ANNUAL REPORT

FISCAL YEAR 2011-2012

COOS BAY • NORTH BEND
WATER BOARD

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Left to right standing: Mr. J. Gregory Solarz, Vice-Chair
Mr. Richard Vigue, Chair
Ms. Melissa Cribbins, Member
Charles J. Sharps, Ph.D., Secretary

BOARD OF DIRECTORS' MESSAGE

"To Provide a Reliable, Quality Service Meeting the Present and Future Needs of Our Community"

Thank you for taking the time to review the 2011-2012 Coos Bay-North Bend Water Board Annual Report. It contains information related to utility projects, finances and water quality, and it gives you an overview of the operations of the Coos Bay-North Bend Water Board and the services it provides. Additional information about your utility can be found on our website: www.cbnbh2o.com.

Given the length of anticipated service of utility infrastructure, important decisions today can have a significant impact on future water quality, quantity, as well as operations and maintenance costs. To be successful, we plan and schedule Water Board operations, weeks, months and years ahead of time.

As part of your Water Board's planning efforts, a *Distribution System Condition Assessment and Replacement Plan* was completed in 2012. This plan is highlighted in this year's Annual Report and will be a guide in Water Board planning in the decades to come.

As your Board Members, we are here to serve you. We encourage your comments and suggestions on the issues you believe are important in operating a successful utility. Please consider attending a Water Board meeting or touring the facilities. Give Water Board staff or one of us a call; we would be happy to hear from you.

BOARD OF DIRECTORS

_____
Richard Vigue, Chair

_____
J. Gregory Solarz, Vice Chair

_____
Charles J. Sharps, Ph.D., Secretary

_____
Melissa Cribbins, Member

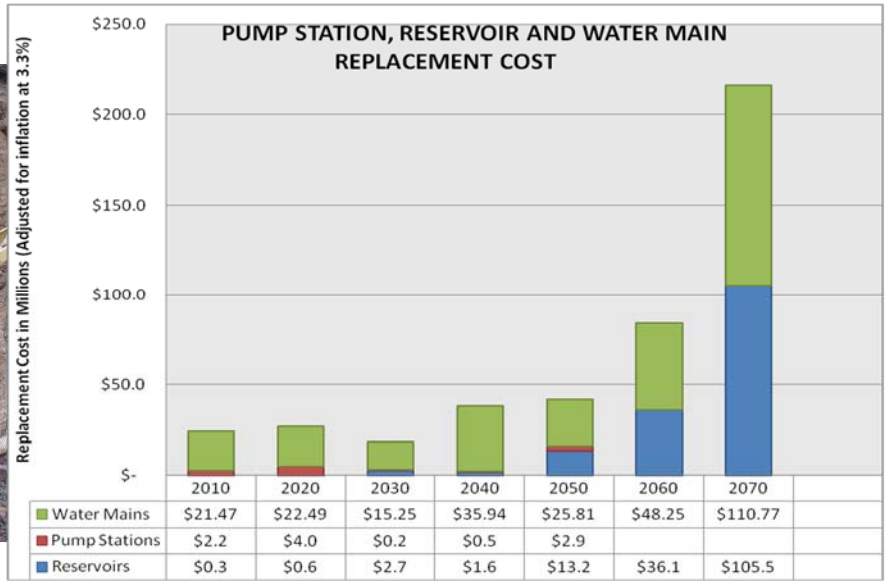
A Long Term Solution for a Long Term Project

"To Construct, Operate and Maintain the Water System Facilities, Utilizing Safe and Efficient Practices, for the Benefit Of Our Customers"

Many of our customers only think of the water utility in terms of the water which flows from their tap; but how did that water get to the home, school, business or industrial customer? It arrives through a distribution system of over 258 miles of water pipes, almost 13,000 services, passes through one or more of 30 pumping stations and 19 reservoirs. This infrastructure was installed or built over many decades. If it had to be replaced today it would cost nearly $170 million.

Everest Reservoir

Recognizing the need to plan for rehabilitation or replacement of this infrastructure; in 2012, the Water Board completed a Distribution System Analysis, Condition Assessment and Replacement Plan. The plan outlined a multi-decade approach to replacements and strengthening of the system. Following this plan will minimize the financial impacts to our customers, while increasing system reliability, water quality and quantity.



	2010	2020	2030	2040	2050	2060	2070
Water Mains	$21.47	$22.49	$15.25	$35.94	$25.81	$48.25	$110.77
Pump Stations	$2.2	$4.0	$0.2	$0.5	$2.9		
Reservoirs	$0.3	$0.6	$2.7	$1.6	$13.2	$36.1	$105.5

Water Utility Infrastructure Inventory

Water Treatment Plants

Pony Creek Filtration Plant—8 MGD
North Spit Treatment Plant—1 MGD

Surface Water Storage

- Upper Pony Creek Dam and Reservoir
  6,230 AC-FT
- Merritt Lake Dam and Reservoir
  385 AC-FT
- Joe Ney Dike, Reservoir and Pump Station
  275 AC-FT

Dunes Aquifer System

18 Wells
12 Miles of Pipe
25 Test Wells (Piezometers)
2 Booster Pumps
3 Monitoring Wells

Distribution System

12,740 Water Services
258 Miles of Pipe
1,217 Hydrants
5,380 Control and Hydrant Valves

*MGD = Million Gallons per Day
AC-FT= Acre Feet (325,830 gallons)

Pump Station Name	Associated Storage Facility
6th and I Street	10th & I Street Reservoir
10th and E Street	14th & F Street Reservoir
10th and Ingersol	Ingersol Reservoir
13th Court	Isthmus Heights Reservoir
14th and Nutwood Avenue	High Level Reservoir
Brights Mill	Brights Mill Reservoir
California Street	Libby Reservoir
Crestview	High Level Reservoir
Everest Avenue	Everest Reservoir
Flanagan Street	Bay Park Reservoir
Glasgow	Glasgow Reservoir
Glasgow Heights	Glasgow Reservoir
Hauser	Hauser Reservoir
High Level	High Level Reservoir
Market Street	Clearwell
Millington	Millington Reservoir
Minnesota Street	Clearwell
Newmark and Ash	Radar Reservoir
Newmark and Tremont	Union Avenue Reservoir
Oregon Street	Libby Reservoir
Pennsylvania Avenue	Libby Reservoir
Pigeon Point	Charleston Reservoir
Seven Devils	Charleston Reservoir
Shinglehouse Slough Road	Brights Mill Reservoir
Shorewood	Shorewood Reservoir
Sierra Avenue	Everest Reservoir
Telegraph Hill	High Level Reservoir
Terramar	Terramar Reservoir
Union Avenue High Level	High Level Reservoir
Wisconsin Avenue	Charleston Reservoir
Woodlawn High Level	High Level Reservoir

Projects and Equipment Included in Fiscal Year 2011-12 Budget

No.	Project Listing	Estimated Cost
1	Install 8" PVC on Koosbay Boulevard from Nutwood to 10th, 1,100', Retire 1,100' 6" CI	$ 102,000
2	Install 16" PVC on N. 10th from 8th Terrance north to Date Street, 1,100', Retire 1,100' 14" CI	209,000
3	Charleston Boat Basin Drive, install remainder of original 3,100' 12" PVC from Cape Arago State Highway to OIMB, Retire 3,100' 6" AC	119,000
4	Ingersoll Reservoir Easement and Security Fence, 400'	29,500
5	Everest Reservoir Fence, 300'	15,300
6	Hauser Reservoir Roof	70,500
7	Upgrade Terramar Pump Station Piping and Pump	33,500
8	California Street Water System Planning and Consultant Design	45,000
9	New Electrical Panels, Meters and Controls for Wells 45 and 46	15,500
10	New Lime System at Pony Creek Treatment Plant	61,200
11	Terramar Pump Station and Reservoir Telemetry	19,000
12	Meter Replacements	45,000
13	Distribution System Asbuilting and Mapping	35,000
14	Service Meter Relocations	22,500
15	Replace Office Phone System	30,000
	Total Project Costs	**$852,000**

No.	Equipment Listing	Estimated Cost
1	Crew Truck 4WD (No. 47)	$ 46,000
2	Dunes Pickup 4WD (No. 4).	24,000
3	Backhoe.	90,000
4	New Server	10,000
5	Finance Equipment	7,500
6	Finance Software-Springbrook	29,500
	Total Equipment Costs	**$207,000**
	Total Estimated Capital Expenditures	**$ 1,059,000**

Frequently Asked Questions and Utility Statistics
Fiscal Year 2011-2012

Q: How many customers does the Water Board serve?

A: As of June 30, 2012, our customer total is 12,740, which includes 9,881 customers inside the city limits of Coos Bay and North Bend and 2,859 customers outside the city limits. The total population served by the Water Board is approximately 34,500 within a service area of approximately 100 square miles.

Q: How much per month does the average residential customer spend for water?

A: The rates are different for customers inside the city limits than customers outside the city limits. The average monthly residential bill inside the city limits is $24.69 and outside the city limits is $34.17. The average residential customer uses 4,473 gallons of water monthly.

Q: What does it take to get the water from the treatment plant to the customer's tap?

A: More infrastructure than most people might imagine! When the water leaves the treatment plant, it goes into the distribution system which consists of 258 miles of various sizes of pipeline, approximately 5,380 control and hydrant valves within those pipelines, and approximately 1,217 fire hydrants. It takes 31 pump stations within the distribution system to get the water to customers at adequate pressure, plus 19 storage reservoirs located throughout the system.

Q: Where does the water come from that's treated by Pony Creek Water Treatment Plant?

A: There are two surface water reservoirs upstream of the treatment plant, Upper Pony Creek and Merritt Reservoirs. The larger, Upper Pony Creek Reservoir, can hold 2 billion gallons of water; and Merritt Reservoir can hold 125 million gallons.

There is a third surface water storage area at Joe Ney Slough which can store 90 million gallons. Water is pumped from Joe Ney through a pipeline into the Upper Pony Creek Reservoir.

Q: How much water is produced in a year for customers?

A: The total amount of water produced for customers this fiscal year was 1,382 million gallons of treated water and 144 million gallons of untreated water. The average daily demand for treated water was 3.79 million gallons and 0.395 million gallons for untreated water. The demand peaked at 6.9 million gallons per day for treated and 0.588 million gallons per day for untreated water in fiscal year 2011-12.

Q: How many water treatment plants are there?

A: There are two. The main treatment plant, Pony Creek Water Treatment Plant, is located on Ocean Boulevard, Coos Bay and has a production capacity of 8 million gallons per day (MGD). Improvements planned for 2011-2013 include additional treatment capacity to 12 MGD. The North Spit Water Treatment Plant, located on TransPacific Lane, North Bend, treats water from the dunes well system and has a capacity of 1 MGD. If an emergency arises, the North Spit Plant supplements the Pony Creek Plant to meet the needs of Water Board customers.

Q: How many wells are in the dunes?

A: There are 18 production wells in the dunes which can produce up to 4 million gallons per day of untreated water.

Coos Bay-North Bend Water Board
Statement of Net Assets as of June 30, 2012

Assets:		
Current Assets:		
Cash and Cash Equivalents	$ 5,639,202	
Accounts Receivable - Water (Net)	387,378	
Accounts Receivable - Sewer	305,554	
Accounts Receivable - Other	20,685	
Inventory	418,124	
Prepaid Expenses	37,710	
Total Current Assets		$ 6,808,653
Restricted Cash Assets		51,141
Utility Plant:		
Utility Plant (Net of Accumulated Depreciation)	$47,851,778	
Construction in Progress	11,230,718	
Total Utility Plant		59,082,496
Deferred Charges and Other Assets:		
Clearing Accounts	$ 28,818	
Other Work in Progress	65,919	
Total Deferred Charges and Other Assets		94,737
Total Assets:		$66,037,027
Liabilities and Net Assets:		
Current Liabilities:		
Accounts Payable	$ 877,584	
Accrued Salaries, Payroll Taxes and Insurance	68,866	
Accrued Interest on Long-term Debt	122,284	
Accrued Vacation	138,002	
Accrued Other Expenses	12,920	
Current Portion of Long-term Debt	491,241	
Sewer Service Collections Payable to Cities	524,539	
Sewer Service Receivables Payable to Cities	305,554	
Total Current Liabilities		$ 2,540,990
Liabilities Payable from Restricted Assets		51,141
Long-Term Liabilities:		
Bonds Payable (Net of Current Portion)	$15,528,223	
Total Long-Term Liabilities		15,528,223
Total Liabilities:		18,120,354
Net Assets:		
Investment in Capital Assets, Net of Related Debt	$43,063,032	
Restricted Net Assets	-0-	
Unrestricted	4,853,641	
Total Net Assets		$47,916,673

2012 WATER QUALITY STATISTICS

One of the most important focuses of the Water Board is to provide high quality drinking water to our customers. Thousands of tests are performed annually as part of our quality control program and to insure compliance with state and federal regulations. The following results are reflective of 2012 reporting requirements.

Abbreviations and units used in trace concentration measurements issued by the Oregon Health Authority:

Waiver = non-vulnerability to contaminant
NTU = nephelometric turbidity unit
mg/L = milligrams per liter
pCi/L = picocuries per liter
MCL = maximum contaminant level
MFL = million fibers per liter (EPA)
ug/L = micrograms per liter
ND = not detected
CU = color units
< = less than
> = greater than
AL = action level
P/A = presence absence

PARAMETER	UNIT	MCL	RESULTS
Turbidity	NTU	0.3	0.10
MICROBIOLOGICAL			
Coliform	P/A	5% positive	ND – 1 of 484 samples
INORGANICS			
Antimony	mg/L	0.006	ND @ 0.0002
Arsenic	mg/L	0.01	ND @ 0.001
Asbestos	MFL	7.0	ND
Barium	mg/L	2.0	ND @ 0.05
Beryllium	mg/L	0.004	ND @ 0.0001
Cadmium	mg/L	0.005	ND @ 0.0001
Chromium	mg/L	0.1	ND @ 0.005
Cyanide	mg/L	0.2	ND @ 0.003
Fluoride	mg/L	2 – 4	1.03
Lead	mg/L	0.015-AL	♦ 0.0041
Mercury	mg/L	0.002	ND @ 0.0002
Nickel	mg/L	0.1	ND @ 0.0005
Total Nitrate (as N)	mg/L	10.0	0.27
Nitrate + Nitrite (as N)	mg/L	10.0	0.37
Nitrite (as N)	mg/L	1.0	ND @ 0.05
Selenium	mg/L	0.05	0.0005820
Sodium (advisory)	mg/L	20	7.69
Thallium	mg/L	0.002	ND @ .0005
SYNTHETIC ORGANIC CHEMICALS			
2, 4-D	mg/L	0.07	ND @ 0.0002
2,4,5-TP (Silvex)	mg/L	0.05	ND @ 0.0004
Adipates	mg/L	0.4	ND @ 0.001
Alachlor	mg/L	0.002	ND @ 0.0004
Atrazine	mg/L	0.003	ND @ 0.0002
Benzoapyrene	mg/L	0.0002	ND @ 0.00004
BHC-gamma (Lindane)	mg/L	0.0002	ND @ 0.00002
Carbofuran	mg/L	0.04	ND @ 0.001
Chlordane	mg/L	0.002	ND @ 0.0004
Dalapon	mg/L	0.2	ND @ 0.002
Dibromochloropropane	mg/L	0.0002	ND @ 0.00002
Dinoseb	mg/L	0.007	ND @ 0.0004
Dioxin	mg/L	0.00000003	Waiver
Diquat	mg/L	0.02	ND @ 0.0004
Endothall	mg/L	0.1	ND @ 0.01
Endrin	mg/L	0.002	ND @ 0.00002
Ethylene Dibromide	mg/L	0.00005	ND @ 0.00001
Glyphosate	mg/L	0.7	ND @ 0.01
Heptachlor Epoxide	mg/L	0.0002	ND @ 0.00002
Heptachlor	mg/L	0.0004	ND @ 0.00004
Hexachlorobenzene	mg/L	0.001	ND @ 0.0001
Hexachlorocyclopentadiene	mg/L	0.05	ND @ 0.0002

♦90th percentile for Lead and Copper

PARAMETERS	UNIT	MCL	RESULTS
SYNTHETIC ORGANIC CHEMICALS cont'd.			
Methoxychlor	mg/L	0.04	ND @ 0.00002
Pentachlorophenol	mg/L	0.001	ND @ 0.00008
Phthalates	mg/L	0.006	ND @ 0.0013
Picloram	mg/L	0.5	ND @ 0.0002
Polychlorinated Biphenyls	mg/L	0.0005	ND @ 0.0002
Simazine	mg/L	0.004	ND @ 0.0001
Toxaphene	mg/L	0.003	ND @ 0.001
Vydate (Oxamyl)	mg/L	0.2	ND @ 0.002
VOLATILE ORGANIC CHEMICALS*			
Trihalomethanes **	mg/L	0.08	0.022
Halo Acetic Acids ***	mg/L	0.06	0.018
1,1,1,2-Tetrachloroethane *	mg/L		ND @ 0.0005
1,1,1-Trichloroethane	mg/L	0.2	ND @ 0.0005
1,1,2,2-Tetrachloroethane *	mg/L		ND @ 0.0005
1,1,2-Trichloroethane	mg/L	0.005	ND @ 0.0005
1,1-Dichloroethane *	mg/L		ND @ 0.0005
1,1-Dichloroethylene	mg/L	0.007	ND @ 0.0005
1,1-Dichloropropene *	mg/L		ND @ 0.0005
1,2,3-Trichloropropane *	mg/L		ND @ 0.0005
1,2,4-Trichlorobenzene	mg/L	0.07	ND @ 0.0005
1,2-Dichloroethane	mg/L	0.005	ND @ 0.0005
1,2-Dichloropropane	mg/L	0.005	ND @ 0.0005
1,3-Dichloropropane *	mg/L		ND @ 0.0005
1,3-Dichloropropene *	mg/L		ND @ 0.0005
2,2-Dichloropropane *	mg/L		ND @ 0.0005
Benzene	mg/L	0.005	ND @ 0.0005
Bromobenzene *	mg/L		ND @ 0.0005
Bromodichloro-methane	mg/L		0.0070
Bromoform	mg/L		ND @ 0.0005
Bromomethane *	mg/L		ND @ 0.0005
Carbon Tetrachloride	mg/L	0.005	ND @ 0.0005
Chloroethane *	mg/L		ND @ 0.0005
Chloroform	mg/L		0.0090
Chloromethane *	mg/L		ND @ 0.0005
cis-1,2 Dichloroethylene	mg/L	0.07	ND @ 0.0005
Dibromochloro-methane	mg/L		0.0033
Dibromomethane	mg/L		ND @ 0.0005
Dichloromethane	mg/L	0.005	ND @ 0.0005
Ethylbenzene	mg/L	0.7	ND @ 0.0005
m-Dichlorobenzene *	mg/L		ND @ 0.0005
Methyl tert-butyl ether *	mg/L		ND @ 0.0005
Monochlorobenzene	mg/L	0.1	ND @ 0.0005
o-Chlorotoluene *	mg/L		ND @ 0.0005
o-Dichlorobenzene	mg/L	0.8	ND @ 0.0005
p-Chlorotoluene *	mg/L		ND @ 0.0005
p-Dichlorobenzene	mg/L	0.075	ND @ 0.0005
Styrene	mg/L	0.1	ND @ 0.0005
Tetrachloroethylene	mg/L	0.005	ND @ 0.0005
Toluene	mg/L	1.0	ND @ 0.0005
trans-1,2-Dichloroethylene	mg/L	0.1	ND @ 0.0005
Trichloroethylene	mg/L	0.005	ND @ 0.0005
Vinyl Chloride	mg/L	0.002	ND @ 0.0005
Xylenes (total)	mg/L	10.0	ND @ 0.0005
RADIONUCLIDES-NATURAL ORIGIN			
Gross Alpha	pCi/L	15	ND
Combined Radium 226/228	pCi/L	5	0.5
Combined Uranium	ug/L	30	ND @ 1.0
SECONDARY CONTAMINANT			
Color	CU	15	4
pH		6.5-8.5	8.2
Hardness	mg/L	250.0	19
Copper	mg/L	1.3-AL	♦ 0.042
Iron	mg/L	0.3	0.03
Manganese	mg/L	0.05	0.020

* Blanks under MCL represent unregulated volatile organic chemicals

** Trihalomethanes include: Bromodichloromethane, Bromoform, Chloroform, Dibromochloromethane

*** Halo Acetic Acids include: Dibromoacetic acid, Dichloroacetic acid, Monobromoacetic acid, Monochloroacetic acid, Trichloroacetic acid

Utility Mission Statement:

"To provide a Reliable, Quality Service Meeting the Present and Future Needs of our Community"

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