reminder system and will conduct a secondary review of all end-of-year transactions prior to closing the books for audit review.

Mr. Solarz moved to authorize the Plan of Action be adopted and submitted to the Oregon Secretary of State. The motion was seconded by Mr. Matthews and passed unanimously.

Regarding the FY2025 Coos Bay-North Bend Water Board Water Rates & System Development Charges (SDC) Analysis, General Manager Ivan Thomas reminded the Board that FCS Consulting Group had previously presented a preliminary analysis in August 2025 and that the current meeting would provide updated rate design options based on the Board's earlier feedback. Mr. Thomas explained that the SDC portion of the study had not raised many questions, but the rate structure options required further discussion. He introduced the consulting team, Doug Gabbard, John Ghilarducci, and Amanda Levine, from FCS Consulting Group who joined remotely to present their updates.

FCS Consulting reviewed the progress of the rate and SDC study, outlining several rate structure scenarios designed to align the Board's water rates more closely with the cost of service while balancing affordability and equity among customer classes. The consultants emphasized the purpose of the study, to evaluate revenue requirements, ensure cost-of-service fairness, and create a rate structure that maintains financial sustainability for the utility. Highlights of the 10-year COSA phase-in rate design alternatives are as follows:

- Option 1: Business as usual - apply uniform rate increases (8% annually through 2032), maintaining current inequities between customer classes within the cost-of-service analysis. Residential – 129%; Multi-Residential – 88%; Commercial – 95%; Public/Other – 79%; Industrial – 45%; Fire Service – 43%; Hydrant – 50%.
- Option 2 (presented previously): Adjusted rates so that each class pays 100% of its cost of service. – lowering annual residential rate increases to around 2.5% while raising annual rate increases for industrial, fire service, and hydrant rates significantly (up to 25%).
- Option 3: Similar to option 2 but keep fire service & hydrants at across-the-board rates (8%) while raising annual rate increases for industrial (but up to 27.40%).

- Option 4: Keep fire service & hydrants at across-the-board rates (8%), adopt lower industrial increases to 10% annually while increasing residential to 7% - 8% every other year, other customer classes have increases up to 18%, then decline annually over seven years to as low as 3%. Uses a more balanced approach.
- Options 5a & 5b: Simplified hybrid models – Keep fire & hydrants at across-the-board rates (8%), creates a simplified structure that holds industrial, commercial, and other classes at similar rates to improve clarity and manage customer expectations; allow gradual movement toward cost-of-service targets while keeping increases moderate. (2% - 8% for residential) (1%-13% for all other classes).

FCS displayed charts illustrating how each rate design affected customer classes' progress toward achieving full cost-of-service recovery.

The Board thanked the consultants for the detailed analysis and continued discussions of the Rate Study options, focusing on how to balance rate adjustments across customer classes and comparing the impacts of the rate design scenarios. Several members expressed support for the option bringing categories closer to 100% cost recovery. Concerns were raised about the potential impacts on major industrial customers, given some significant annual increases proposed. Members also discussed the possibility of extending the timeline for rate increases beyond the current plan to lessen the annual impacts or adjusting the structure gradually among user groups. Mr. Thomas clarified that such changes could delay projects identified in the master plan and affect financial planning.

During discussion, Mr. Thomas noted that the Board had previously shown interest in maintaining consistent 8% increases for fire service and hydrant customers due to their small base and potentially linking industrial rates to those same levels to avoid steep jumps. He observed that the new Options 5a and 5b best reflect that direction, providing a reasonable balance between equity and rate stability.

After considering fairness, rate stability, and communication to ratepayers, the Board agreed to remove option 3 from consideration. No final decision was made, and the Board will reconvene at a future meeting to continue evaluating the remaining options. FCS Consulting will wait for official feedback from the Board of Directors and a final analysis will be presented for public review and formal adoption at a future Board meeting.

The Board's next regular meeting was scheduled for Thursday, November 20th, 2025, at 7:00 a.m.

Updates were given as follows:

- Meter Change Out/AMR Install – DCC Construction began meter installations for Cycle 3 on September 24th and completed the work in approximately three weeks, installing 1,010 of the 1,058 scheduled water meters. A few meters had already been replaced, and minor issues were encountered at some locations, but overall, the

project went smoothly. The new meters were successfully read remotely for the first time this month, marking significant progress in the AMR implementation.

- Brights Mill Pump Station Improvements – it is scheduled for a full rebuild, a design packet was submitted to the Oregon Health Authority in early October for review. Approval is expected soon, after which construction will begin. No major changes to the design are anticipated.
- Tunnel Repair – the design phase of the tunnel repair project has been completed, and staff have reviewed and suggested edits to the front-end documents prepared by the consultant. The project is ready to go out for bid and had been posted on QuestCDN in a password-protected format pending official release for public bidding.

At 8:11 a.m. Vice-chair Kilmer directed they go into executive session for the purpose of discussing real property transactions pursuant to ORS 192.660(2)(e) and potential litigation pursuant to ORS 192.660(2)(h).

There being no other business to come before the Board, Vice-chair Kilmer adjourned the meeting at 8:59 a.m.

Approved: ___November 20___, 2025

By: _____
Bill Richardson, Chair

ATTEST: _____